

CITY OF BASTROP, LOUISIANA

FINANCIAL REPORT

June 30, 2018

HILL, INZINA & COMPANY

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HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

The Honorable Henry C. Cotton, Mayor,
and Members of the Board of Aldermen
City of Bastrop, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of City of Bastrop, Louisiana (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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.

Auditor's 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 auditor's 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 City'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 City'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Current Year Adoption of New Accounting Standard and Restatement of Net Position

As described in Note 13 to the financial statements, for the year ended June 30, 2018, the City adopted a new accounting standard, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the budgetary comparison schedules; the schedule of proportionate share of net position liability; and the schedule of contributions 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of mayor's and alderman's compensation and the schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

/s/ Hill, Inzina & Co.

December 6, 2018

REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)

CITY OF BASTROP, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the Year Ended June 30, 2018

As management of City of Bastrop, Louisiana (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. This discussion and analysis of management is designed to provide an objective and easy-to-read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the City's finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the City based on information presented in the financial report and fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual issues or concerns of individual funds.

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

Overview of the Financial Statements

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

1. Government-wide financial statements

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

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

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

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

2. Fund financial statements

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

3. Notes to financial statements

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

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

Government-Wide Financial Analysis

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

	<u>2018</u>	<u>2017</u>
Other assets	\$ 13,759	\$ 17,704
Capital assets, net of depreciation	<u>11,608</u>	<u>10,895</u>
Total assets	<u>\$ 25,367</u>	<u>\$ 28,599</u>
Deferred outflows of resources	<u>\$ 2,603</u>	<u>\$ 3,260</u>
Other liabilities	\$ 601	\$ 546
Long-term liabilities	<u>31,064</u>	<u>19,491</u>
Total liabilities	<u>\$ 31,665</u>	<u>\$ 20,037</u>
Deferred inflows of resources	<u>\$ 765</u>	<u>\$ 931</u>
Net position:		
Invested in capital assets, net of related debt	\$ 11,002	\$ 10,895
Restricted	8,109	8,426
Unrestricted (deficit)	<u>(23,571)</u>	<u>(8,430)</u>
Total net position	<u>\$(4,460)</u>	<u>\$ 10,891</u>

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Restricted net assets of the governmental activities represent resources that are subject to external restrictions as to how they may be used. By far the largest portion of the City's net position as June 30, 2018 consists of the investment in capital assets. The City uses these capital assets to provide services to its citizenry; consequently, these assets are not available for future spending.

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

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,069	\$ 1,986
Operating grants and contributions	367	381
Capital grants and contributions	62	481
General revenues:		
Taxes	8,830	9,140
Intergovernmental	1,021	1,129
Unrestricted investment earnings	84	31
Miscellaneous	643	583
Special item:		
Donation of capital asset	<u>47</u>	<u>(105)</u>
Total revenues and special item	<u>\$ 13,123</u>	<u>\$ 13,626</u>
Expenses:		
General government	\$ 3,051	\$ 2,692
Public safety	5,302	5,325
Public works	5,981	2,326
Sanitation	1,529	1,628
Economic development	10	10
Debt service	<u>254</u>	<u>268</u>
Total expenses	<u>\$ 16,127</u>	<u>\$ 12,249</u>
Change in net position	\$(3,004)	\$ 1,377
Net position - beginning (deficit) (restated)	(1,136)	9,378
Prior period adjustment	<u>(320)</u>	<u>136</u>
Net position - ending (deficit)	<u>\$(4,460)</u>	<u>\$ 10,891</u>

The City's total revenues decreased by \$503,000 while the total costs of all programs and services increased by \$3,878,000, the majority due to street overlay projects.

General revenues are those available for the City to pay for the governmental activities. For the year ended June 30, 2018, taxes were the largest general revenue source for the City and charges for services were the largest program revenue source for the City.

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

Financial Analysis of Governmental Funds

As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$12,959,114, a decrease of \$3,981,360 from \$16,940,474 as of June 30, 2017. \$8,108,960 of the ending combined fund balance as of June 30, 2018 was restricted for debt service.

Budgetary Highlights

The City made amendments to all of its budgets with there being only one immaterial unfavorable variance of 5% or more in the final budgets.

Capital Assets and Debt Administration

The City's major capital asset additions during the current fiscal year were for machinery and equipment. Depreciation of capital assets of \$428,872 for the year ended June 30, 2018 was recorded in the governmental activities of the government-wide financial statements.

As of June 30, 2018, the City had long-term liabilities comprised of the following:

Capital leases	\$ 606,824
Compensated absences	184,168
Sewer revenue and refunding revenue bonds	4,150,000
Sales tax revenue bonds	<u>3,975,000</u>
Total long-term liabilities	<u>\$ 8,915,992</u>

All debt service requirements of the current fiscal year were timely met. The only new long-term debt issuances incurred during the year ended June 30, 2018 were capital leases and the majority of long-term debt retirements were made for revenue bonds.

Economic Factor's and Next Year's Budget

The City prepared and adopted the General Fund's budget for the fiscal year ending June 30, 2019 with budgeted revenues and other financing sources of \$16,270,875, an increase from the final amended budgeted revenues and other financing sources of \$11,459,884 for the year ended June 30, 2018. Likewise, budgeted expenditures and other financing uses of the General Fund were increased to \$13,940,389 from the final amended budgeted amount of \$12,030,307 for the fiscal year ended June 30, 2018.

The Sewer Use Fee Fund's fiscal year ending June 30, 2019 budgeted revenues were decreased by \$96,441 from \$1,121,941 budgeted for the year ended June 30, 2018. Budgeted expenditures for the year ending June 30, 2019 were decreased by \$750,495 from the year ended June 30, 2018 due to the completion of several sewer related projects.

Minimal changes were made in the budgeted revenues of the Sales Tax Fund for the fiscal year ending June 30, 2019. Budgeted expenditures for the year ending June 30, 2019 were decreased by \$3,601,029 from the year ended June 30, 2018 due to the completion of street overlay projects.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF BASTROP, LOUISIANA

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES

June 30, 2018

ASSETS

Cash	\$ 7,997,612
Pooled deposits	2,588,701
Receivables:	
Accounts	136,711
Taxes	75,888
Inventory	37,861
Due from other governments	449,318
Restricted assets:	
Cash	2,046,614
Money market mutual funds	425,958
Capital assets:	
Land	1,613,022
Construction in progress	37,900
Other capital assets, net of depreciation	<u>9,957,533</u>
Total assets	<u>\$ 25,367,118</u>

DEFERRED OUTFLOWS OF RESOURCES

Resources related to pensions	<u>\$ 2,603,238</u>
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CITY OF BASTROP, LOUISIANA

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES (Continued)
June 30, 2018

LIABILITIES

Accounts payable	\$ 487,805
Accrued salaries	76,898
Accrued interest	36,660
Long-term liabilities:	
Due within one year	928,970
Due in more than one year	7,987,022
Net pension liability	8,410,131
Net other postemployment benefit obligation	<u>13,737,288</u>
Total liabilities	<u>\$ 31,664,774</u>

DEFERRED INFLOWS OF RESOURCES

Resources related to pensions	<u>\$ 765,959</u>
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NET POSITION

Invested in capital assets, net of related debt	\$ 11,001,633
Restricted for debt service	8,108,960
Unrestricted (deficit)	<u>(23,570,970)</u>
Total net position	<u>\$(4,460,377)</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
As of and for the Year Ended June 30, 2018

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Functions/Programs:					
Current:					
General government	\$ 3,051,274	\$ 656,145	\$ 30,640	\$ 62,080	\$(2,302,409)
Public safety	5,302,137	92,132	336,340	-	(4,873,665)
Public works	5,980,874	131,239	-	-	(5,849,635)
Sanitation	1,528,854	1,189,361	-	-	(339,493)
Economic development	10,000	-	-	-	(10,000)
Debt service:					
Interest and fiscal charges	<u>254,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(254,163)</u>
Totals	<u>\$ 16,127,302</u>	<u>\$ 2,068,877</u>	<u>\$ 366,980</u>	<u>\$ 62,080</u>	<u>\$(13,629,365)</u>
General revenues:					
					\$ 8,829,601
					1,020,640
					84,525
					643,166
Special item:					
					<u>46,680</u>
					<u>\$ 10,624,612</u>
					Change in net position \$(3,004,753)
					Net position - beginning (deficit) (restated) (1,135,959)
					Prior period adjustment <u>(319,665)</u>
					Net position - ending (deficit) <u>\$(4,460,377)</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

ASSETS	<u>General Fund</u>	<u>Sewer Use Fee Fund</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
Cash	\$ 2,196,453	\$ 1,787,088	\$ 4,014,071	\$ 7,997,612
Pooled deposits	1,796,459	792,242	-	2,588,701
Receivables:				
Accounts	-	136,711	-	136,711
Taxes	75,888	-	-	75,888
Inventory	37,861	-	-	37,861
Due from other governments	214,472	-	-	214,472
Restricted assets:				
Cash	-	999,817	1,046,797	2,046,614
Money market mutual funds	-	425,958	-	425,958
 Total assets	 <u>\$ 4,321,133</u>	 <u>\$ 4,141,816</u>	 <u>\$ 5,060,868</u>	 <u>\$ 13,523,817</u>

(continued)

CITY OF BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)

June 30, 2018

LIABILITIES AND FUND BALANCES	<u>General Fund</u>	<u>Sewer Use Fee Fund</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
Liabilities:				
Accounts payable	\$ 440,829	\$ 7,856	\$ 39,120	\$ 487,805
Accrued salaries	<u>76,898</u>	<u>-</u>	<u>-</u>	<u>76,898</u>
Total liabilities	<u>\$ 517,727</u>	<u>\$ 7,856</u>	<u>\$ 39,120</u>	<u>\$ 564,703</u>
Fund balances:				
Nonspendable (inventory)	\$ 37,861	\$ -	\$ -	\$ 37,861
Restricted (debt service)	-	4,133,960	3,975,000	8,108,960
Assigned	119,572	-	1,046,748	1,166,320
Unassigned	<u>3,645,973</u>	<u>-</u>	<u>-</u>	<u>3,645,973</u>
Total fund balances	<u>\$ 3,803,406</u>	<u>\$ 4,133,960</u>	<u>\$ 5,021,748</u>	<u>\$ 12,959,114</u>
Total liabilities and fund balances	<u>\$ 4,321,133</u>	<u>\$ 4,141,816</u>	<u>\$ 5,060,868</u>	<u>\$ 13,523,817</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

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

As of and for the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Sewer Use Fee Fund</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
Revenues:				
Taxes	\$ 7,903,568	\$ -	\$ 926,033	\$ 8,829,601
Licenses and permits	488,685	-	-	488,685
Intergovernmental	1,461,113	-	2,696	1,463,809
Fees, charges, and commissions for services	322,621	1,189,361	-	1,511,982
Fines and forfeitures	68,210	-	-	68,210
Interest and miscellaneous	431,044	21,345	46,618	499,007
Total revenues	<u>\$ 10,675,241</u>	<u>\$ 1,210,706</u>	<u>\$ 975,347</u>	<u>\$ 12,861,294</u>
Expenditures:				
Current:				
General government	\$ 2,841,776	\$ -	\$ -	\$ 2,841,776
Public safety	5,013,117	-	-	5,013,117
Public works	1,759,854	-	3,972,050	5,731,904
Sanitation	1,184,654	171,101	-	1,355,755
Economic development	10,000	-	-	10,000
Debt service:				
Principal	1,012,365	340,000	520,177	1,872,542
Interest and fiscal charges	12,490	129,765	106,080	248,335
Capital outlay	624,073	371,714	397,800	1,393,587
Total expenditures	<u>\$ 12,458,329</u>	<u>\$ 1,012,580</u>	<u>\$ 4,996,107</u>	<u>\$ 18,467,016</u>

(continued)

CITY OF BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
 As of and for the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Sewer Use Fee Fund</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
Excess (deficiency) of revenues over expenditures	<u>\$(1,783,088)</u>	<u>\$ 198,126</u>	<u>\$(4,020,760)</u>	<u>\$(5,605,722)</u>
Other financing sources:				
Capital lease proceeds	\$ 418,364	\$ -	\$ 206,000	\$ 624,364
Revenue anticipation note proceeds	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Total other financing sources	<u>\$ 1,418,364</u>	<u>\$ -</u>	<u>\$ 206,000</u>	<u>\$ 1,624,364</u>
Net change in fund balances	\$(364,724)	\$ 198,126	\$(3,814,760)	\$(3,981,358)
Fund balances - beginning	<u>4,168,130</u>	<u>3,935,834</u>	<u>8,836,508</u>	<u>16,940,472</u>
Fund balances - ending	<u>\$ 3,803,406</u>	<u>\$ 4,133,960</u>	<u>\$ 5,021,748</u>	<u>\$ 12,959,114</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances - governmental funds balance sheet	\$ 12,959,114
Amounts reported for governmental activities in statement of net assets are different because:	
Certain revenues are not currently available at the end of the City's fiscal year and are not reported in the funds.	234,846
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,608,455
Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	(8,952,652)
Net pension liability does not require the use of current financial resources and therefore is not reported in the funds.	(8,410,131)
Net effect of deferred outflows of resources and deferred inflows of resources related to pensions do not require the use of current financial resources and therefore are not reported in the funds.	1,837,279
Contributions to the OPEB obligation are reported as expenditures in the governmental funds. However, these amounts are reported as a reduction of long-term liabilities in the governmental activities.	<u>(13,737,288)</u>
Total net position of governmental activities - government-wide statement of net position	<u>\$(4,460,377)</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
June 30, 2018

Net change in fund balances - governmental funds \$(3,981,358)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,415,170) exceeded depreciation expense (\$428,872) in the current period. 986,298

The estimated current market value of an asset donated to the City was recorded in the statement of activities. 46,680

Governmental funds do not report some revenues because they will not be collected for some time after fiscal year-end and are not "available" revenues. (14,109)

Governmental funds report principal and interest payments on long-term obligations as an expense when actually paid. However, in the statement of activities, interest is expensed as accrued and principal payments are reported as reductions of the related debt. Long-term debt proceeds are reported as other financing sources in the governmental funds while as increases of debt in the statement of net position. This is the amount related to these reporting differences. 215,087

Proportionate share of non-employer contributions to pension plans do not provide current financial resources and are not reported as revenue in the governmental funds. 228,684

Governmental funds report current year pension contributions as expenditures. However, in the statement of activities, these contributions are reported as deferred inflows of resources and the proportionate share of the plans' pension expense is reported as such. (288,676)

(continued)

CITY OF BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Continued)
June 30, 2018

OPEB obligations reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (197,359)

Changes in net assets of governmental activities - government-wide statement of activities \$(3,004,753)

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

Note 1. Organization and Summary of Significant Accounting Policies

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

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

GASB Statement No. 14, *The Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units- an amendment of GASB Statement No. 14*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these statements, the City is considered a primary government, as it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statements No. 14 and 39, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Government-Wide Financial Statements:

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

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

NOTES TO FINANCIAL STATEMENTS

Fund Financial Statements:

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

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

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

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

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

Fund Types and Major Funds:

The City reports the following major governmental funds:

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

NOTES TO FINANCIAL STATEMENTS

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

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

Budgets and Budgetary Accounting:

The Board of Aldermen adopted annual budgets for all of the governmental funds on June 30, 2017. The annual budgets were prepared in accordance with the basis of accounting utilized by the funds. The City Clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures, resulting from revenues exceeding amounts estimated, must be approved by the Board of Aldermen. Final amendments were made to all budgets on June 26, 2018 and the budgetary comparison schedules, included as supplementary information in the accompanying financial statements, include the original and final amended budgeted amounts. All annual appropriations lapse at the end of each fiscal year.

Use of Estimates:

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

Cash:

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

Money Market Mutual Funds and Pooled Deposits:

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

NOTES TO FINANCIAL STATEMENTS

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

Receivables and Due From Other Governments:

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

Uncollectible Allowance:

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

Inventory:

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

Interfund Transactions:

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

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

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

NOTES TO FINANCIAL STATEMENTS

Restricted Assets:

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

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

Capital Assets and Depreciation:

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Accumulated Compensated Absences:

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

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

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

Long-Term Liabilities:

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

Pensions:

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

NOTES TO FINANCIAL STATEMENTS

Deferred Outflows/Inflows of Resources:

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

Equity Classifications:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

Revenue Recognition - Ad Valorem and Sales/Use Taxes:

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

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

Note 2. Cash and Deposits

The following is a summary of cash and deposits of the City as of June 30, 2018:

Non-pooled deposits:	
Interest-bearing demand deposits	\$ 7,760,977
Petty cash	800
Money market mutual funds	1,469,431
Held by paying agent	800,382
Pooled deposits	<u>3,027,295</u>
	<u>\$ 13,058,885</u>

NOTES TO FINANCIAL STATEMENTS

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

As of June 30, 2018, the City had \$7,760,976 in non-pooled demand deposits (collected bank balances). These deposits were secured from risk by \$500,000 of federal deposit insurance and \$3,574,777 of pledged securities held by the City and the pledging financial institution's trust department or their agents in the City's name. Numerous attempts were made to Regions Bank (\$4,011,375 collected bank balance held) to provide pledged securities held as of June 30, 2018 but the information was not provided as of the date of this report.

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

Pooled deposits are held as of June 30, 2018 by Louisiana Asset Management Pool, Inc. (LAMP) and the corporate trust department of Regions Bank. In accordance with GASB, the pooled deposits held by the City as of June 30, 2018 are not categorized in the three risk categories provided by GASB because the pooled deposits are in pools of funds and thereby not evidenced by securities that exist in physical or book entry form.

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

There were no repurchase or reverse repurchase agreements as of June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables and Due From Other Governments

The following is a summary of receivables and due from other governments of the governmental activities as of June 30, 2018:

	<u>General Fund</u>	<u>Sewer Use Fee Fund</u>	<u>Totals</u>
User fees:			
Sewer	\$ -	\$ 136,711	\$ 136,711
Taxes:			
Franchise	75,888	-	75,888
Intergovernmental:			
State	10,921	-	10,921
Local	<u>203,551</u>	<u>-</u>	<u>203,551</u>
	<u>\$ 290,360</u>	<u>\$ 136,711</u>	<u>\$ 427,071</u>

Note 4. Taxes

For the year ended June 30, 2018, ad valorem taxes of 57.93 mills were levied on property with assessed valuations totaling \$49,083,339 as follows:

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

NOTES TO FINANCIAL STATEMENTS

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

	<u>Assessed</u> <u>Valuation</u>	<u>Percentage of</u> <u>Total Assessed</u> <u>Valuation</u>	<u>Ad Valorem</u> <u>Tax Revenue</u>
Entergy Louisiana Holdings, Inc.	\$ 2,025,830	4.13%	\$ 117,356
Wal-Mart Real Estate Business Trust	1,598,817	3.26%	92,619
Hillview Nursing Home Inc.	996,061	2.03%	57,702

Total ad valorem taxes levied were \$2,843,399. There were \$15,600 (not considered material to record) of uncollected ad valorem taxes as of June 30, 2018 on this levy.

The following sales and use taxes were levied as of June 30, 2018:

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

Note 5. Restricted Assets

Restricted assets, \$1,425,775 of the Sewer Use Fee Fund and \$1,046,797 of the Sales Tax Fund consist of funds required to be maintained and their use is restricted.

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets and Depreciation

Capital assets and depreciation activity as of and for the year ended June 30, 2018 for the governmental activities is as follows:

	Balance - July 1, <u>2017</u>	<u>Additions</u>	<u>Donations</u>	Prior Period <u>Adjustments</u>	Reclassi- <u>fications</u>	Balance - June 30, <u>2018</u>
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 1,113,742	\$ 499,280	\$ -	\$ -	\$ -	\$ 1,613,022
Construction in progress	<u>1,150,368</u>	<u>401,532</u>	<u>-</u>	<u>-</u>	<u>(1,514,000)</u>	<u>37,900</u>
Total capital assets not being depreciated	<u>\$ 2,264,110</u>	<u>\$ 900,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(1,514,000)</u>	<u>\$ 1,650,922</u>
Capital assets being depreciated:						
Infrastructure	\$ 6,055,658	\$ 68,245	\$ -	\$ -	\$ 693,679	\$ 6,817,582
Buildings and improvements	5,865,229	-	-	-	-	5,911,909
Machinery and equipment	<u>6,594,866</u>	<u>945,394</u>	<u>46,680</u>	<u>3,576</u>	<u>-</u>	<u>7,543,836</u>
Total capital assets being depreciated	<u>\$ 18,515,753</u>	<u>\$ 1,013,639</u>	<u>\$ 46,680</u>	<u>\$ 3,576</u>	<u>\$ 693,679</u>	<u>\$ 20,273,327</u>
Less accumulated depreciation for:						
Infrastructure	\$ 911,915	\$ 160,438	\$ -	\$ -	\$ -	\$ 1,072,353
Buildings and improvements	3,644,997	101,142	-	-	-	3,746,139
Machinery and equipment	<u>5,327,811</u>	<u>167,292</u>	<u>-</u>	<u>2,199</u>	<u>-</u>	<u>5,497,302</u>
Total accumulated depreciation	<u>\$ 9,884,723</u>	<u>\$ 428,872</u>	<u>\$ -</u>	<u>\$ 2,199</u>	<u>\$ -</u>	<u>\$ 10,315,794</u>
Total capital assets being depreciated, net	<u>\$ 8,631,030</u>	<u>\$ 584,767</u>	<u>\$ 46,680</u>	<u>\$ 1,377</u>	<u>\$ 693,679</u>	<u>\$ 9,957,533</u>

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NOTES TO FINANCIAL STATEMENTS

Depreciation expense of the City for the year ended June 30, 2018 was charged to the following governmental functions:

General government	\$ 91,527
Public safety	128,110
Public works	14,554
Sanitation	<u>194,681</u>
	<u>\$ 428,872</u>

Note 7. Short-Term Debt

In August 2017, the City issued \$1,000,000 revenue anticipation notes for the purpose of paying current general expenses for the year ended June 30, 2018. The maturity date was on or before March 1, 2018 and the City paid the note in full with interest thereon in February 2018.

NOTES TO FINANCIAL STATEMENTS

Note 8. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the governmental activities of the City for the year ended June 30, 2018:

	<u>General Fund</u>		<u>Sewer Use Fee Fund</u>		<u>Sales Tax Fund</u>		<u>Totals</u>
	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Sewer Revenue Bonds</u>	<u>Sewer Refunding Revenue Bonds</u>	<u>Capital Lease</u>	<u>Sales Tax Revenue Bonds</u>	
Long-term debt payable - July 1, 2017	\$ -	\$ 156,907	\$ 1,700,000	\$ 2,790,000	\$ -	\$ 4,490,000	\$ 9,136,907
Additions	418,364	27,261	-	-	206,000	-	651,625
Retirements	(12,364)	-	-	(340,000)	(5,176)	(515,000)	(872,540)
Long-term debt payable - June 30, 2018	<u>\$ 406,000</u>	<u>\$ 184,168</u>	<u>\$ 1,700,000</u>	<u>\$ 2,450,000</u>	<u>\$ 200,824</u>	<u>\$ 3,975,000</u>	<u>\$ 8,915,992</u>

The following is a summary of the current (due within one year) and long-term (due in more than one year) portions of long-term debt obligations of the governmental activities as of June 30, 2018:

	<u>General Fund</u>		<u>Sewer Use Fee Fund</u>		<u>Sales Tax Fund</u>		<u>Totals</u>
	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Sewer Revenue Bonds</u>	<u>Sewer Refunding Revenue Bonds</u>	<u>Capital Lease</u>	<u>Sales Tax Revenue Bonds</u>	
Current portion	\$ 47,088	\$ 120,276	\$ -	\$ 210,000	\$ 26,607	\$ 525,000	\$ 928,971
Long-term portion	<u>358,912</u>	<u>63,892</u>	<u>1,700,000</u>	<u>2,240,000</u>	<u>174,217</u>	<u>3,450,000</u>	<u>7,987,021</u>
Total due	<u>\$ 406,000</u>	<u>\$ 184,168</u>	<u>\$ 1,700,000</u>	<u>\$ 2,450,000</u>	<u>\$ 200,824</u>	<u>\$ 3,975,000</u>	<u>\$ 8,915,992</u>

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NOTES TO FINANCIAL STATEMENTS

The outstanding bonds as of June 30, 2018 are comprised of the following individual issues:

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize the bonds of the governmental activities as of June 30, 2018 are as follows:

Year Ending <u>June 30,</u>	<u>Sewer Use</u> <u>Fee Fund</u>		<u>Sales Tax</u> <u>Fund</u>	<u>Totals</u>
	Sewer Revenue <u>Bonds</u>	Sewer Refunding Revenue <u>Bonds</u>	Sales Tax Revenue <u>Bonds</u>	
2019	\$ -	\$ 210,000	\$ 525,000	735,000
2020	120,000	215,000	540,000	875,000
2021	120,000	220,000	555,000	895,000
2022	125,000	225,000	570,000	920,000
2023	125,000	230,000	580,000	935,000
2024 - 28	605,000	1,215,000	1,205,000	3,025,000
2029 - 33	<u>605,000</u>	<u>135,000</u>	<u>-</u>	<u>740,000</u>
Totals	<u>\$ 1,700,000</u>	<u>\$ 2,450,000</u>	<u>\$ 3,975,000</u>	<u>\$ 8,125,000</u>

The City incurred and charged to expense \$254,163 of interest costs and fiscal charges during the year ended June 30, 2018. The annual requirements to amortize all interest and administrative fees applicable to the bonds of the governmental activities as of June 30, 2018 are as follows:

Year Ending <u>June 30,</u>	<u>Sewer Use</u> <u>Fee Fund</u>		<u>Sales Tax</u> <u>Fund</u>	<u>Totals</u>
	Sewer Revenue <u>Bonds</u>	Sewer Refunding Revenue <u>Bonds</u>	Sales Tax Revenue <u>Bonds</u>	
2019	\$ 69,700	\$ 52,065	\$ 89,842	\$ 211,607
2020	67,240	47,815	76,956	192,011
2021	62,320	43,465	63,707	169,492
2022	57,298	39,015	50,094	146,407
2023	52,173	34,465	50,094	86,638
2024 - 28	182,963	92,369	15,427	340,853
2029 - 33	<u>64,266</u>	<u>1,721</u>	<u>-</u>	<u>65,987</u>
Totals	<u>\$ 555,960</u>	<u>\$ 310,915</u>	<u>\$ 346,120</u>	<u>\$ 1,212,995</u>

As of June 30, 2018, employees of the City had accumulated and vested \$184,168 of employee leave benefits that will be liquidated by the General Fund.

NOTES TO FINANCIAL STATEMENTS

Note 9. Fund Balances

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

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

Note 10. Deferred Compensation Plan

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

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

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plans and Other Pension Liabilities

For the year ended June 30, 2018, the City paid retirement benefits of \$68,780 from the General Fund to firemen who were already receiving benefits prior to December 1981. In December 1981, active City firemen were accepted into the Firefighters' Retirement System of Louisiana.

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

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

General Information About the Plans:

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

For the year ended June 30, 2017, the actual employer contribution rate was 22.75%, determined actuarially. According to state statute, the contribution requirements for all employers are actuarially determined each year.

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

NOTES TO FINANCIAL STATEMENTS

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

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Public fixed income	35%	1.60%
Public equity	50%	2.30%
Alternatives	<u>15%</u>	<u>0.70%</u>
Totals	<u>100%</u>	<u>4.60%</u>
Inflation		<u>2.60%</u>
Expected arithmetic nominal return		<u>7.20%</u>

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 24.75% of annual covered payroll. Contributions to the System also include 1/4 of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ended June 30, 2018, 2017, and 2016 were \$334,515, \$298,317, and \$237,366, respectively, equal to the required contributions for each year.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

- 30 years of creditable service at any age, or
- 25 years of creditable service at age 55, or
- 10 years of creditable service at age 60.

Under both sub-plans, a member is eligible for early retirement after 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3% and 2 ½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months) times the number of years of creditable service, not to exceed 100% of final salary.

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

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

Contributions by employers are actuarially determined by law, but cannot be less than 9% of compensation excluding overtime, but including state supplemental pay. For the year ended June 30, 2017, employer contributions were 31.5% for Nonhazardous Duty employees hired prior to January 1, 2013 and 33.75% for Hazardous Duty employees hired after January 1, 2013.

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

NOTES TO FINANCIAL STATEMENTS

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

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Public fixed income	21%	0.52%
Public equity	53%	3.66%
Alternatives	20%	1.10%
Other	<u>6%</u>	<u>0.16%</u>
Totals	<u>100%</u>	5.44%
Inflation		<u>2.75%</u>
Expected arithmetic nominal return		<u>8.19%</u>

Plan members are required by state statute to contribute 8.0% or 10.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 30.75% for Nonhazardous Duty employees and for Hazardous Duty employees. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2018, 2017, and 2016 were \$263,083, \$258,256, and \$231,650, respectively, equal to the required contributions for each year.

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

Members are eligible for retirement benefits after:

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

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

NOTES TO FINANCIAL STATEMENTS

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

An initial benefit option is available to regular retirees who have not participated in the DROP. Under this option, members may receive an initial benefit plus a reduced monthly retirement allowance which, when combined, equal the actuarially equivalent amount of the maximum retirement allowance. The initial benefit may not exceed an amount equal to 36 payments of the member's maximum retirement allowance. The initial benefit can be paid either as a lump-sum payment or placed in an account called an "initial benefit account" with interest credited thereto and monthly payments made from the account. A member may also elect to receive a reduced benefit which provides for an automatic 2 ½% annual compound increase in monthly benefits based on the reduced benefit and commencing on the later of age 55 or retirement anniversary; this cost-of-living-adjustment ("COLA") is in addition to any ad hoc COLAs which are payable.

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

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

NOTES TO FINANCIAL STATEMENTS

Contributions to the plan are made by employers, employees and insurance premium taxes. The employee rate is set by statute, but cannot be less than 8% or more than 10% of compensation. The employer contributions are actuarially determined and subject to change each year. For the year ended June 30, 2017, employer contribution rates were 25.25% for employees above the poverty line and 27.25% for employees below the poverty line. Insurance premium taxes are allocated to the system based on available funds and statutory provisions.

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

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Public fixed income	23%	2.04%
Public equity	57%	6.82%
Alternatives	10%	6.26%
Other	<u>10%</u>	<u>4.60%</u>
Totals	<u>100%</u>	5.54%
Inflation		<u>2.75%</u>
Expected arithmetic nominal return		<u>8.29%</u>

Plan members are required by state statute to contribute 10.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 30.75% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2018, 2017, and 2016 were \$263,083, \$297,017, and \$322,636, respectively, equal to the required contributions for each year.

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

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

	<u>2018</u>	<u>2017</u>
MERS	\$ 3,055,178	\$ 2,760,830
MPERS	2,470,727	2,628,944
FRS	<u>2,884,226</u>	<u>3,451,419</u>
	<u>\$ 8,410,131</u>	<u>\$ 8,841,193</u>

NOTES TO FINANCIAL STATEMENTS

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on projections of the City's long-term share of contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. For the years ended June 30, the City's proportions of each plan were as follows:

	<u>2017</u>	<u>2016</u>
MERS	.73%	.69%
MPERS	.28%	.28%
FRS	.50%	.53%

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

	<u>2018</u>	<u>2017</u>
MERS	\$ 44,951	\$ 40,814
MPERS	54,026	52,185
FRS	<u>127,361</u>	<u>130,996</u>
	<u>\$ 226,338</u>	<u>\$ 223,995</u>

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

	<u>2018</u>	<u>2017</u>
MERS	\$ 550,608	\$ 367,893
MPERS	230,542	206,263
FRS	<u>430,163</u>	<u>497,085</u>
	<u>\$ 1,211,313</u>	<u>\$ 1,071,241</u>

NOTES TO FINANCIAL STATEMENTS

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

<u>2018</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Totals</u>
Deferred outflows of resources:				
Changes in proportion	\$ 118,851	\$ 52,982	\$ 172,696	\$ 344,529
Changes in assumptions	51,085	175,806	120,634	347,525
Differences between expected and actual experience	-	16,178	-	16,178
Net difference between projected and actual earnings on pension plan investments	616,083	108,159	248,127	972,369
City's contributions subsequent to the measurement date	<u>337,566</u>	<u>264,607</u>	<u>320,464</u>	<u>922,637</u>
Total deferred outflows of resources	<u>\$ 1,123,585</u>	<u>\$ 617,732</u>	<u>\$ 861,921</u>	<u>\$ 2,603,238</u>
Deferred inflows of resources:				
Changes in proportion	\$ 15,709	\$ 96,560	\$ 380,119	\$ 492,388
Differences between expected and actual experience	93,048	18,990	160,845	272,883
Changes in assumptions	<u>-</u>	<u>-</u>	<u>688</u>	<u>688</u>
Total deferred inflows of resources	<u>\$ 108,757</u>	<u>\$ 115,550</u>	<u>\$ 541,652</u>	<u>\$ 765,959</u>

NOTES TO FINANCIAL STATEMENTS

<u>2017</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Totals</u>
Deferred outflows of resources:				
Changes in proportion	\$ -	\$ 57,892	\$ 212,928	\$ 270,820
Changes in assumptions	100,500	127,821	29,745	258,066
Net difference between projected and actual earnings on pension plan investments	630,500	404,525	829,493	1,864,518
City's contributions subsequent to the measurement date	<u>301,050</u>	<u>268,278</u>	<u>297,025</u>	<u>866,353</u>
 Total deferred outflows of resources	 <u>\$1,032,050</u>	 <u>\$ 858,516</u>	 <u>\$1,369,191</u>	 <u>\$3,259,757</u>
Deferred inflows of resources:				
Changes in proportion	\$ 58,094	\$ 244,370	\$ 362,128	\$ 664,592
Differences between expected and actual experience	87,271	41,820	136,621	265,712
Changes in assumptions	<u>-</u>	<u>158</u>	<u>962</u>	<u>1,120</u>
 Total deferred inflows of resources	 <u>\$ 145,365</u>	 <u>\$ 286,348</u>	 <u>\$ 499,711</u>	 <u>\$ 931,424</u>

NOTES TO FINANCIAL STATEMENTS

The deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30.</u>		
2019	\$	275,561
2020		555,991
2021		197,946
2022	(99,198)
2023	(4,310)
Thereafter	(11,348)

Actuarial Assumptions:

The total pension liabilities in the June 30, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>
Inflation	2.78%	2.70%	2.88%
Salary increases	5.00%	vary from 9.75% for first two years of service to 4.25% after 23 years	vary from 15% for first two years of service to 4.75% after 25 years
Investment rate of return	7.40%	7.33%	7.40%
Actuarial cost method	entry age normal	entry age normal	entry age normal
Expected remaining service lives	3 years	4 years	7 years

Mortality rates for MERS were based on the RP-2000 Employee Table for active members, Healthy Annuitant Table for healthy annuitants, and Disabled Lives Mortality Tables for disabled annuitants. Mortality rate assumptions for the other plans were based on experience studies performed on plan data (for the period July 1, 2009 through June 30, 2014).

NOTES TO FINANCIAL STATEMENTS

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

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

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

<u>June 30, 2018</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
MERS (current rate 7.40%)	\$ 3,893,312	\$ 3,055,178	\$ 2,340,272
MPERS (current rate 7.33%)	3,413,548	2,470,727	1,679,769
FRS (current rate 7.40%)	<u>4,144,522</u>	<u>2,884,226</u>	<u>1,824,767</u>
Totals	<u>\$ 11,451,382</u>	<u>\$ 8,410,131</u>	<u>\$ 5,844,808</u>

<u>June 30, 2017</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
MERS (current rate 7.5%)	\$ 3,509,528	\$ 2,760,830	\$ 2,121,960
MPERS (current rate 7.5%)	3,504,609	2,628,944	1,893,744
FRS (current rate 7.5%)	<u>4,702,280</u>	<u>3,451,419</u>	<u>2,399,469</u>
Totals	<u>\$ 11,716,417</u>	<u>\$ 8,841,193</u>	<u>\$ 6,415,173</u>

Pension Plan Fiduciary Net Position:

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

NOTES TO FINANCIAL STATEMENTS

Note 12. Postemployment Benefits Other than Pensions

Benefits and Contributions:

The City provides fully insured medical insurance coverage for current and retired employees (and eligible dependents). To be eligible to continue coverage under the City's plan, an employee must retire from the City and receive or be eligible to receive retirement funds through Deferred Normal Retirement/Vesting or Disable Retirement from MERS, MPERS, or FRS.

The retirees are required to contribute a portion of the premium rate, depending on medical plan option. The portion paid by the City is disclosed in an appendix attached to a report prepared by Lewis & Ellis, Actuaries and Consultants ("L&E") on the analysis of the post-retirement benefits provided by the City dated November 25, 2018.

The following table shows the development of the fiscal year 2018 benefits paid by the City:

Actual premiums paid	\$ 568,944
Implicit subsidy	241,884
Retiree contribution	<u>(124,298)</u>
Subtotal	\$ 686,530
Interest on benefits	<u>12,426</u>
Total benefits paid by City	<u>\$ 698,956</u>

As of June 30, 2018, 110 inactive employees and 115 active employees were currently receiving benefit payments.

Actuarial Methods and Assumptions:

L&E's valuation of the City's plan is based on assumptions with regard to the survival of plan members, the average per-capita claims costs, when current employees are expected to retire, and so forth. The assumptions were derived from a combination of plan experience and actuarial judgement and are disclosed in an appendix attached to L&E's report.

The following changes were made to assumptions since the July 1, 2015 valuation under GASB 45:

Retirement, turnover, and disability rates - L&E updated the retirement, turnover, and disability rates to reflect changes in the June 30, 2017 pension valuations.

NOTES TO FINANCIAL STATEMENTS

Mortality rates - The mortality assumption uses the same fully generational RPH-2014 Employee Table for active employees, the RPH-2014 Disabled Retiree Table for disabled retirees, and the RPH-2014 Healthy Annuitant table for retirees and their spouses. However, the mortality improvement scale was updated to MP-2018 from MP-2015.

Age factors - L&E updated age factors from the prior valuation based on L&E's updated 2018 medical manual.

Spousal assumption - The prior valuation assumed that 45% of employees were married. The current valuation assumes that 35% of employees will be married. This resulted in a decrease in the liability.

Discount rate - The prior valuation discount rate was 3.5%. The current valuation's discount rate of 3.62% is discussed further below. This change lowered the liability.

Discount Rate:

One of the most important assumptions is the discount rate, which is used by the model to compute the present value of future post-retirement benefits. The higher the discount rate, the lower the present values, and therefore the OPEB cost. For plans that are not funded through irrevocable trust, paragraph 155 of GASB 75 requires that the discount rate equal the "expected yield or index rate for 20-year, tax-exempt obligation municipal bonds with an average rating of AA/As or higher..." determined as of the measurement date, which in this case is June 30, 2018.

For the valuation, L&E used the Fidelity General Obligation AA 20 Year Yield as of the measurement date which is 3.62%.

Recognition of Deferred Outflows and Inflows of Resources:

According to paragraph 157 of GASB 75, differences between (1) the expected and actual experience and (2) the changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive members) determined as of the beginning of the measurement period.

As of July 1, 2017, for purposes of recognizing the applicable deferred outflows and inflows of resources in the 2018 fiscal year, the closed period was determined as follows:

NOTES TO FINANCIAL STATEMENTS

Total expected remaining service lives of all employees (years)	14
Total plan members	5
Average expected remaining service life (years)	3

Affordable Care Act Excise Tax on High Cost Employer-Sponsored Health Coverage:

Paragraph 151 of GASB 75 requires to “include taxes or other assessments expected to be imposed on benefit payments...”. GASB 45 makes no mention of including such taxes, and previous valuations have not included the cost of the so-called “Cadillac Tax” on high-cost health plans, which is the result of the Affordable Care Act (the “ACA”).

The Cadillac tax is a 40% excise tax on high-cost employer health benefit plans. It is scheduled to be implemented in 2022, which was delayed from 2018. Under the ACA, if the aggregate cost of employer-sponsored health insurance coverage for an employee or retiree (including surviving spouses) exceeds \$10,200 for individual coverage and \$27,500 for family coverage, a non-deductible 40% excise tax is applied to the amount of the employee benefit that exceeds the tax threshold. The threshold amounts are increase by the Consumer Price Index and include an addition 1% in 2019.

Based on the Commission’s benefits offered to their retirees, L&E has estimated that the earliest the Commission would be subject to the excise tax is 2018 for the HMO plan members and 2035 for Freedom plan members. L&E doesn’t expect the Medicare Advantage plan to be subject to the tax. L&E expects that the impact of including the excise tax would be less than a 2% increase in the liability. Therefore, no taxes or assessments are included in the projected benefit payments.

Approach and Methodology:

L&E’s general approach was to apply assumed retirement probabilities and survivorship factors to the current profile of covered members, along with projected benefits, expenses, and retiree contributions, to estimate total OPEB benefits for further retirees and their dependents over each individual’s respective lifetime.

L&E’s projections were based on employee census information and premium rates for the benefits provided by the Commission. L&E reviewed the data for reasonableness but did not audit it. To the extent that there were material inaccuracies in the data, L&E’s results are accordingly affected.

NOTES TO FINANCIAL STATEMENTS

The City provided L&E with a current census of active and retired employees, including age, current plan elected, and dependent status. The data was taken as of July 1, 2017 (actuarial valuation date). There were 110 retirees and 115 active employees included in L&E's projection. From the original census, the following were excluded:

- 8 active employees identified as recent hires not eligible for benefits,
- 4 active employees and 1 retiree who waived coverage, and
- 2 retirees and 3 actives who are employed by Morehouse Sales and Use Tax Commission.

L&E's actuarial model computed a present value of all future net costs (after recognition of retiree contributions) and allocated a portion of that present value to the current fiscal year. The methodology of that allocation is called an "Actuarial Cost Method". GASB 75 requires the use of the Entry Age, Level Percent of Pay method.

For current employees, the Entry Age cost method spread the actuarial present value of future benefits (the "PVB") from the employee's date of hire to the expected retirement date as a level percent of expected salary. The portion of the PVB attributable to the current fiscal year is called the Service Cost under GASB 75. The portion attributable to service prior to the current fiscal year is called the Total OPEB Liability under GASB 75.

Changes in Total OPEB Liability:

The following table shows the components of the City's annual OPEB cost for the recent two fiscal years, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the medical plan:

Balance - June 30, 2017	\$ 1,513,315
Eliminate net GASB 45 difference	<u>12,026,614</u>
Balance - June 30, 2017 (restated)	<u>\$ 13,539,929</u>

Changes for the year:

Service cost	\$ 309,274
Interest	488,690
Differences between actual and expected experience	98,351
Benefit payments	<u>(698,956)</u>
Net changes	<u>\$ 197,359</u>
 Balance - June 30, 2018	 <u>\$ 13,737,288</u>

NOTES TO FINANCIAL STATEMENTS

Sensitivity of Total OPEB Liability:

	<u>1% Decrease</u>	<u>No Change</u>	<u>1% Increase</u>
Discount rate	\$15,498,787	\$13,737,288	\$12,271,322
Healthcare cost trend rates	\$12,099,442	\$13,737,288	\$15,753,334

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

OPEB expense:	
Service cost	\$ 309,274
Interest on liabilities	488,690
Difference between actual and expected experience	<u>32,784</u>
 Total OPEB expense	 <u>\$ 830,748</u>

Deferred inflows and outflows:

	<u>Outflows</u>	<u>Inflows</u>
Difference between actual and expected experience	\$ <u>65,567</u>	\$ <u>-</u>

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

<u>Year Ending June 30,</u>	
2019	\$ 32,784
2020	32,784

Note 13. Current Year Adoption of New Accounting Standard and Restatement of Net Position

The City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard requires that the City's beginning net position be restated to reflect the effects of this change in accounting principle. The following provides a summary of the change in the total net position as of June 30, 2017 in the government-wide financial statements:

Total net position - June 30, 2017, as previously reported	\$ 10,890,655
Remove GASB 45 6-30-17 liability	1,513,315
Add GASB 75 6-30-17 liability	<u>(13,539,929)</u>
 Total net position (deficit) - June 30, 2017, restated	 <u><u>\$ (1,135,959)</u></u>

NOTES TO FINANCIAL STATEMENTS

Note 14. On-Behalf Payments for Salaries

For the year ended June 30, 2018, the City recognized revenue and expenditures of \$12,000, \$132,200, and \$179,900 in salary supplements from State of Louisiana paid to employees of the administrative, police, and fire departments, respectively.

Note 15. Operating Leases

As of June 30, 2018, the City had entered into equipment operating leases having initial or remaining noncancellable terms in excess of one year. The minimum annual commitment to be paid from the General Fund under the leases is not considered material to disclose.

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

An agreement was entered into between the City and Veolia Water North America - South LLC (“Veolia”) on December 20, 2012, for five successive, one-year terms, commencing July 1, 2012 for Veolia to operate, maintain, and manage services of the City’s wastewater and related treatment facilities. Veolia’s compensation under this agreement consists of an annual fee that will be negotiated each year and the maintenance and repair limit fee that will be trued-up on a quarterly basis. One-twelfth of the annual fee shall be due and payable on the first of each month that services are provided while all other compensation to Veolia is due upon receipt of Veolia’s invoice. The annual fee paid by the City to Veolia for the fiscal year ended June 30, 2018 was \$1,102,301.

On June 14, 2018, the agreement was amended to extend the contract for one year with a 3.0% increase in only the annual fee and any increase waived for the additional maintenance and repair limit fee. All other terms of the agreement remain unmodified and in full force and effect.

Note 17. Cooperative Endeavor Agreements

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

During the first year of the contract, the District agreed to pay the City \$800,000. Additional amounts as may be necessary to cover the actual costs incurred by the City will be negotiated at least annually (and more often, if required) on or before the first Wednesday in June of each year. The contract was renewed for another two years with the same terms effective July 1, 2015 and then again effective July 1, 2017.

NOTES TO FINANCIAL STATEMENTS

Note 18. Contingencies and Risk Management

As of the date of this report, there were pending or threatening litigation suits involving the City.

One suit challenges the City's method of fixing and maintaining salary differentials among the various ranks of firefighters. The plaintiffs desire an order mandating that the City establish and maintain a pay plan that segregates base salary, accrued longevity, and any other aspects of total salary. The case has been in litigation throughout the years; however yet has been resolved. A trial date has been set in May 2019.

Another lawsuit has been filed by the Department of Environmental Quality (DEQ) asserting that the City is not in compliance with statutes governing waste water disposal. The City is currently operating under the compliance order issued by DEQ for deficiencies in the City's sanitary sewer system. The problems are long-term and ongoing. Plans for the City to continue with its compliance efforts/measures appears favorable for the matter to be resolved with full compliance.

The City seeks to recover \$191,116 for unpaid aviation fuel purchases and \$1,000 for unpaid rent from debtors who are currently seeking bankruptcy protection. Counsel has been retained by the City to represent its interest in recouping monies owed.

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

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2018 may be impaired. In the opinion of City management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTES TO FINANCIAL STATEMENTS

Note 19. Subsequent Event

The State Bond Commission, State of Louisiana, approved in August 2018 the City incurring debt and issuing not to exceed \$1,500,000 revenue anticipation notes for the purpose of paying current expenses and to pay the costs incurred in connection with the issuance of the notes. The proceeds of the notes were deposited by the City on November 15, 2018. The notes mature with interest thereon not to exceed 4.0% per annum no later than March 1, 2019.

REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)

CITY OF BASTROP, LOUISIANA

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

As of and for the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues:				
Taxes	\$ 8,485,901	\$ 7,559,037	\$ 7,903,568	\$ 344,531
Licenses and permits	539,000	486,479	488,685	2,206
Intergovernmental	1,792,452	1,601,057	1,461,113	(147,220)
Fees, charges, and commission for services	370,800	317,276	322,621	10,828
Fines and forfeitures	92,950	71,555	68,210	(3,345)
Interest and miscellaneous	385,150	424,480	431,044	8,357
Total revenues	<u>\$ 11,666,253</u>	<u>\$ 10,459,884</u>	<u>\$ 10,675,241</u>	<u>\$ 215,357</u>
Expenditures:				
Current:				
General government	\$ 2,736,461	\$ 2,931,001	\$ 2,841,776	\$ 89,225
Public safety	5,609,196	5,125,585	5,013,117	112,468
Public works	1,963,079	1,780,980	1,759,854	21,126
Sanitation	1,312,500	1,174,259	1,184,654	(10,395)
Economic development	10,000	10,000	10,000	-
Debt service:				
Principal	1,006,276	1,000,000	1,012,365	(12,365)
Interest and fiscal charges	-	8,482	12,490	(4,008)
Capital outlay	-	-	624,073	(624,073)
Total expenditures	<u>\$ 12,637,512</u>	<u>\$ 12,030,307</u>	<u>\$ 12,458,329</u>	<u>\$ (428,022)</u>

(continued)

CITY OF BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
 BUDGET AND ACTUAL - GOVERNMENTAL FUND -
 GENERAL FUND (Continued)
 As of and for the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	<u>\$(971,259)</u>	<u>\$(1,570,423)</u>	<u>\$(1,783,088)</u>	<u>\$(212,665)</u>
Other financing sources:				
Capital lease proceeds	\$ -	\$ -	\$ 418,364	\$ 418,364
Revenue anticipation note proceeds	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Total other financing sources	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,418,364</u>	<u>\$ 418,364</u>
Net change in fund balance	\$ 28,741	\$(570,423)	\$(364,724)	\$ 205,699
Fund balance - beginning	<u>3,821,474</u>	<u>4,168,130</u>	<u>4,168,130</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,850,215</u>	<u>\$ 3,597,707</u>	<u>\$ 3,803,406</u>	<u>\$ 205,699</u>

CITY OF BASTROP, LOUISIANA

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

As of and for the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees, charges, and commissions for services	\$ 1,187,000	\$ 1,101,434	\$ 1,189,361	\$ 87,927
Interest and miscellaneous	<u>3,500</u>	<u>20,507</u>	<u>21,345</u>	<u>838</u>
Total revenues	<u>\$ 1,190,500</u>	<u>\$ 1,121,941</u>	<u>\$ 1,210,706</u>	<u>\$ 88,765</u>
Expenditures:				
Current:				
Sanitation	\$ 667,012	\$ 372,661	\$ 171,101	\$ 201,560
Debt service:				
Principal	571,704	475,573	340,000	135,573
Interest and fiscal charges	-	-	129,765	(129,765)
Capital outlay	<u>137,000</u>	<u>251,757</u>	<u>371,714</u>	<u>(119,957)</u>
Total expenditures	<u>\$ 1,375,716</u>	<u>\$ 1,099,991</u>	<u>\$ 1,012,580</u>	<u>\$ 87,411</u>
Net change in fund balance	\$(185,216)	\$ 21,950	\$ 198,126	\$ 176,176
Fund balance - beginning	<u>3,854,854</u>	<u>3,935,834</u>	<u>3,935,834</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,669,638</u>	<u>\$ 3,957,784</u>	<u>\$ 4,133,960</u>	<u>\$ 176,176</u>

CITY OF BASTROP, LOUISIANA

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

As of and for the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 990,000	\$ 921,585	\$ 926,033	\$ 4,448
Intergovernmental	-	-	2,696	2,696
Interest and miscellaneous	1,244	46,556	46,618	62
Total revenues	<u>\$ 991,244</u>	<u>\$ 968,141</u>	<u>\$ 975,347</u>	<u>\$ 7,206</u>
Expenditures:				
Current:				
Public works	\$ 2,107,869	\$ 3,934,597	\$ 3,972,050	\$(37,453)
Debt service:				
Principal	74,169	571,829	520,177	51,652
Interest and fiscal charges	-	-	106,080	(106,080)
Capital outlay	120,000	203,457	397,800	(194,343)
Total expenditures	<u>\$ 2,302,038</u>	<u>\$ 4,709,883</u>	<u>\$ 4,996,107</u>	<u>\$(286,224)</u>
Excess (deficiency) of revenues over expenditures	\$(1,310,794)	\$(3,741,742)	\$(4,020,760)	\$(279,018)
Other financing sources:				
Capital lease proceeds	-	-	206,000	206,000
Net change in fund balance	\$(1,310,794)	\$(3,741,742)	\$(3,814,760)	\$(73,018)
Fund balance - beginning	<u>5,688,946</u>	<u>8,836,508</u>	<u>8,836,508</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,378,152</u>	<u>\$ 5,094,766</u>	<u>\$ 5,021,748</u>	<u>\$(73,018)</u>

CITY OF BASTROP, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last Ten Fiscal Years

	<u>2018</u>	<u>Year Ended June 30,</u>		<u>2015</u>
		<u>2017</u>	<u>2016</u>	
MERS:				
Proportion of net pension liability	0.73%	0.69%	0.69%	0.72%
Proportionate share of net pension liability	\$ 3,055,178	\$ 2,760,830	\$ 2,462,877	\$ 1,839,348
Covered employees' payroll	\$ 1,323,556	\$ 1,191,340	\$ 1,169,721	\$ 1,202,986
Proportionate share of net pension liability as a percentage of covered employees' payroll	230.83%	231.74%	210.55%	152.90%
Plan fiduciary net position as a percentage of total pension liability	62.49%	62.11%	66.18%	75.45%
MPERS:				
Proportion of net pension liability	0.28%	0.28%	0.27%	0.32%
Proportionate share of net pension liability	\$ 2,470,727	\$ 2,628,944	\$ 2,116,084	\$ 2,000,320
Covered employees' payroll	\$ 842,231	\$ 782,139	\$ 722,533	\$ 847,895
Proportionate share of net pension liability as a percentage of covered employees' payroll	293.36%	336.12%	292.87%	253.92%
Plan fiduciary net position as a percentage of total pension liability	70.08%	66.04%	70.73%	75.10%
FRS:				
Proportion of net pension liability	0.50%	0.53%	0.51%	0.47%
Proportionate share of net pension liability	\$ 2,884,226	\$ 3,451,419	\$ 2,758,961	\$ 2,095,869
Covered employees' payroll	\$ 1,176,334	\$ 1,183,572	\$ 1,086,380	\$ 963,303
Proportionate share of net pension liability as a percentage of covered employees' payroll	245.19%	291.61%	253.96%	217.57%
Plan fiduciary net position as a percentage of total pension liability	73.55%	68.16%	72.45%	76.02%

CITY OF BASTROP, LOUISIANA

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years

	<u>Year Ended June 30,</u>			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
MERS:				
Contractually required contribution	\$ 301,049	\$ 237,643	\$ 232,408	\$ 225,768
Contributions in relation to contractually required contribution	<u>301,049</u>	<u>237,643</u>	<u>232,408</u>	<u>225,768</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$ 1,323,556	\$ 1,191,340	\$ 1,169,721	\$ 1,202,986
Contribution as a percentage of covered employees' payroll	22.75%	19.95%	19.87%	18.77%
MPERS:				
Contractually required contribution	\$ 268,240	\$ 231,782	\$ 227,601	\$ 263,017
Contributions in relation to contractually required contribution	<u>268,240</u>	<u>231,782</u>	<u>227,601</u>	<u>263,017</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$ 842,231	\$ 782,139	\$ 722,533	\$ 847,895
Contribution as a percentage of covered employees' payroll	31.85%	29.63%	31.50%	31.02%
FRS:				
Contractually required contribution	\$ 296,781	\$ 324,213	\$ 317,766	\$ 272,133
Contributions in relation to contractually required contribution	<u>296,781</u>	<u>324,213</u>	<u>317,766</u>	<u>272,133</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$ 1,176,334	\$ 1,183,572	\$ 1,086,380	\$ 963,303
Contribution as a percentage of covered employees' payroll	25.23%	27.39%	29.25%	28.25%

CITY OF BASTROP, LOUISIANA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
June 30, 2018

Total OPEB liability:

Service cost	\$ 309,274
Interest	488,690
Differences between actual and expected experience	98,351
Benefit payments	<u>(698,956)</u>
Net change in total OPEB liability	\$ 197,359
Total OPEB liability - beginning	<u>13,539,929</u>
Total OPEB liability - ending	<u>\$ 13,737,288</u>
Covered employee payroll	\$ 2,976,905
Total OPEB liability as a percentage of covered employee payroll	461.5%

Notes to schedule:

There were no changes of benefit terms.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. 3.62% is the discount rate used in 2018.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BASTROP, LOUISIANA

SCHEDULE OF MAYOR'S AND ALDERMEN'S COMPENSATION
As of and for the Year Ended June 30, 2018

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

Henry C. Cotton, Mayor	\$ 72,583
Robert Shaw, Alderman	10,291
Larry D. Prater, Alderman	10,093
Darry D. Green, Jr., Alderman	10,093
Howard D. Loche, Alderman	10,291
Marvin M. Moore, Alderman	<u>10,291</u>
Total mayor's and aldermen's compensation	<u>\$ 123,642</u>

CITY OF BASTROP, LOUISIANA

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

As of and For the Year Ended June 30, 2018

Agency Head Name: Henry C. Cotton, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 72,583
Auto allowance	7,061
Insurance	2,372
Retirement	<u>19,712</u>
Total compensation, benefits, and other payments to agency head	<u>\$ 101,728</u>

HILL, INZINA & COMPANY

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

The Honorable Henry C. Cotton, Mayor,
and Members of the Board of Aldermen
City of Bastrop, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of City of Bastrop, Louisiana (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control that is described in the accompanying schedule of findings and questioned costs as items 2018-1, 2018-2, and 2018-6 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-3, 2018-4, 2018-5, 2018-6, and 2018-7.

City's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

/s/ Hill, Inzina & Co.

December 6, 2018

CITY OF BASTROP, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the Year Ended June 30, 2018

We have audited the financial statements of the governmental activities and each major fund of City of Bastrop, Louisiana (the "City"), as of and for the year ended June 30, 2018, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 6, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2018 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

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

Internal Control

Significant Deficiencies Yes No Material Weaknesses Yes No

Compliance

Material to Financial Statements Yes No

Section II - Financial Statement Findings

2018-1 Inadequate Segregation of Duties (initial citing as of and for the ended June 30, 1985)

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

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic limitations.

Effect: Not determined.

Recommendation: No action is recommended.

Management's response and planned corrective action: (See following documents.)

2018-2 Personnel Related Policies and Issues (initial citing as of and for the year ended June 30, 2016)

Criteria: Payroll is generally the largest expenditure of a governmental agency. Therefore, it is important that controls over payroll are in place and working properly. Good controls should include compliance with the City's written policies and procedures, curtailing excessive payroll related costs, avoiding civil service violations, and noncompliance with Article VII, Section 14 of the 1974 Louisiana State Constitution.

Condition: 1) In various pay periods during the years ended June 30, 2018 and 2017, some employees did not work sufficient hours per week to be considered full-time and to qualify for retirement, health insurance, and leave time but such benefits were paid on the employees' behalf. The Mayor has been requested to address this matter with each employee that is working insufficient hours.

2) Two employees were hired by the new administration on July 3, 2017 to work 30 hours per week, one serving as the public works department head and the other under this public works department head as the parks and recreation department head.

Until both employees became full time in May 2018, extra hours above the 30 per week of 445 and 647 hours, respectively, were earned by the two department heads. Only 6 hours of the extra hours earned during the year was taken as time off and that was for the parks and recreation department head. If both employees were to have left employment of the City as of June 30, 2018, the City would have been obligated to pay approximately \$17,500 of extra wages to these two employees, both considered part-time the majority of the year.

It was noted that two employees were terminated by the new administration in July 2017 and were paid a total accrued vacation of \$3,465 and unused compensatory/extra hours worked of \$8,718. One was documented in the personnel file as a part-time employee but was allowed to accrue and be paid for vacation and extra hours worked.

3) Of the two department heads mentioned in 2) above, with a combined 1,092 extra hours worked during the year ended June 30, 2018, only approximately 20% were documented as to the purpose of the extra hours worked. The purpose of the majority of the extra hours worked that were documented were vague (i.e., municipal center, overseeing, call outs, working on daily tasks, etc.) and only one or two purposes would be used to cover two weeks of extra hours worked at a time - no detail as to each day's activities requiring extra hours to be worked. 47 of the 445 (11%) extra hours worked by the public works department head were not approved by the signature of the Mayor or his assistant.

The parks and recreation department heads had two extra hour forms submitted and approved for the payroll period ended June 25, 2018, one approved by the public works department head and the other by the Mayor. Only the total of extra hours earned during the period on the latter form was documented, not on a daily basis, as usual. This form authorized 24 hours of extra time whereas 36 hours were added to the accrued balance at the bottom of the form.

4) Another part-time employee was hired by the new administration as a technical support officer/strategic initiatives officer to be paid \$20 per hour not to exceed 30 hours per week. This hourly rate of pay exceeds the hourly rate paid to all full-time employees of the City except for some department heads and the Mayor. There are those that have been employed by the City since the early 1990's that currently earn between \$10 and \$15 per hour in contrast to this \$20 per hour rate for part-time.

The City already had a contract in effect for technical support, backup, maintenance, hardware and software installation, advice, analyst, research, and monitoring.

Yet another part-time employee was hired by the new administration in July 2017, per the job description, to assist in the area of public safety to include specific supervision over the school crossing guards. The actual duties and responsibilities assigned directly by the Mayor duplicated many of those of the police and fire chiefs. The job was part-time with the employee agreeing to be paid for no more than 15 hours per week. For nine out of twelve (75%) bi-weekly pay periods worked during the employment, payment was made for 418.5 hours, 58.5 hours (\$878) more than the agreed 15 hours per week. The employee voluntarily resigned in March 2018.

5) Only a few managerial employees and fire department employees are allowed to maintain written time records while all others working within City Hall, except for the part-time employee mentioned in the first paragraph of 4), utilize a time clock. The position description for this employee states that the “Mayor has assigned that a hand written time sheet will be done for payroll”.

6) At the regular July 2017 meeting of the council, the city attorney was appointed by the Mayor but the council failed to approve. The Mayor requested at the regular August 2017 meeting that his earlier appointment be considered as city attorney by default and by adding another city attorney appointment. The council approved only the appointment of the additional attorney. A resolution was adopted by the majority of the council at the August meeting “requesting an attorney general’s opinion to clarify and determine the powers of the appointing authority relative to the appointment of city attorneys”. The City’s records reflect that the Mayor vetoed the resolution.

Opinion 17-0139 was issued by the Attorney General’s office to the City in correspondence dated January 12, 2018. The opinion specifically states that:

- a) the mayor with the advice and consent of council may annually appoint an attorney at law or attorneys at law for the municipality,
- b) the council’s approval is necessary for the current attorney to continue service and that without the consent, the mayor’s appointment is invalid and the attorney cannot act in such capacity, and,
- c) mayor may not veto a resolution passed by the council.

During the fiscal year ended June 30, 2018, the acting, but not approved by the City Council, attorney was paid \$46,506.

At the meeting of the council held on July 12, 2018, the same two attorneys were again recommended by the Mayor to serve, a motion was made to approve but failed. Therefore, as of the date of this report, the City is now paying these two attorneys a combined annual amount of approximately \$81,600.

One of the acting attorneys was given an increase in pay with the pay period ended August 25, 2017 but no formal approval was noted as being requested from or given by the council.

7) The Mayor taught in the local public school system during October, November, and December of 2018. It was not known if he was being paid or not.

Cause:

1) Management of the City has allowed employees to continuously work less than sufficient hours to be considered full-time and continues to pay the personal benefits of each employee as if actually working full-time.

2) The City has employed personnel to work less hours than considered to be full-time to avoid payment of certain benefits but considers them as full-time when it comes to paying other benefits. Hours of compensatory time are allowed to accrue with no limitation.

3) Employees have been allowed to earn time for extra hours worked without proper documentation and approval of their immediate supervisors. Again, employees hired to work less than full-time are being paid some of the same benefits as full-time employees.

4) The new administration may not have been aware of the specifics of the technical services that had already been contracted nor of the actual duties and responsibilities of the police and fire chiefs.

5) Management of the City is overriding controls.

6) The City's legal counsel, who's acting legality is in question, will not address or recognize this matter.

The local district attorney has been contacted by City's management on two occasions concerning this matter but has made no inquiries or taken any action.

7) The Mayor is an educator and very involved with students' learning and testing.

Effect:

1) The City is paying benefits on behalf of ineligible employees.

2) The City is paying wages and compensatory time at a higher rate for a department head for duties that could very well be performed by a lower paid employee.

3) The City is noncompliant with its adopted policies and procedures related to overtime documentation and approval.

4) The City appears to continue to pay for duplication of services, duties, and responsibilities.

5) All employees are not subject to the same policies and procedures.

6) Legal advice given and matters resolved on the City's behalf by the acting legal counsel may not be upheld due to the counsel acting in a position not approved by the council.

7) The general citizenry feels that the Mayor's time should be spent concerning matters of the City and that his salary and job duties require his full time and attention.

Recommendations: 1) The Mayor should address this matter with each employee as has previously been requested by the clerk whose office is responsible for paying the affected employees and their benefits.

2) Policies should be adopted by the City to address excess time worked above agreed-upon hours, vacation, holidays, benefits, and any other matters related to non civil service employees working less than 40 hours per week.

3) Strict adherence should be mandated to comply with the City's adopted policies and procedures relative to documentation and approval of extra/compensatory time. Care should be taken to insure the accuracy of time records.

4) All current employees' job descriptions and currently contracted services should be reviewed before hiring employees who may duplicate those duties and/or services already in place.

5) The Mayor should not encourage certain employment positions to not follow the policies and procedures of the City abided by the majority of other employees working in similar environments.

6) Continued efforts, after two previous meetings by the City's management, should be made demanding the local district attorney's office to address and take action on the matter of the City's acting legal counsel.

Even though the City's payroll procedures state that "City attorneys" are not required to complete time sheets, legal counsel should be required to submit on a frequent basis the projects that they have expended time on behalf of the City to justify their salaries. Both the Mayor and clerk should be involved in the monitoring of the services provided.

7) The Mayor should take into consideration the concerns of the local citizenry.

Management's
response and
planned cor-
rective action:

(See following documents.)

2018-3 Possible Ethics Violations (initial citing)

Criteria: The City has adopted a formal ethics policy to ensure:
a) the public confidence on the integrity of government,
b) the independence and impartiality of elected officials and public employees,
c) that governmental decisions and policy are made in the proper channel of the government structure, and
d) that public office and employment are not used for private gain.

Condition: One alderman reported no sources of employment or outside business interests; therefore, the management of the City could not verify that business was not transacted with the alderman's employer or business interests.

At a special meeting of the council held on August 21, 2018, a resolution was adopted authorizing the Mayor to retain the professional services of the daughter of the public works department head as a project coordinator. As of the date of this report, a contract was not made available by the Mayor's office to determine what oversight, if any, the public works department head will have over the project constituting possible ethics violations.

Cause: The clerk requested written sources of employment or outside business interest of each elected official and was provided this one alderman's written response.

A contract was not made available by the Mayor's office to determine if the daughter providing professional services for the City was an ethics violation.

Effect: The elected official and department head may be in violation of the City's ethics policy and state statutes.

Recommendation: The City should require employees and elected officials to provide annually a certification letter attesting to their compliance with the ethics policy. Contracts should be provided.

Management's response and planned corrective action: (See following documents.)

2018-4 Violation of Article VII, Section 14 of the Louisiana Constitution of 1974 (initial citing)

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

Condition: As of the date of this report, \$28,563 was owed the City by the City Marshal's office for salary reimbursements dating back to August 2015. Also owed the City as of this same date was \$66,050 for property taxes, some delinquent as far back as the 2011 tax levy. Occupational licenses were delinquent for some businesses back to 2016.

During the year ended June 30, 2018, approximately \$445 was expended for candy, entertainment, and trophies to support local parades and festivals.

The street overlay project taken on during the year ended June 30, 2018 involved grinding old asphalt to be used to overlay streets. Some of the ground asphalt "went missing" and was not available for the project. Local citizens were calling City Hall to check into how they could obtain some of the ground asphalt for their personal use like other citizens had been given.

The city clerk was sent an e-mail from the Mayor's office requesting a \$200 check to "sponsor" an elderly person's birthday. The clerk responded that she thought that would be illegal. Within a few days, the Mayor's assistant gave the Clerk an invoice from the West Monroe/Ouachita Chamber of Commerce to pay \$200 for "services rendered to the City..." by the person named in the earlier e-mail who was celebrating a birthday. With the Mayor's signed approval, the Clerk paid the \$200.

Employees of the police and administrative department personally observed a vehicle registered to a family member of the public works department head inside the city garage obviously being repaired at the City's expense. The vehicle was observed after hours one night with the garage's lights on and the vehicle's hood up and was observed as still being inside the garage building the next day.

Parking fees were collected personally at the event, mentioned below in 2018-5, by the City's public works department head but no related revenues were remitted to the City.

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

Management of the City is overriding controls and permitting the Section to be violated.

Effect: All of these conditions result in a loss of assets and violation of Article VII, Section 14.

Recommendation: Delinquent accounts should be pursued vigorously for payment. A formal collection policy should be adopted.

The Section should be reviewed by the City's management and department heads.

Management's response and planned corrective action: (See following documents.)

2018-5 Violation of City's Ordinance (initial citing)

Criteria: The City has an ordinance prohibiting the possession or consumption of alcoholic beverages on public property owned or operated by the City except for two specifically stated City-owned properties.

Condition: On October 23, 2018, alcohol was served at a City-owned park with the knowledge of the Mayor and a police captain employed by the City, serving as security, without permission of the City Council. An alderman contacted the Chief of Police the night before the event requesting that the Chief allow the function to continue past the legal hours for alcohol to be served within the city limits. The Chief denied the illegal request. The police captain serving as security is also the City's representative for the police department on the civil service board.

Cause: Management of the City permitted the ordinance to be violated.

Effect: The City was exposed to a liability risk.

Recommendation: The City's management should adhere to ordinances.

Management's
response and
planned cor-
rective action: (See following documents.)

2018-6 Violation of Bastrop Police Department Policies and Procedures (initial citing)

Criteria: The City's police department has adopted a sick leave policy and procedures as also adopted and set by the City of Bastrop's Municipal Fire and Police Civil Service Board. The policy states that an employee that is sick shall not leave his or her residence except for seven specified reasons. And if leaving the residence for one of these reasons, the employee is to notify the assistant chief of police, supervisor, or other designee on-duty, giving the reason for his or her leaving, where he or she is going, and when he or she is expected to return.

The policy also states that it is the responsibility of the assistant chief, supervisor, or other designee on-duty to make spot checks on any employee that is on sick leave to verify that the employee is at the appropriate place and is abiding by the sick leave policy.

A doctor's report that clears the employee for duty is required by the policy to be provided to the chief or assistant before the employee will be allowed to return to active duty.

2018-7 Violation of State Statutes (initial citing)

Criteria: Pursuant to Louisiana Revised Statutes 24:513 and 24:514, all annual audits must be completed and submitted to the Legislative Auditor within six months of the close of the auditee's fiscal year.

Condition: The City's annual audit for the fiscal year ended June 30, 2018 was not submitted to the Legislative Auditor within six months of the end of the fiscal year.

Cause: Management's responses and planned corrective actions were not provided to the auditor for inclusion in the report until March 8, 2019.

Effect: The City is in violation of the statutes.

Recommendation: Management's responses and planned corrective actions should be provided in a timely manner allowing completion and submission of the annual audits.

Management's
response and
planned cor-
rective action: (See following documents.)

Section III - Management Letter

None issued.

CITY OF BASTROP, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
As of and for the Year Ended June 30, 2018

Section II - Financial Statements Findings

2017-1 Inadequate Segregation of Duties

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

Unresolved - 2018-1.

2017-2 Personnel Related Policies and Issues

It is important that controls over payroll are in place and working properly. Travel should only occur when necessary and when such benefits the City.

Unresolved - 2018-2.

2017-3 Inventory

Inventory is not properly accounted for and maintained.

Resolved.

Section III - Management Letter

None issued.



OFFICE OF THE MAYOR
Post Office Box 431
Bastrop, Louisiana 71221-0431

HENRY C. COTTON
MAYOR

Certified Mail
7018 0040 0000 8860 9658

December 31, 2018

Legislative Audit Advisory Council
Mr. Daryl G. Purpera
Legislative Auditor & Director of Advisory Council
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Audit Report, City of Bastrop Fiscal Year Ending June 30, 2018

Dear Mr. Purpera:

Please find the City of Bastrop's response to the Audit Report referenced above.

Because some audit findings required extensive research of contemporaneous documents, scaled maps, volumetric calculations, the use of accounting formulas and GAAP ratios, as well as the creation of detailed narratives to offer parties, with the need to know, explanations of what the City believes to be 'findings' based upon opinionated inaccuracies, the report is lengthy.

Since contemporaneous supporting documentation is lengthy, detailed narratives are being made available to the City's auditor in response to each finding regarding personal matters. These narratives have not yet been completely redacted.

I trust the information provided fulfills your requirements as mandated by state law.

Respectfully submitted,

Honorable Henry C. Cotton - Mayor
Enclosure: Responses
2017-2018 Audit Report Responses:

New mayors share a challenge common to all recently elected officials – transitioning from campaigning to governing. Transition periods vary widely from City to City, with some lasting only a few weeks between election and inauguration, while others stretch out several months.

Depending on the City size and the resources available for transition, the process and goals differ from City to City. Regardless of the differences between cities, entering office and organizing an administration is a hectic time for a newly elected mayor.

Because some audit findings required extensive research of contemporaneous documents, scaled maps, volumetric calculations, the use of accounting formulas and GAAP ratios, as well as the creation of detailed narratives to offer parties, with the need to know, support for its differentiation of findings that are factually based deficient practices and those findings that: have no merit whatsoever and those finding based the opposite of reality (which is delusion), or the opposite of truth (which is untruth), those possibly based upon partial information – particularly where executive decisions are imposed to protect the City from avoidable litigation.

Since some contemporaneous supporting documentation is lengthy, detailed narratives are being made available to the City’s auditor - in response to each finding - regarding personal matters. These narratives have not yet been completely redacted.

2018-1 Inadequate Segregation of Duties
(initial citing as of and for the year ended June 30, 1985)

Condition **Adequate segregation of duties is essential to the proper
1) internal control structure.**

**Response &
Planned
Corrective
Action:** **We concur** with the finding. The City makes every attempt to comply with the segregation of duties. Budgetary constraints will not allow for complete segregation of duties and responsibilities in all areas of operations. The City does have goals for more division of responsibilities and separation of duties that would insure greater fiscal accountability as well as protect individual rights as required by local, state and federal laws.

2018-2 Personnel Related Policies and Issues (initial citing as of for the year ended June 30, 2016)

2018-2 Criteria: Payroll is generally the largest expenditure of a governmental agency. Therefore, it is important that controls over payroll are in place and working properly. Good controls should include compliance with the City's written policies and procedures, curtailing excessive payroll related costs, avoiding civil service violations and noncompliance with Article VII, Section 14 of the 1974 Louisiana State Constitution.

2018-2 Condition 1) "In various pay periods during the year ending June 30, 2018 and in 2017, some employees did not work sufficient hours per work week to be considered full-time and to qualify for the retirement, health insurance, and leave time but such benefits were paid on the employees' and leave time but such benefits were paid on the employees' behalf. The Mayor has been requested to address this matter with each employee that is working insufficient hours.

2018-2 Condition **The City concurs with Condition 2) Paragraph 3 only.**

1) Response & Planned Corrective Action: The Mayor agrees that part-time employees should not be allowed to receive benefits that are only available for full-time employees.

The Mayor was made aware of this condition in October 2018. The Mayor has already begun corrective action with these several employees. Most all these employees have been working for the City of Bastrop for years and all, to the mayor's knowledge, are performing work related task at a satisfactory level - when they are at work.

All employees working thirty-two or less hours per week or sixteen hundred sixty-four hours (1664) per year (including vacation, comp time, or sick day) will forfeit their: full-time status, and any resulting benefits af(P.W.-B/M DP3) ed only to full time employees – as of April 1, 2019

No employee who consistently works less that the 32 hours per week (0.8 FTE), will unlawfully benefit from any full-time employee benefits - unless extreme circumstances are present and that laws exist for, on a case by case basis, the allowance of those short-term exceptions. The Mayor does not currently know of any employee having any extreme circumstance that would qualify for any lawful exception from among the employees identified. .

Condition 2)

2018-2 Condition: **2018-2 The City concurs only with Paragraph 3 and Condition 2):**

2 Two employees were hired by the new administration on July 3, 2017 to work 30 hours per week, one serving as the public works department head and the other under the public works department head as the parks and recreation department head.

Condition 2) Until both employees became full time in May 2018, extra hours above the 30 per week of 445 **(\$8,455.00)** and 647 **(\$8,702.15)** were earned, respectfully, by the two department heads.

Only 6 hours of the extra hours earned during the year was taken as time off that was for the parks and recreation department head. If both employees were to have left employment of the City as of June 30, 2018, the City would have been obligated to pay approximately **\$17,500.00** of extra wages to these two employees, both considered part-time the majority of the year.

Condition 2) Response & Planned Corrective Action: **The City concurs in part - only to the extent that excessive comp time was accumulated, however the net negative fiscal affect upon the budget ending June 30, 2018, as compared to the budget ending June 30, 2018, was less than negligible.**

The new administration was able to cut overall overtime cost, within the Public Works Department alone, by more than thirty-seven-point three seven percent (**37.37%**). The net overtime cost savings was **\$21,229.38** over the previous year's amount.

While it is true that the new administration replaced one full time public works department head with two part-time employees, the resulting net positive fiscal effect upon the City of Bastrop budget has been nothing short of phenomenal. The Mayor is extremely pleased that his administration achieved, an extreme level cost savings by implementing fiscally conservative measures while, at the same time, getting more work done for the citizens of Bastrop.

Based upon the payroll cost data listed below, it is also true that: by replacing one full time public works department head (who served as both Public Works Director and also as Parks and Recreation Department Head) the net effect upon the City of Bastrop's General Fund was less than negligible even when we factor in the accrued comp time for these 'extra hours' worked.

CHART REDACTED

The audit finding speaks of “***extra hours***”; the Mayor feels that the only true extra hours were the **1733 “extra hours”** that these two “part-time” employees worked for a total difference in the pay (plus full-time benefits) of a single public works director the prior year. The public works director worked a total of (including “extra hours”) **1,815 hours (1,370 + 445)** and the parks director worked a total of (including “extra hours”) **2078 hours (1431 + 647)**. That amounts to **0.87 FTE** and **0.99 FTE** respectively.

The former public works director earned wages amounting to **\$44,856.00**, but his total wage plus benefits cost (af(P.W.-B/M DP3) ed fulltime employees): health insurance, personal time pay, vacation pay, and comp time hours amounts to **\$24,943.36**. When these costs are added to the **\$44,856.00** regular pay, this total cost adds to **\$69,799.36**.

Whereas the new administration’s public works director earned \$34,627.70 for 1,815 part-time hours work. Even when factoring in the ‘extra time’ (445 hours), resulting in (according to the finding) *8,455.00. Taking the sum of the regular part-time hours plus the “extra time” (comp time) the total pay to the public works director would amount to **\$43,082.70**.

Whereas the new administration’s parks and recreation director earned \$19,739.50 for 1,431 part-time hours work. Even when factoring in the ‘extra time’ (647 hours), which results in, according to the finding) \$8,702.15. Taking the sum of the regular part-time hours added to the “extra time” (comp time) the total pay to the public works director would amount to **\$28,441.65**.

As the audit finding states: *“If both employees were to have left*

employment of the City as of June 30, 2018, the City would have been obligated to pay the City would have paid the public works director **and** the parks and recreation director **a sum total of \$1,733.00.**

Subtracting **the total annual employment cost of the single full time public works director: \$69,799.36, to the total combined employment cost of the both part-time employees (\$43,082.70 + \$28,441.65),** the resulting cost sum is **\$71,524.35.**

Therefore, "If both employees were to have left employment of the City as of June 30, 2018, the City would have been obligated to pay" only \$1,724.99 more than the previous employment than the year before the new administration took office.

Furthermore, the City gained an additional 1,733 combined work hours for that additional **\$1,724.99** – that's a **per hour cost** of just **\$0.996.**

The Mayor feels that the net effect upon the City of Bastrop General Fund Balance would be **negligible. As a result, additional productivity was a derivative because of the mayor's decision.** This condition added productivity - within the Public Works Department and the Parks and Recreation Department - was **extremely positive.** The quantity (**1733 additional hours at less than one dollar per hour difference**) and quality of the work that was accomplished.

The Mayor felt that public works overtime payroll could be cut drastically from the previous years. Therefore the Mayor directed the Public Works Director and the Parks and Recreation Director to respond to most all after hour callouts as well as to be hands on for all parks and recreation events for two reasons: to get a good first year's (transition) orientation of problems and events that cause City employees to work overtime, to monitor other employees for efficiency in operation, and to make sure that after hour time charged back to the City was not inflated.

The Mayor acknowledges that he under estimated the amount of work that would need to be done after normal (part-time) work hours by the public works director.

The Mayor did not accurately account for the tremendous number of trees that would be blown across roads and streets, sink holes in the middle of streets from washouts, nor of the flood waters that would rise in the middle of the night(s). The City of Bastrop had an extremely wet year - 2017-2018 and trees don't seem to ever be blown over during daylight hours. The Mayor wanted the public works director's boots on the ground especially when the City was exposed to potential liability.

Both employees' status was changed to full-time in May of 2018, therefore the Mayor had already addressed this finding. This employment status change, the Mayor felt, would allow the full cost of the employment of these two former part-time employees to be budgeted and paid during the fiscal year that all of the work hours incurred.

Condition 3) **Of the two department head's mentioned in 2) above, combined 1,092 extra hours worked... only approximately 20% were documented as to the purpose of the extra hours worked. The purpose of the majority of the extra hours worked that were documented were vague... no detail ... etc.**

Condition 3) **The City concurs with the finding as stated as Condition 3):**

Response & Planned Corrective Action: While the Mayor does not have access to the documentation that served as the source of this finding, **the Mayor believes that this condition has already been rectified.**

During the Fall of 2018, the Mayor directed the Strategic Initiatives Director (***part-time employee referenced in Condition 4 below***) to automate the City of Bastrop Public Works workorder documentation process by creating an interactive database in order to provide easy data entry and instant online access.

As seen in the pictures (screenshots) below: **1.)** the Strategic Initiatives Director (***part-time employee referenced in Condition 4 below***) created the Public Works Department's database file on September 4, 2018. **2.)** the second screenshot shows active and closed workorders records verifying that the database was in use at least on or before September 28, 2018. **3)** the third screenshot shows the public works workorder database's main menu . **4.)** the fourth screenshot shows the **additional data entry fields** were added: a.) GPS coordinates, b.) Police Incident #, and c.) Attachments (digital pictures) that were not included as within the old paper based (legacy) workorder forms used prior to September 4, 2018:

GPS Coordinates are encouraged to be captured using City supplied smart devices. Police Incident Report number provides a source document that, in most cases, initiates after hour calls. Digital (before and after) pictures provide a time and date encoded record of what work needed to be done and what work was done. These data are now stored within the database.

City of Bastrop > City of Bastrop Team Site - Documents

Name	Status	Date modified	Type	Size
Park and Rec				
Public Works				
Purchasing				

City of Bastrop Team Site - Documents Properties

General Sharing Security Previous Versions Customize

City of Bastrop Team Site - Documents

Type: File folder

Location: C:\Users\dcarter\City of Bastrop

Size: 103 MB (108,218,666 bytes)

Size on disk: 33.9 MB (35,586,048 bytes)

Contains: 24 Files, 6 Folders

Created: Tuesday, September 4, 2018, 3:18:23 PM

Attributes: Read-only (Only applies to files in folder) Hidden

OK Cancel Apply

Closed Complaints

Tuesday, March 06, 2018 3:27:14 PM

WOR	Complaint	Assigned To	Caller	Priority	Status	Action Taken	Resolved Date
0	Foot Hole	Isaac Gray	Code Enforcement	Normal (3-7 Days)	Closed	REPAIRED STREET	11/29/2018
0	Foot Hole	Isaac Gray	Code Enforcement	Normal (3-7 Days)	Closed	REPAIRED STREET	12/31/2018
0	Foot Hole	Isaac Gray	Code Enforcement	Normal (3-7 Days)	Closed	REPAIRED STREET	9/28/2018
0	Foot Hole	Isaac Gray	Code Enforcement	Normal (3-7 Days)	Closed	REPAIRED STREET	9/28/2018
0	Foot Hole	Isaac Gray	Code Enforcement	Normal (3-7 Days)	Closed	REPAIRED STREET	10/11/2018
0	Foot Hole	Isaac Gray	Code Enforcement	Normal (3-7 Days)	Closed	REPAIRED STREET	10/18/2018
0	Foot Hole	Isaac Gray	Code Enforcement	Normal (3-7 Days)	Closed	REPAIRED STREET	10/19/2018
0	Foot Hole	Isaac Gray	Code Enforcement	Normal (3-7 Days)	Closed	REPAIRED STREET	10/21/2018
0	Foot Hole	Isaac Gray	Code Enforcement	Normal (3-7 Days)	Closed	REPAIRED STREET	10/23/2018
0	Foot Hole	Isaac Gray	Code Enforcement	Normal (3-7 Days)	Closed	REPAIRED STREET	10/26/2018
0	Foot Hole	Isaac Gray	Code Enforcement	Normal (3-7 Days)	Closed	REPAIRED STREET	10/27/2018

Bastrop WORK ORDER DATABASE

Data Screen

Input/Update Work

Ashley's Screen

Reports

Work Details Report

Closed Work Report

Open Work Report

Open Calls by Assigned To

Open Calls by Priority

Open Calls (Ashley)

4.) below Public Works Workorder Database input allows for input of police incident report numbers to document the initiation of an afterhours call, e.g. a tree being blown across a street or a flash flood condition that requires the assistance of public works department personnel. The ability to store photographs within the database was also added, as all public works employees are encouraged to take plenty of before and after pictures.

The screenshot shows a web-based form for entering work order details. The form is organized into several sections:

- Complaint Information:** Includes fields for Complaint (Debris/Litter in Street), Work Order # (2580), Status (Closed), Location of Complaint (601 pleasant dr), and Caller (Code Enforcement).
- Describe Complaint:** A text area containing "clean up all ditches of trash".
- Action Taken:** A text area containing "cleaned up all the litter an trash".
- Resolution Information:** Includes Resolved By (Calvin Dowles), Resolved Date (2/8/2019), and a highlighted Police Incident # field.
- Hours:** Sections for Regular Hours (Start Time: 10:00 AM, End Time: 11:00 AM, Total time: 1.00) and After Hours (Start Time, End Time, Total time).
- Other Fields:** Includes Opened Date (2/7/2019), Assigned To (Terry Peoples), Priority (Normal (3-7 Days)), and Due By Date (2/15/2019).

Yellow circles highlight the following fields: GPS Coordinates, Attachments @(), and Police Incident #.

These time stamped photographs will enable the City of Bastrop to produce clear evidence of work being done and when it was done. This entire process is not only carried out to increase the efficiency of the public works department, these data collected because of this enhanced system will also help create a credible audit trail in the event that time and material utilization are ever questioned.

The Mayor will make certain that, if the deficient record conditions still exist are not repeated. The Mayor will direct his chief of operations to re-evaluate and resolve any documentation issue relative to this finding's condition before April 1, 2019.

Condition 4) “Another part-time employee was hired by the new administration as technical support officer/strategic initiatives officer and paid \$20 per hour not to exceed 30 hours per week. This hourly rate of pay exceeds the hourly rate paid to all full-time employees of the City except for some department heads and the Mayor. There are those that have been employed by the City since the early 1990’s that currently earn between \$10 and \$15 per hour in contrast to this \$20 per hour rate for part time”.

“The City already had a contract in effect for technical support, backup, maintenance, hardware and software installation, advise, analyst, research, and monitoring”.

2018-2 Condition 4) Response & Planned Corrective Action: **The City does not concur with the opinion stated of this finding’s Condition (4). The finding’s Condition does not (just as Condition 2) consider the total cost, to the City, associated with employment. The mayor’s contention is that: the fund balance does not know the difference between paying a dollar more by paying a dollar more per hour to a part-time employee (or contractor) who possess high demand technical skills, or between the City incurring the added expense of providing a full-time employee a dollar more per hour in benefit cost. The net effect upon the City’s General Fund is still \$2,080 per year. Additionally, the premise that the part-time employee duplicates the services of the City’s technology contractor (INSPIRE) is, in the mayor’s opinion, also faulty. Finally, the cost of adding these much needed and necessary duties to the contractor would be much more costly that those services currently provided by the part-time employee.**

There is no duplication for technical support, backup (of computers), maintenance, hardware and software installation, advise, analyst, research, and monitoring as this Condition (4) falsely assumes. Nor does INSPIRE duplicate any services provided by the part-time employee. These services provided by the part-time employee is much more cost effective that to add these duties to the contractor’s tasks.

The table below ranks clerical employees who “have been employed by the City since the early 1990’s that currently earn between \$10 and \$15 per hour in contrast to this \$20 per hour rate for part time” based on Total Cost to The City of Bastrop. The graphic clearly shows that the part-time employee (highlighted in green on row 14 would rank 13th among 17 full-time employees when considering the dollar value impact upon the General Fund. The part-time employee ranks almost midway between a full-time employee who earns \$9.20 and \$10.14, with benefits. In fact, using linear interpolation, the exact equivalent full-time earnings is \$9.44 (**not adjusted for equal hours worked**).

CHART REDACTED

Because the contract with INSPIRE has the following stipulations: 1. The normal charge is \$50 per hour. 1. The City gets a 40% discount by paying for up to 25 hours per week meaning that the effective hourly rate for the City is \$30 per hour. 3. If the City has additional assigned duties beyond the 25 contracted hours the City must: a) submit a workorder for each task to be performed, b) pay the prevailing rate of \$50 per hour for each additional hour.

The controlling question that the Mayor ask is: 1. Does the City desperately need the services that are performed by the part-time employee? 2. If so, can all of these needed services be accomplished in less than 13 additional hours (per week) by the contractor (INSPIRE)? If the answers to these questions are: 1). YES and 2). NO, then it is fiscally efficient to accomplish these needed task and assignments employing the part-time employee's skillset.

The table clearly illustrates: 1.) 30 additional hours per week @ \$50 per hour would cost the City and additional **\$78,000.00 annually - \$44,413.20** more than the cost of having the part-time employ perform the same task at \$20 per hour. 2.) The cost of assigning these same task to INSPIRE would

The Mayor accepted the challenge of leading the City of Bastrop forward in this age of "The Internet Of Things" (IOT). The Mayor is committed to the employment of individuals possessing superior information technology skills.

Even before taking office July 1, 2017, the Mayor was well aware of in the urgent need to either provide the necessary training of current City of Bastrop employees, or to seek out and hire individuals with strong backgrounds in fields of database management, website

development/management, and Information technology, and cyber security. The City of Bastrop needs these futuristic (really present day) skills in order to achieve full workplace efficiency.

There is absolutely no overlap (duplication) of the normal day to day duties and responsibilities of the Strategic Initiatives part-time employee and INSPIRE's (the contracted technology support company) responsible for except that this employee can assume the system and networking duties of INSPIRE in the event that the contractor, because of incapacity, could not perform those task (Redundancy). If anything happened to the company's managing partner, there was no individual employee of the City of Bastrop who had knowledge of a single server, master passwords, or the skillset keep systems functioning properly,

Given the fact that there was absolutely no plan for backup to or continuation of the services that were (are) provided by INSPIRE: The City of Bastrop's networks would be up the 'creek without a paddle' if INSPIRE could not perform contracted duties. The City is 'hit' by Cyber Attacks daily and INSPIRE does an admirable job protecting the City's networks.

The mayor's first directive to INSPIRE was to plan for the inevitable: the event that is bound to sooner or later happen: a successful ransomware attack, one irregular heartbeat, a debilitating sickness, or traffic related disabling accident – the result would create a state of emergency within the City of Bastrop. Imagine this scenario: No access to any public safety (Fire and Police) server, no access to the City's general network server, or much worst.

What is the full extent of any overlap in the job duties of INSPIRE and the Strategic Initiatives part-time employee? The Mayor also directed INSPIRE to create, or make available, a network map (LAN and Wireless) listing all servers and connected desktops, system passwords, individual employee desktop and laptop passwords. That information would be then placed on a storage device, and then provided to the City Clerk to be locked inside the City's vault until such time as needed. No individual would have access to this sensitive information, stored onto the drive, until such time as the need arises. Except for these directives from the mayor's - to have the part-time employee to serve as a backup for INSPIRE, the part-time employee's job duties do not overlap, or duplicate, the duties of INSPIRE.

Among other assigned duties, the Strategic Initiatives part-time employee is responsible for maintaining the City of Bastrop's website: www.Cityofbastrop.com, Prior to July 2017, the City of Bastrop's website was woefully inadequate in its capability to disseminate current and vital information to the public. The website was maintained through a contract with the local newspaper: the Bastrop Enterprise (Gatehouse Media). The mayor's belief is that the City of Bastrop website had less than five updates within the past three years before July 2017. All the

while the City was under a costly website maintenance contract that yielded very little.

The Mayor saw the compelling need to create a City of Bastrop 'app' that would notify citizens for emergency situations. The Bastrop City Councilmen voted the mayor's request down. Within two months there was an active shooter situation within six City blocks of a daycare center (The Prep Center). The prep center owner/manager call the mayor, angry that she had no way of knowing that she needed to protect her little people from danger. The Mayor asked her to appear before the council and request that a notification be provided to individuals and businesses in cases of extreme danger. The council approved, two local business leaders, both being present at that meeting of the Mayor and City council, volunteered to cover the full cost of purchasing the app. The part-time Strategic Imitative employee implemented that total program: coordinating training for all first responder supervisors within the City of Bastrop. Persons can sign up for this emergency notification system at: <https://public.coderedweb.com/CNE/en-US/BF12DD7C8664>.

When the Bastrop Police Department twice 'lost' the employment application of a police candidate in July 2017, the Mayor realized the need for prospective employees to be able to check for job openings within the City's fire and police departments. There was a clear and demonstrated need to create full transparency in the application of the police and fire departments, hence the need for a online application process. As a result, the Mayor (with council approval) directed the part-time Strategic Initiatives employee to implement online application process begins with a link on the City's website. The application process can be found at: <https://www.Cityofbastrop.com/job-openings>.

The Mayor wanted to provide support to the City of Bastrop Fire Department in order to enhance public safety through the construction of a, much needed, training facility. The Mayor asked the City council to dedicate two acres within the City's industrial park for a fire training ground. This facility would house a burn building(s), a fire training tower, as well as other features needed to train for maximum efficiency in the fighting of fires and saving lives. The part-time Strategic Initiatives employee was commissioned to seek out possible grant opportunities to provide funds to enhance the training grounds.

The Mayor applied for a grant to extend the Bastrop Airport's runway an additional 1,498 feet and to build additional aircraft hangers. The City of Bastrop website promotes the Bastrop airport like never before. Because the City of Bastrop has the most competitive aviation fuel prices within a 200-mile radius, the Bastrop Airport (KBQP) has become a pilots' favorite for aircraft landings and fueling is up. The website features all of the unique and convenient features and benefits of choosing Bastrop as your favorite fuel stop. Many pilots and corporate executives fly into the Bastrop Airport on a wildlife hunting expedition,

they use the City of Bastrop website to reserve ground transportation or to link to our fine restaurants and local hotels. When individuals fly into Bastrop, as oppose to drive, there is a high probability that those travelers are influencers with means above the average automobile traveler just passing through.

<https://www.Cityofbastrop.com/regional-airport>

The Department of Justice's National Institute of Justice notes "Research shows clearly that the chance of being caught is a vastly more effective deterrent than even draconian punishment." In early 218, the Mayor felt that he may have located private grant funding to enable the City to install 16 high resolution cameras at strategic locations within the City of Bastrop. The Mayor wants these cameras as serve as nodes anchoring the City's High Definition Surveillance Network. The network would be expanded as more and more home owners and business locations allow the City to have, pre-approved access, agreement to outside the home or business cloud base storage in order to seamlessly monitor the entire City. In the event of a crime, The City's police department and other first responders, would have instant access enabling them to replay, and/or monitor, the development of critical evidence. The City's surveillance Network would need both INSPIRE's network setup and maintenance capabilities, as well as the City's part-time employee skillset to perform the database integration task that would make the system effective in the fight against crime. No such system exists to the level that the mayor's vison takes this. Again, the mayor's belief is in line with the Department of justice's opinion: "Research shows clearly that the chance of being caught is a vastly more effective deterrent than even draconian punishment". The City cannot work towards this implementation of these cutting-edge ideas that would, in the mayor's opinion, deter the commission of crime. The Mayor has involved both the chief and the assistant chief in several meetings with top camera and technology vendors dating back to 2018.

**Condition
4)
Paragraph
3**

" Yet another part-time employee was hired by the new administration in July 2017, per the job description, to assist in the area of public safety to include specific supervision over the school crossing guards. The actual duties and responsibilities assigned directly by the Mayor duplicated many of those of the police and fire chiefs. The job was part-time with the employee agreeing to be paid for no more than 15 hours per week. For nine out of the twelve weeks (75%) bi-weekly pay periods worked during the employment, payment made was for 418.5 hrs., 54.5 hours (\$878) more than the agreed 1.5 hours per week. The employee voluntarily resigned in March 2018".

**Condition
4)
Paragraph
3**

The City does not concur with the finding as stated as Condition 4): Paragraph 3

Response

The Mayor has a great deal of respect for, and his confidence in, local

**& Planned
Corrective
Action:**

law enforcement – both Parish and City. The Mayor knows that the City of Bastrop is blessed to have: a very knowledgeable and capable chief of police, as well as phenomenal training officer in the Assistant Chief, the Mayor is extremely appreciative for the job that the overall department is doing to enforce the City's laws and to solve crimes once they have been committed. The Mayor feels that the City of Bastrop detectives are outstanding and the technical support from INSPIRE (*the technology consultant*) is second to none.

Neither the police chief, nor the assistant police chief, were involved in any matters relating to the City of Bastrop's contract with the Morehouse Parish School Board (MPSB) to provide or to supervise school crossing guards. The school crossing guards are employees of the public works department, and therefore are *not employees of the Bastrop Police Department.* Public works department employees were (are) assigned approximately two hours per day to crossing guard duties – one hour during the morning and one hour in the afternoon. Twice a year, the contract calls for the City to bill the MPSB for one-half of the two hours per day cost. Cost for providing this service is not included within any Bastrop Police Department budget's line item.

The school crossing guards work under the supervision of the public works department. All training, selection of appropriate safety apparel, and safety equipment was purchased through public works. Relative to his duties listed here, the part-time public safety assistant to the mayor, evaluated training materials (provided by Travelers Insurance Education Portal).

The Public Safety Advisor's position never was intended to be a permanent, but only transitional, position. The audit finding states that the Public Safety Director "resigned on his own". That resignation was an agreement between the part-time employee and the mayor. During the transition to the new administration, the Mayor felt that there needed to be a liaison to work with the chief in order to help to build a working relationship and to centered on trust.

The liaison that the Mayor chose to serve as Public Safety Advisor was a retired Bastrop Police Department captain -thirty-year law enforcement veteran. The Public Safety Advisor also had a successful career in the National Football League (NFL) and inducted into the University of Arkansas Sports Hall of Fame just this past year.

The mayor's selection was also the current chief's captain and shift commander when he, the chief, joined the Bastrop Police Department almost three decades ago. The Mayor believed that his selection would speed the normalization of the new administration's relationship with the chief. The chief seemed, from the start, to resent the appointment as evidenced in this part-time employee's appointment becoming a finding.

Condition 5) “Only a few managerial employees and fire department employees are allowed to maintain written time records while all others working within City Hall, except for the part-time employee mentioned in the first paragraph of 4) ...”

Condition 5) Response & Planned Corrective **The Mayor agrees that during the new administration’s transition period, “some employees” were not required to utilize the time clock as Condition 5) points out. Not every employee necessarily begins their day at “City Hall” even though their office is within the building. Only two employees have job descriptions that does not require them to begin their day at “City Hall”: a) Code enforcement and b) Strategic Initiatives (part-time employee referenced above). It was not until September 15, 2018 that the police department, except for the department’s secretary, utilized the time clock. Now all police department employees clock in. The fire department time clocks procedures are currently under review and plans are to automate that process as well.**

This finding’s Condition 5.) again targets the part-time employee referenced in Condition 4. The Mayor directs his particular response accordingly: The part-time employee currently uses the time clock as most other workers do.

“The Mayor has **sole authority** to direct the day to day operation of municipal employees, **except those within a municipal police department under ‘an elected’ chief of police**”.

“Items governed by such general policies adopted through ordinance may include, but are not limited to, the following: • Establishment of general office hours for municipal employees; • **Regulations requiring use of a time clock**; and • The earning, accrual, and use of leave, including any provisions for payment of leave upon separation”.

Section 3(s)(1)(C) of the FLSA covers all public agency employees of a State, a political subdivision of a State, or an interstate government agency. While the FLSA warns against chief executives who turn a ‘blind eye’ to employees who work “off the clock”, the Mayor does not want to take advantage of any employee that totally focuses upon “getting the job done” no matter where they do the work: working after hours at home, or even remaining in the office after hours (off the clock) to get the critical work done.

While there is no claim, nor suggestion, that any employee working at “City hall” is cheating on his or her time sheet – the time clock, as well as entrances to each office, are in the clear view of video surveillance

and start and stop times can easily be verified in cases where dishonesty is suspected.

The payroll clerk loses a measurable level of efficiency by processing mixed time and attendance inputs – some written by hand (field work) and some automated by the time clock (when beginning or ending the workday within City Hall). This employee also worked in the field in a strategic initiative role. The Mayor expects more and more field work as the administration is involved in multiple project that require work outside of City Hall.

As one example: the first task assigned to the strategic initiative part-time employee identified within this finding was to build the City a robust website.

The part-time employee had to collect pictures and identify features, from all over the City and even into the parish, that could be brought together, and presented, to market the City through its new website. This extensive field work carried over into the part-time strategic initiative's role.

While monitoring the progress of the part-time worker's development of the City's new website, the Mayor suspected that because he observed several sections of HTML5 'source code' was corrected the next morning that wasn't the same at the close of business the day before, someone is, more than likely, working outside of the workplace and outside of approved times.

The Mayor knows that some employees are driven by results regardless of how many "extra hours" it takes to get a job done. By nature, this part-time employee is that type of person.

The Mayor feels that he, as the City's Chief Executive, he has a certain level of flexibility to determine cost and convenience beneficial practices – including "**Regulations requiring use of a time clock**" as allowed by law - to exercise slight variances in "general policies" when greater efficiencies are gained.

2018-2
Condition
6)

"At a regular July 2017 meeting of the council, the City attorney was appointed by the Mayor, but the council failed to approve. The Mayor requested at the regular August 2017 meeting that his earlier appointment be considered and as City attorney by default and by adding another City attorney appointment. The council approved only the appointment of the additional attorney. A resolution was adopted by the majority of the council at the August meeting "requesting an attorney general's opinion to clarify and determine the powers of the appointing authority

relative to the appointment of City attorneys” The City’s records reflect that the Mayor vetoed the resolution”.

Condition
6) Response
& Planned
Corrective
Action:

The Mayor disagrees with the finding’s Condition 6).

2018-6 Condition 6

By the definition of validity, a valid argument has all true premises, then it must have a true conclusion. A valid argument can have false premises; and it can have a false conclusion. The Attorney General Opinion - 17-139 - relied upon by this audit finding, was derived based upon a faulty premise. The Mayor will recognize and abide by any Opinion of the Honorable Attorney General for the great State of Louisiana, as long as all of the factual premises are stated accurately.

The City council’s premise was, in the mayor’s assessment, not complete and did not provide the complete question to the Attorney General. A false premise can lead to a desired true conclusion; just leave out some basic facts. That’s exactly what the City councilman did when he submitted a request for an opinion.

The Mayor contends that the framers of the City of Bastrop Charter would have continued to use the word “shall” (as in the preceding sentence – Section 15 a.) which placed a statutory provision on the periodic appointment, with council’s advice and consent, The Mayor further contends that the word "may" was meant to be read in this consistent context to determine that it means an act (appointment of City attorney(s)) is optional and not mandatory as in the case of other appointments that “shall” mandates.

Additionally, the Mayor relied upon several State of Louisiana Attorney General’s Opinions as well as a ruling of Louisiana’s Third Circuit Court of Appeals:

Again, the Attorney General’s Opinion that this audit finding referenced was based upon a false premise:

The most critical question (premise) that the Mayor sought from the Attorney is: 1. Based upon the clear language found within the City charter’s Section 15 a. and b.. Is there a contradiction between the “expiration of terms” outlined in Section 15 (a.) and Section 15 (b.)? Section 15 (a.) states: “a clerk, a tax collector, a treasurer, and all other officers as may be necessary shall be appointed as provided above... *and shall hold their officers for two years **or until their successors SHALL be appointed and qualified***, and **Section 15 (b.)** whether the City Attorney’s term expired at midnight on June 30, 2017 as did the former elected Mayor and aldermen. The only ‘Opinion’ that the Mayor was able to access states quite the contrary: **The City Attorney’s term does not expire with the change of**

administration - as the audit finding incorrectly assumes.

The City charter must need be consistent through Section 15 (b) by the word: "**may** annually appoint and attorney at law or attorneys at law for the municipality...". It reasonably follows that the framers of the City of Bastrop Charter make the same provision for the continuation of legal services (Section 15 (b)), as the same Section (15) of the City of Bastrop Charter clearly provides for the continuation of (Section 15 (a)) the appointment(s) of a clerk, a tax collector, a treasurer etc. "**until a successor is named**".

If this consistent thread runs from Section 15 (a) through Section 15 (b) is true for the City attorney as it is for (Section 15 a) the clerk, the tax collector, the treasurer, that they all serve "**until a successor is named**", then it follows that not voting to confirm does **not** have the effect of firing the City attorney. This line of reasoning is linear even though it might, on the surface, seem to exhibit circular reasoning characteristics.

The City of Bastrop Charter makes and even stronger provisions for the City's attorneys to continue their services because of the differentiation of the words: "shall" and "may": **verbs "may"** - a choice to act or not, or a promise of a possibility, as distinguished from "**shall**," which makes it imperative".

The Attorney General's opinions that the Mayor continues to rely upon have been consistent and clear concerning a confirmed attorney (July 2016 by the same three opposing councilmen during their previous term of office - 2013-2017) continuing to serve until a successor is named.

Assuming *arguendo* that the City Attorney's term did NOT expire at midnight on June 30, 2018, exactly when did the City attorney, once confirmed by unanimous vote of the council in July of 2016, cease to become the current and continuing appointee? The attorney that this finding's Condition 6). This is the question that the Mayor has asked the State of Louisiana Attorney General's Office to clarify.

The mayor's September 11, 2018 letter states:

"Dear Mr. Morris,

I am the Mayor of City of Bastrop, Louisiana since July 1, 2017. On August 28, 2018, I asked current City of Bastrop Attorney, J. Rodney Pierre, Esq. (LSBA 20,327), to request an opinion as outlined within the body of this letter. On September 10, 2018 the City received a letter, September 5, 2018, acknowledging receipt of Mr. Pierre's opinion request letter. However,

the response requires that such an inquiry be submitted under the Mayor's signature.

Please note that J. Rodney Pierre along with Attorney Doug Lawrence were appointed by Mayor Arthur Jones on July 16, 2016. (After receiving a motion to confirm the appointments by Mayor Pro Tempore, Marvin Moore and second by Robert Shaw; thereafter there was a unanimous vote. In 2017, after election of a new Mayor – Henry Cotton, Attorney Duncan Jones and J. Rodney Pierre were submitted to the City Council, by me, Mayor Henry Cotton, for approval and or confirmation as City Attorneys. After a couple of meetings, both Pierre and Jones were confirmed unanimously. Notably, in 2018, Attorney Duncan Jones and J. Rodney Pierre were again submitted to the City Council by me, Mayor Henry Cotton, for approval and or confirmation as City Attorneys. In the July 2018 meeting, the City Council, refused to confirm the Mayor's appointed City Attorneys.

Please note that I am in receipt of Opinion 17-0139 whereby you addressed some concerns of Mayor Pro Tempore, Marvin Moore. The questions as stated in the above referenced opinion were ***“whether the Mayor may continue to engage the City attorney against the will of the majority of the Bastrop City Council”***. It was also noted in the opinion that another question or cause for concern was ***“the City attorney was recommended by the Mayor, but the City Council voted against him. Despite the City attorney's nomination failing, the Mayor continues to use this current serving City attorney without the City Council's approval.”*** Please note that at the time of your opinion, *Mr. Moore and all the council members had unanimously approved both City Attorneys that was subject to the request.*

Your opinion provided **“without that consent of the City Council, the mayor's appointments is invalid, and the chosen attorney cannot act as the City attorney”**. Relying on this Opinion 17-0139, Honorable Phillip Lester, Bastrop City Court Judge, has been reluctant to conduct Criminal court, advising that your opinion is relied upon for his actions and or reluctance. As such, there has be a chilling effect on the legal system in Bastrop, Louisiana and an expedited opinion is needed that clarifies the following question considering your opinion 17-0139:

Q. Whether a City Attorney(s) who was (were) recommended by the Mayor and unanimously approved by a City Council in August of 2017 and both again submitted in July of 2018 for the same approval before the same City Council, but the approval failed, continue to act as City Attorney until another City Attorney is nominated and approved?

Please see the following sources:

1. La. Atty. Gen Op. No 84-10
2. La. Atty. Gen Op. No 88-505
3. La. Atty. Gen Op. No 91-28
4. La. Atty. Gen Op. No 02-239
5. Ardoin v. Rougeau, 670 So.2d. 441 (La.App. 3 Cir. 1/31/96)

Thank you in advance for your prompt attention and expedited response. If there any questions, please do not hesitate to contact me.

Sincerely,

Henry C. Cotton - Mayor

cc: Jeffery M. Wale”

2018-6 Condition 6 Paragraph 2 c) “Mayor may not veto a resolution passed by the council”.

Out of respect for the council, the Mayor did not rely upon his own limited knowledge or his own limited experience as mayor. The new Mayor went as far as to ask for guidance because of his desire to not forward to the Attorney General, a document that was not factual.

While the Mayor takes full responsibility for this error, the meeting’s video shows that the mayor asked for guidance in the veto process.

The Mayor holds that he would not have signed the resolution as the resolution was defective on its face, it was not factual.

During that council meeting the Mayor referred to the councilman's resolution as "toilet paper", because it asserted language that basically said: "Whereas the Mayor doesn't believe that he needs the councils advise and consent and whereas the council believes that the Mayor does need the advice and consent of the council to appoint a City attorney". The resolution was a complete falsehood.

After reading the full text of the resolution it is clear that, as the Mayor continued, "a third grader" could understand that he (the mayor) understood that he needed the advice and consent of the council – that was the purpose and contention of the meeting along. There was absolutely nothing in that council resolution that was in disputed.

2018-6 Condition 6 Paragraphs 3 & 4

The City of Bastrop Charter clearly gives the Mayor the authority to "prescribe his or their duties and fix the form and extent of his or their compensation". On information and belief, the mayor's position is that since the City attorney position was split (1997) from a single attorney to two attorneys splitting legal duties, no City council has ever chosen which attorney would be assigned prosecutorial duties or which City attorney would serve in a civil capacity. The Mayor contends that City attorneys are employees, just as with any other employee, the Mayor sets and adjust salaries. Section 15 reads:

Section 15. Appointment of other officers. At the first regular meeting of the newly elected board of aldermen succeeding each regular municipal election, a clerk, a tax collector, a treasurer, and all other officers as may be necessary shall be appointed as provided above. The clerk and tax collector shall execute a bond to the municipality, in such penalty, with such sureties and conditions as may be proscribed by ordinance and shall hold their offices for two years or until their successors shall be appointed and qualified. The mayor with the advice and consent of the board of aldermen may annually appoint an attorney at law or attorneys at law for the municipality, prescribe his or their duties and fix the form and extent of his or their compensation.

The Mayor asserts that there is no distinction in termination clauses of the attorneys and the other appointed officers:

The Mayor contends that, when crafting the City of Bastrop Charter, the framers' intent was to cause a continuation of government functions by mandating that the clerk, the tax collector and the treasurer continue to serve "until a successor is named", by being contained within the same paragraph, the fact is implicitly stated that: in the event that a Mayor and the

majority of the council could not agree on a new appointment, the terms of the city attorney(s) also continue absent of termination or a new appointment.

The best evidence of what the motion and the resolution concerning the confirmation question: Were both attorneys confirmed by the City council in August 2017? This video recording of the unanimous vote to confirm both City attorneys is contained here: <https://youtu.be/pn4XziRhvGM?t=7478>

**2018-2
Condition
7)**

“the Mayor taught in the local public-school system during October, November and December of 2018. It was not known if he was being paid or not. The general citizenry feels that the Mayor’s time should be spent concerning matters of the City and that his salary and job duties require his full time and attention. The Mayor should take into consideration the concerns of the local citizenry.

**Condition
7) Response
& Planned
Corrective
Action:**

The Mayor disagrees with Condition 7) altogether. The Mayor views the failure of our local school district just as he would view a natural disaster. The education crisis in Bastrop is more severe than it has ever been. The Mayor knows the devastation that would follow if the school system shrinks any further, . If the education system fails, the City will take many years to recover.

In early October 2018, the Mayor was contacted by twelve parents who informed the Mayor that their children’s pre-calculus had resigned from the school system. These parents indicated that their intent was to transfer their children to an adjacent school district.

Later in October 2018, the Morehouse Parish School Board announced (privately) that it would accomplish its fourth Reduction In Force (RIF) - laying off of 54 employees, mostly non-certified teachers. Over the 2018 Christmas Holidays, the school board closed two additional schools in their resulting school consolidation. The school district’s student population is half of what it was in 1990.

There is a full-time substitute assigned to the pre-calculus classroom. The Mayor lectures and create lessons and assessments utilizing ‘Google Classroom’ integrated with ‘Edulastic’. The Mayor maximizes the use of technology within and without the 5 periods pre-calculus classroom. For the most part, Bastrop schools are not offering students a rich educational experience. The local school system is simply not providing as rigorous educational opportunities as the system once did.

The Mayor loves children and feels that every child deserves a chance to experience a rigorous education.

There has never been any doubt that the Mayor works hard at everything that he does for the City, completely fulfilling his mayoral duties and responsibilities. The Mayor is elected by and works for, and in the best interest of, the citizens of Bastrop Louisiana.

The Mayor has assembled a staff of smart and industrious individuals. Due to his dedicating more than one hundred fifty hours researching contemporaneous records required to adequately answer these audit 'findings' within this audit, the Mayor has not had the opportunity to provide a single day of instruction to academically 'starving' students at Bastrop High School.

The mayor's Chief of Operations (staff) is responsible for the day to day operations of the City. The Chief of Staff has a Bachelors Degree in Marketing and Business Administration. She has worked in the field of finance, and retail. The Chief of Operations has managed a high performing Super Walmart store, supervising more than 140 full-time and part-time employees. Even though the Mayor feels that he has a staff capable of running the City in his absence, the Mayor has never put in less than a 40 hour work week even though his pay stub reads: 1.) 0 work hours, 2.) 0 comp time hours, and 3.) 0 vacation time hours.

During the mayoral election of 2017, the Mayor promised the "**general citizenry**" that, if they elected him, he would bring together non-profit organizations, church groups, civic and social organizations, retired educators, and other volunteers to tackle the 38% (8th grade to 12th grade) dropout rate here in Bastrop Louisiana. The Mayor called this program: The City of Bastrop Town to Gowns program. The program offers Bastrop residents free help on passing, what the Mayor calls the BIG FIVE gateway standardized test: The HiSET, ASVAB, WorkKeys, Accuplacer, and the ACT College Test.

The Mayor understands that: If the Bastrop schools fail, the town fails completely. Without the Mayor contributing all that he can to assist the school system, he would not be leading by example. The Mayor also understands that: Education in every sense is one of the fundamental factors of development. No local community can achieve sustainable economic development without substantial investment in human capital. Education raises people's productivity and creativity and promotes entrepreneurship and technological advances.

The Mayor also understands that the quality of a City's education system determines: 1) future and present crime statistics, 2) economic development – the ability to attract businesses, 3) local real estate values, etc...

The Mayor calls upon his life experiences to make executive decisions relative to fulfilling his campaign promise to use that life orientation

and perspective, towards creating an environment conducive to: 1.) high education standards, 2.) no high school drop-outs, and 3.) providing the best basic governmental services possible, 4.) marketing the City as a great place to live, work, and retire.

2018-4 Condition 1 **The City concurs in the finding as stated as Condition 1 Paragraphs 1 (As of the date of this report, \$35,418.12 was owed to the City by the City Marshal’s office for salary reimbursements dating back to August 2015.**

2018-4 Response & Planned Corrective Action: Paragraph 1 **The City Marshal is working with the administration and the Mayor has worked out a payment plan with insensitive that would recover about 50 percent of the past due amount owed to the City before the end of this fiscal year ending June 30, 2018. Additionally, the Marshal’s office would have to remain current on all future obligations to the City. The Mayor was alarmed to find the low performing revenue streams that is available to the City Marshal’s office and will make these data available to the council in order to obtain their input before a final recovery plan is formulated.**

2018-4 Paragraph 2 **The City will still give out candy during parades, however, no City funds will be allocated to purchase candies in the future.**

2018-4 Condition 1) Paragraph 3 **There is not one single shovel full of RAP missing as a result of the City of Bastrop’s 2018 STREET REHABILITATION – PHASE 1 program. Any speculation of or comments from uninformed persons calling the City asking for is a hoax, having no basis in fact.**

Response & Planned Corrective Action: To begin with, the subject of Reclaimed Asphalt Pavement (RAP) ownership came in response to a question by the mayor. The Mayor had indicated that he wanted to use the RAP for, among other uses, the development of walking trails in the newly dedicated (P.W.-B/M DP4) Wilson Memorial Park.

During the first meeting with the City of Bastrop Mayor, Public Works Director, the Denmon Engineering project manager informed the Mayor that the City owned all the projected “**two thousand tons**” of the RAP to be milled from existing street surfaces”. There was **never** a mention of any **split ownership** or **split use** of the RAP until the City had used the majority of the RAP in many needed locations around the City. It was only then that Denmon Engineering personal referred to Paragraph 1A in the general notes of the Phase I paving plan.

Paragraph 1A in the general notes of the Phase I paving plan reads:

GENERAL NOTES

DEC NO	SHEET NO
16-07-03	4

1. THE CITY SHALL RETAIN OWNERSHIP OF ALL COLD PLANED ASPHALTIC MATERIALS REMOVED FROM THIS PROJECT NOT UTILIZED FOR SHOULDER MATERIAL. CONTRACTOR TO DELIVER TO SITE DESIGNATED BY THE CITY, EXCEPT THAT PERCENTAGE OF MATERIAL FOR USE AS DIRECTED BY CITY PERSONNEL TO RESOLVE TEMPORARY PROBLEMS ENCOUNTERED DURING RECONSTRUCTION OF STREETS IN THIS PROJECT.
2. SHOULDER MATERIAL SHALL BE AGGREGATE SURFACE COURSE PROVIDED BY THE CONTRACTOR UNLESS OTHERWISE DIRECTED. AGGREGATES SHALL CONFORM TO GRADATION SPECIFICATIONS UNDER ITEM NUMBER 401(02).
3. CONTRACTOR SHOULD PAY PARTICULAR ATTENTION TO THE STREET SHOULDERS AS THEY WILL BE CUT DOWN TO FACILITATE THE PROPOSED STREET GRADE AS SHOWN IN THESE PLANS. THE SHOULDER MATERIAL IS TO BE REMOVED, DISPOSE OF OR OTHERWISE BECOME THE CONTRACTORS MATERIALS TO BE USED OTHER THAN ON THIS PROJECT. (N.D.P.)
4. THE CONTRACTOR SHALL MAINTAIN ADEQUATE DRAINAGE OF ALL STREETS DURING CONSTRUCTION AS DIRECTED BY THE PROJECT ENGINEER. THIS WORK SHALL BE CONSIDERED INCIDENTAL AND PROVIDED AT NO DIRECT PAY.
5. SEE PLANS FOR DESIGNATED LOCATIONS OF BACK SLOPE GRADING. ANY INCIDENTAL DITCH GRADING REQUIRED BY THE PROJECT ENGINEER TO MAINTAIN OR IMPROVE DRAINAGE DURING AND AFTER CONSTRUCTION TO BE AT NO DIRECT PAY.
6. FOR STREETS THAT REQUIRE IN-PLACE CEMENT STABILIZATION, ANY EXISTING CONCRETE PATCHES WILL BE REMOVED PRIOR TO STABILIZATION, ITEM 202(02)L. ONCE PULVERIZATION IS COMPLETE, THE ENTIRE STREET MUST BE REGRADED AND ANY EXCESS MATERIALS NOT REQUIRED TO BE REMOVED FROM THE PROJECT AT NO DIRECT PAY.
7. WHERE PLANS INDICATE FINISH STREET ELEVATIONS WHICH RESULT IN REMOVAL OF MATERIAL, THIS MATERIAL SHALL BECOME THE PROPERTY OF THE CONTRACTOR AND TO BE REMOVED FROM THE PROJECT AT NO DIRECT PAY.
8. EXISTING STREET SIGNS, TRAFFIC SIGNS, MAIL BOXES, OR OTHER ROADSIDE IMPROVEMENTS WHICH INTERFERE WITH CONSTRUCTION OPERATION SHALL BE REMOVED AND REINSTALLED AS NECESSARY. THIS SHALL BE CONSIDERED INCIDENTAL TO THE CONSTRUCTION OPERATION AND PERFORMED AT NO DIRECT PAY.
9. ANY SEWER SERVICE DAMAGED BY THE CONTRACTOR DUE TO INADEQUATE DEPTH SHOULD BE REPORTED TO THE CITY OF BASTROP'S SEWER DEPARTMENT FOR THEIR IMMEDIATE REPAIR.
10. THE CONTRACTOR SHALL PROVIDE NEW MANHOLE COVERS FOR THOSE TO BE ADJUSTED, AS DIRECTED. PAY ITEM NO. S-022.
11. THE CONTRACTOR SHALL PROVIDE NEW WATER VALVE BOXES FOR THOSE TO BE ADJUSTED, AS DIRECTED. PAY ITEM S-023 (OWNED BY PEOPLES WATER SERVICE CO. OF BASTROP 318-281-2160). THE CONTRACTOR SHALL COORDINATE CONSTRUCTION OPERATIONS WITH THE WATER COMPANY TO MINIMIZE DAMAGES.



GENERAL NOTES	
2016 STREET REHABILITATION PHASE I	
BASTROP, LOUISIANA STREET REHABILITATION	
DRAWN BY: L.M.P.	CHECKED BY: J.T.P.
APPROVED BY: T.M.B.D.W. FILE LAYOUT	
SCALE: NONE	DATE: 2/17

All that was told to the City administration was that the City owned **“ALL OF THE RAP”**. Amethyst, the paving contractor, never discussed with the City of Bastrop Administration, nor with the City’s Public Works Department that any amount of RAP would be needed for shoulder material. According to General Note 1, the City of Bastrop would have had to wait until ALL of the paving was completed before it could use the much needed RAP. General Note 1 makes no reference to the amount of RAP that the contractor would need in order to “UTILICE FOR SHOULDER MATERIAL”.

Reclaimed asphalt pavement (RAP) is the term given to removed and/or processed materials containing asphalt and aggregates. These materials are generated when asphalt pavements are removed for resurfacing. Before any removal of RAP or resurfacing of any street, the Mayor ordered that all RAP be stored, under lock and key, at two locations: The Morehouse Humane Shelter (Dog Pound), and the City of Bastrop Dirt Yard. Because the City of Bastrop RAP was not properly crushed and screened, the RAP in question for this project was not the high- quality, well-graded aggregates coated by asphalt cement.

The City of Bastrop Mayor and Public Works Department’s position is that: **there was never any reason or suspicion that any RAP was actually missing from either of the two secured storage sites. Both sites were protected by chain link fences and secured behind locked gates.**

The Mayor was only made aware of just one attempt, by a single w/m employee acting alone. That w/m employee openly attempted to gain

access to the RAP material stored at the Morehouse Humane Society (dog pound). The City of Bastrop owns the property occupied by the Humane Society's facility. It was learned that this employee had earlier asked a team leader if he thought that he could get some of the 'waste' asphalt to use at his mother's home. The team leader (supervisor) indicated that the asphalt was 'waste asphalt' and that the public always sort of "helped themselves" to it in the past. The team leader stated that to his knowledge: Waste asphalt had (RAP) had never been stored in a secured area before but dumped at the end of a dead end street.

In February 2018 meeting of the Mayor and Board of Alderpersons, planned and then current use of the projected 2,000 tons of RAP was partially detailed by Public Works Director,; **"We are using the RAP"...** See: https://youtu.be/jLRzR_sJ1FY?t=4023 - **public works filled in countless potholes- "to save the City money"**. This exchange between the public works director and several City councilmen is just one clear example of how the new administration prioritized addressing potholes within 72 hours of receiving a report of the potholes' existence. This video clip is from the February 8 2018 City of Bastrop Louisiana City Council Meetings

On 5-23-2018, the Mayor asked Public Works Director to speak to both Public Works team leaders (supervisors) to see if anyone other than themselves had access to keys to the dirt yard locations where the RAP was stored. Their answers was, "no". The City never has had access to the dog pound (Morehouse Humane Society) the second RAP storage location. Access to the dog pound by public works employees was only during hours when the pound was operating (before 3 p.m.).

Public Works Director asked the team leaders Mr. (PW TL-1) and Mr. (PW TL-2) if any employee had inquired about obtaining any RAP. Mr. (PW TL-1) stated that Mr. W/m had asked if he could have some of the RAP. Mr. (PW TL-1) stated that he indicated - to Mr. W/m - that in the past people just got what they wanted when the RAP was stored at the south end of RIIS Street (during past street projects) and that he did not see why it would be any different for him (w/m)".

After a moderate to heavy rain, vehicles were constantly getting stuck in the mud at the Municipal Center, the Dog Pound, Heavy equipment was getting stuck at the Dirt Yard. often having to wait one to three weeks to be able to operate heavy equipment within the dirt yard.

BASTROP PD NUMBER: 2018003807WSEA – MAYOR'S RESPONSE

On 5-23-2018, the Mayor asked Public Works Director to speak to both Public Works team leaders (supervisors) to see if anyone other than them had access to keys to the dirt yard locations where the RAP was

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In an interview with Mr. (P.W.-B/M DP3) , Mr. (P.W.-B/M DP3) stated the following: When asked if he "told him to leave the gate at the pound unlocked when he left at 3:00 p.m. at the end of his work day". Mr. (P.W.-B/M DP3) : I do not remember telling Mr. Reese to leave the gate open, but if I did tell him to do so it was to dump limbs at the landfill and definitely not to gain any access to any asphalt". Mr. (P.W.-B/M DP3) went on to say that he does not recall any asphalt being "stored there" at the time of any conversation with either Mr. Reese or Mr. Barry (P.W.-B/M DP4)

Mr. (P.W.-B/M DP3) also stated that he has never been inside the dog pound gate alone and that he has never been inside of the dog pound grounds after work hours. (P.W.-B/M DP3) continued: "You have got to have a truck and a CDL in order to get that that, and ain't got none of that".

(P.W.-B/M DP4) provided the administration with a statement which confirms the fact that Mr. PW ASP w/m1 had come to the Dog Pound at about 10 A.M., on a day that he was not working for the City. (P.W.-B/M DP4) stated that 1.) W/m informed him that he was going to borrow a back-hoe from a friend to come back and get some asphalt. 2.) (P.W.-B/M DP4) went on the say that W/m claimed that a public works team-leader had told him that people have always gotten RAP before and that he wanted to spread some RAP onto his mother's driveway. 3.) (P.W.-B/M DP4) stated that he had to hear the team-leader for himself. 3.) (P.W.-B/M DP4) stated that W/m never returned to the Dog Pound storage area. 4.) (P.W.-B/M DP4) said that he had an interview with Captain Reed of the Bastrop Police Department and given the police officer the same information.

The team-leader acknowledged that he had given W/m the incorrect information as the City had never stored the RAP under lock and key and that people kind of helped themselves to it.

It was only after a false social media claim that an individual posted that any question of missing asphalt surfaced. The social media post

stated that there was an individual unloading asphalt in his driveway. The post went on to make the comment: "**Ten-to-one it was stolen**" from the City. The same group accused the Mayor of trying to protect a city worker and would not call the Louisiana State Police to investigate. The local television stations and newspaper publish stories concerning "missing asphalt" when all the while there ever bit of the asphalt was account for.

<https://www.myarklamiss.com/video/missing-asphalt-in-bastrop-20180601023253/1211744894>

The Mayor and his staff prepared detailed accounts of where all of the RAP was used by the city. These maps show dimensions in square foot and cubic yards. A sample of the use is shown here. The GPS Coordinates are also available.



https://www.youtube.com/watch?v=jLRsJ1FY

Apps Web Slice Gallery Google KeepVid: Download... Google Imp

YouTube Search

the streets yes we're getting two hundred and twenty thousand tons

1:07:11 / 1:51:33

February 8 2018 City of Bastrop Louisiana City Council Meetings

936 views 1 like 0 comments SHARE SAVE ...

City of Bastrop Louisiana Published on Feb 8, 2018 SUBSCRIBED 62



February 8 2018 City of Bastrop Louisiana City Council Meetings

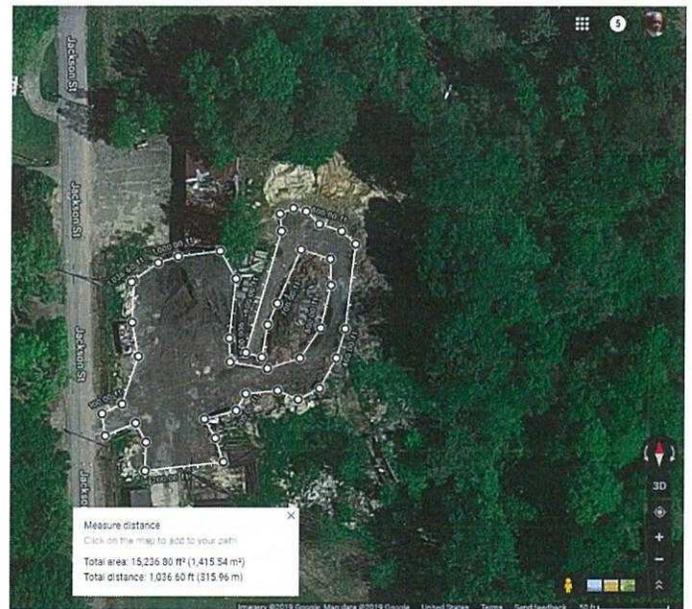
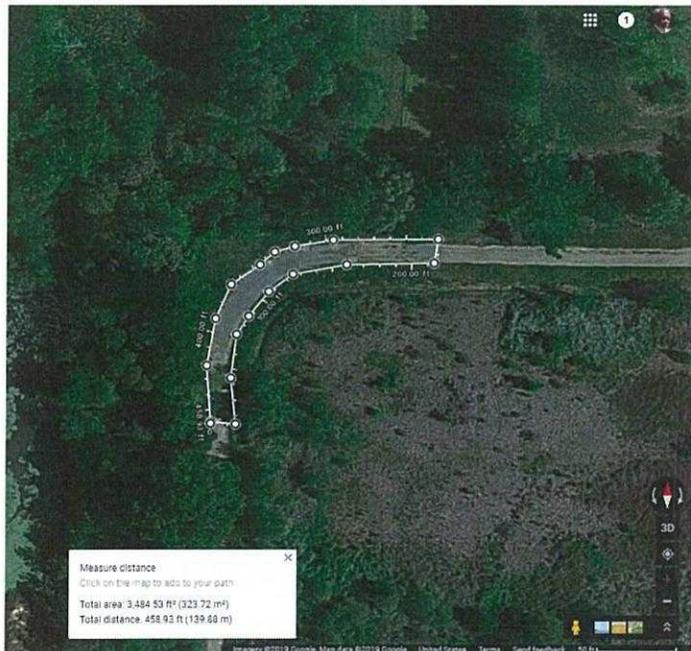
936 views

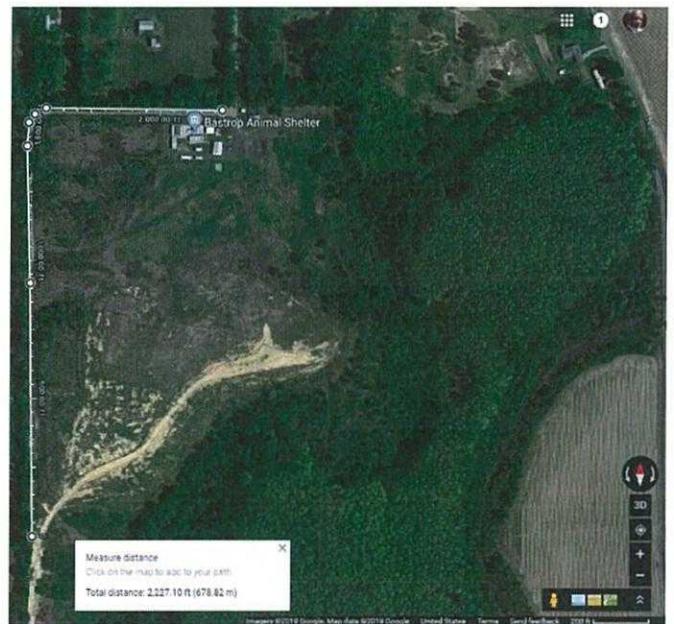
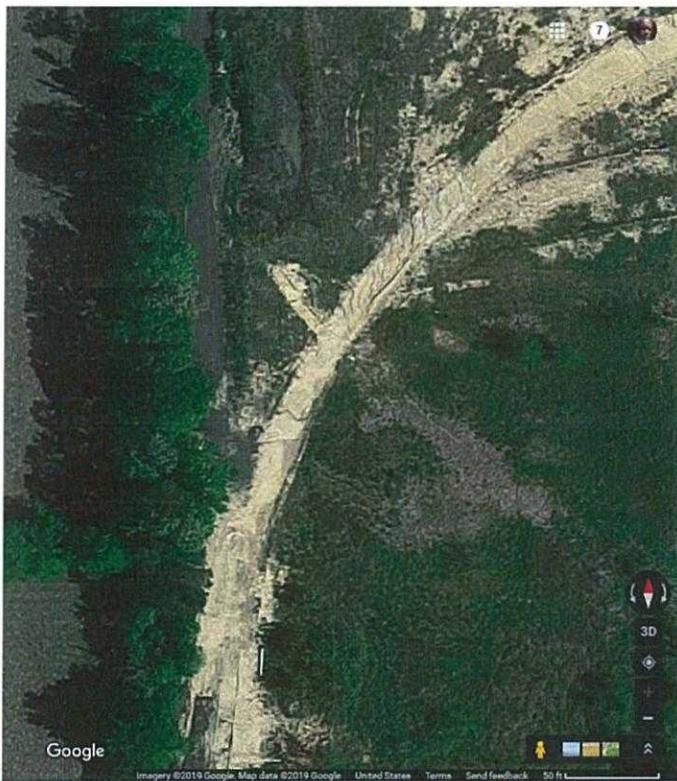
1 Like 0 Dislike SHARE SAVE

City of Bastrop Louisiana
Published on Feb 8, 2018

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https://youtu.be/jLRzR_sJ1FY?t=4017





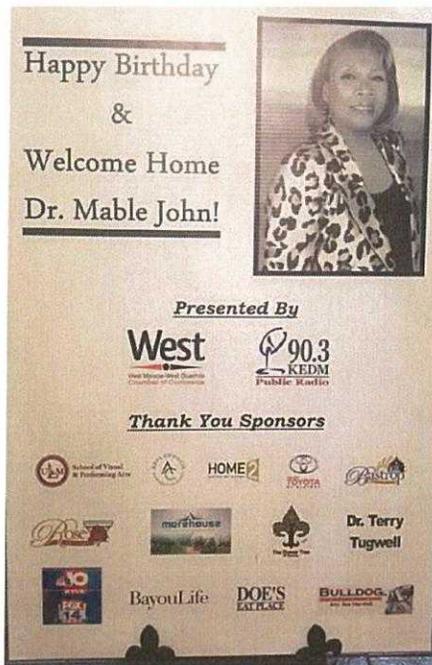
RAP USAGE	Link	GPS Coordinates	Storage/Usage
Bastrop Dirt Yard	https://goo.gl/maps/iBL67n3QAd32	32°46'09.9"N 91°55'21.7"W	Storage and Usage
Bastrop Humane Society	https://goo.gl/maps/Z9c5oWHxGgK2	32.771387, -91.845006	Storage and Usage
City of Bastrop Fire Training Tower		32°44'52.2"N 91°53'19.8"W	Usage
Bastrop Municipal Center	https://goo.gl/maps/Die9d5DUNU62	32°46'56.1"N 91°53'25.7"W	Usage

2018-4 Condition 1)
Paragraph 3 This finding is inaccurate. The Mayor regrets that he may have been mis-understood by the City Clerk.

The sponsored event in question is the November 3, 2018 is not sponsorship of a Birthday Party for Dr. Mable John. The Birthday party was given in the afternoon at the MCO Evans Business Plaza – 710 South Washington Street – Bastrop Louisans.

The sponsored event was an economic development project: “ByWay Blues Trail” event culminating in a building select site search, here in Bastrop, for the Dr. Mable John Foundation Museum project reception, A film viewing at the Rose Theater. The City of Bastrop joined the West Monroe Chamber of Commerce, KEDM-FM Public Radio Station and other sponsors (see below). This event was purely to promote the City of Bastrop’s economic development.

Former Bastrop Mayor, LMA President, and USDA Rural Development Director, Clarence W. Hawkins assisted the mayor’s administration with this potential development. of a blues trail through North Louisiana (Bastrop). Bastrop would be the largest town on Louisiana Highway 2 and therefore would reap many benefits form the development of a national treasure similar to the famed US 61 Blues Trail: <http://www.msbluestrail.org/blues-trail-markers/highway-61-north>



The economic development project selected Dr. John's 88th birthdate to get a lot of "ByWays Blues Trail" project work in. Site selection at 2:30 pm.



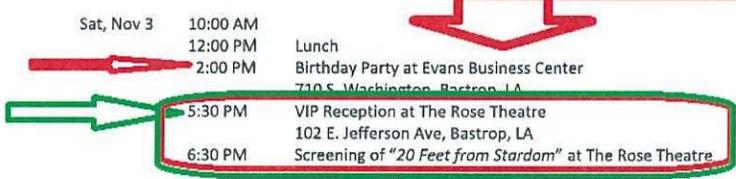
<https://youtu.be/6ZKHW74lCpo>

The link above features Dr. Mable John is the Raeletts in the center.

Proposed Itinerary October 30 – November 4, 2018

Tues, Oct 30		Fly to Monroe, LA Chip Strode will pick up at the airport
Wed, Oct 31	ALL DAY	Business Meetings in Bastrop
	8:00 AM	Lesli Rambin will drive John team to Bastrop
	9:00 AM	Meet with Mayor Cotton and Staff
	11:30 AM	Lunch with Mayor
	1:00 PM	Committee Meeting
	2:30 PM	Site Selection and drive Bastrop with Kay King
	5:00 PM	Bastrop Main Street Event Dinner
Thu, Nov 1	8:00 AM	Lagniappe Interview on 90.3 KEDM
	9:30 AM	School Appearance
	11:00 AM	ULM VAPA Lecture Series (Kenna Veronee & Dr. Derle Long)
		Lunch at ULM
	1:00 PM	Ouachita High School Appearance
	3:30 PM	Next Visit Planning (Dan Sumner, Dexter Jackson, Doyle Jeter, CRTourism)
	7:00 PM	Bastrop at Neville Football Game Dinner
Fri, Nov 2	9:00 AM	School Appearance
	11:15 AM	Bastrop School Appearance Lunch
	1:30 PM	Bastrop School Appearance Dinner
Sat, Nov 3	10:00 AM	
	12:00 PM	Lunch
	2:00 PM	Birthday Party at Evans Business Center 710 S. Washington, Bastrop, LA
	5:30 PM	VIP Reception at The Rose Theatre 102 E. Jefferson Ave, Bastrop, LA
	6:30 PM	Screening of "20 Feet from Stardom" at The Rose Theatre
Sun, Nov 4		Fly Home

The City of Bastrop Did NOT Sponsor A Birthday Party



Motown's first lady returns to her birthplace in NELA

Lila Strode <lstrode@westmonroechamber.org> Oct 12, 2018, 4:55 PM
to mare.brennan@yahoo.com, Barry, leo.nelson@regions.com, juno3@comcast.net, krystie@tsma.com, arussell@envoyr

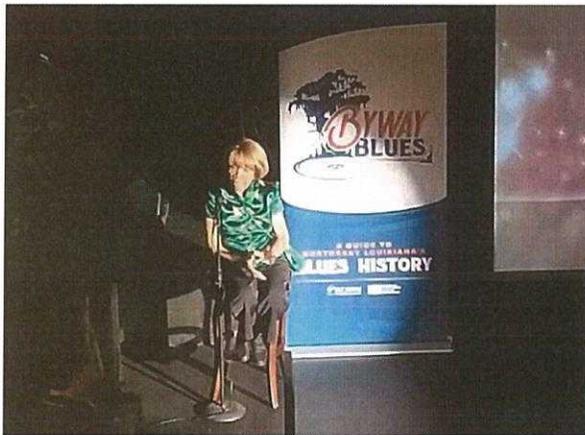
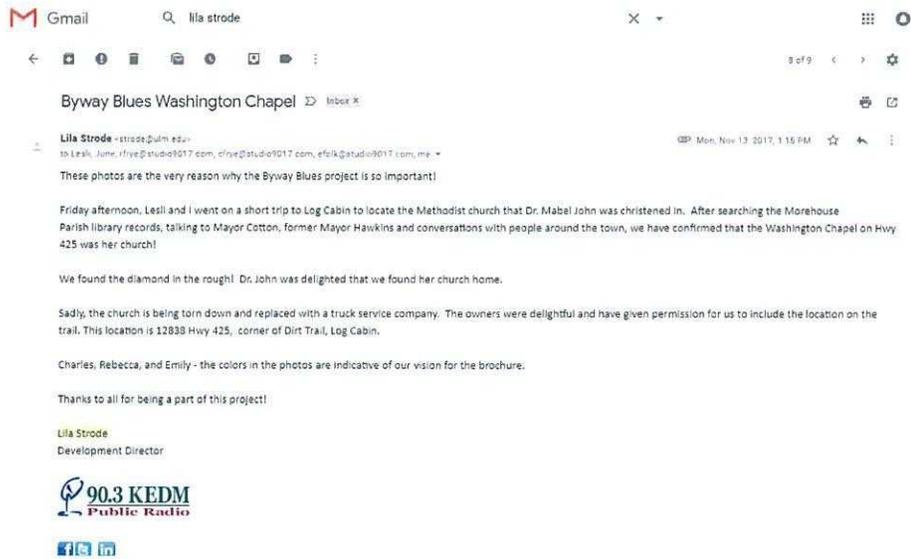
Dr. Mable John returns to Bastrop for her 88th Birthday!

There will be a special viewing of "20 Feet from Stardom" on Sat, Nov 3rd at the historic Rose Theatre in Bastrop. Sponsors will receive 4 tickets to the viewing and will be invited to attend a VIP reception at 5:30 that evening

Find out how you can celebrate with Mable on Saturday, November 3rd
Make your reservations by clicking the link below:
<http://www.westmonroechamber.org/events/details/entertainer-mable-john-returns-to-nela-renowned-vocalist-to-appe-screening-4915>

Seating at The Rose Theatre is limited, and reservations will close when sold out.

Please share this exciting event with all your blues enthusiasts!



Morehouse Economic Development Director, Kay King and Dr. Mable John, speaks with donor about the By Ways Blues Trail project.





Henry Cotton

October 29, 2018 · 3

This week is very historic for Bastrop and Morehouse Parish. as the City of Bastrop welcomes Dr. Mable John back home to the place of her birth. I will post the itinerary of Dr. John's visit and ask that as you help us in rolling out the Red Carpet.



WESTMONROECHAMBER.ORG

Entertainer Mable John Returns to NELA Renowned Vocalist To Appear at Celebration, Film Screening

The community of Bastrop will celebrate John s 88th birthday at a celebration at 2 p.m. on Saturday, November 3, 2018, at Evans Business Center, 710 South Washington Street. Admission



Pam Jones, Mitch Wyatt and 11 others

5 Shares



2018-4

Condition 1) “Employees of the police and administrative department personally observed a vehicle registered to a family member of the public works department head inside the City garage, obviously being repaired, at the City’s expense. The vehicle was observed after hours one night with the garage’s lights on and the vehicle’s hood up and was observed as still being inside the garage building the next day”.

Condition 4
Paragraph 5

The Mayor was never made aware of this condition until now reading this audit report.

The Mayor was, however, aware of only two instances where the public works director actually to have had his personal vehicle, or the vehicle of a relative, inside the City garage or on the City garage property.

Both instances occurred during times when the public works director’s assigned City vehicle (a Chevrolet pickup truck) was out of service. In mid to late November, and early December 2018, the public works director’s City vehicle’s drive shaft failed leaving the director without City provided transportation. The mayor distinctly remembers the Chief of Operations offering the public works director the use of her City vehicle (also a Chevy pickup). The public works director declined, stating that he felt the vehicle would be down only a couple of days.

The time to repairs lasted more than a few days. During that time, the

transportation. On Wednesday 23, 2018 the mayor was in route to his home, which is in close proximity to the City Garage, and noticed the City garage's main gate wide open. The mayor made the block traveling around the complete City Garage compound just to make sure that the rear gate was not also open – it was not. The mayor returned to the front entrance to the garage, the mayor entered the main gate. The mayor then circled the garage yards interior and upon turning east between the rear garage door and the mayor saw the public works director's brand new 2018 Dodge Journey partially inside the shop with the hood up. The mayor believed that the public works director had walked across the street to a Mack's Barbeque Restraint because he had said that he might get some food 'for the road' earlier. The mayor knew that the public works director was waiting on one of his daughters to arrive from Little Rock Arkansas (via US 425) so that the two of them, he and his daughter, who drives a very late model (201X) Chevrolet Cruze, could ride together to Prarieville, Louisiana, a town located between Baton Rouge and New Orleans – a 4 hour, 230 mile drive from the City garage, with a compass heading about 130 degrees to the southeast. The public works director's home is located about a (10 to 15 one way) 20 to 30 minutes round trip drive (the holiday traffic was heavier than normal). The magnetic baring from the City Garage to the public works director's home is west-north-west at a magnetic heading of about 290 degrees. The mayor learned that the public works director waited on his daughter, at the City garage. When she arrived (the City garage is less than two City blocks form US 425. The public works director confirmed to the mayor that he opened the hood of her car because he thought that her radiator fan sounded louder than normal. He made the decision for he and his daughter to drive his car, instead of his car, to Prarieville Louisiana. Therefore, he opted to park her car inside the City garage, instead of his vehicle, until they returned on Sunday, November 26, 2018. On Monday morning, November 27, 2018, the public works director removed his daughter's vehicle to clear garage space. Later that day his daughter drove her perfectly running automobile back to the University of Arkansas at Little Rock, where she attends college and is on the UALR Track & Field team.

2. The truck was first repaired and the repair held up for less than one half mile. The truck had to be towed back to the City garage.
3. The second instant of the public works director pulling his 2018 Dodge Justice into the shop was during the period between December 1, 2018 and December 6, 2018. During each of these periods, there were no repairs performed on the public works departments late model automobile(s). Said vehicles are both under full warrant.

2018-4 & 2018-2018-4 Condition 1.)
On October 23, 2018, alcohol was served at a City owned park with the knowledge of the Mayor and a police captain employed by the City, serving as security, without permission of the City Council. An alderman contacted the Chief of Police the night before the event requesting that the Chief allow the function to continue past the legal hours for alcohol to be served within the City limits. The Chief denied the illegal request. The police captain serving as security also the City's representative for the police department on the civil service board.

- 2018-4 Condition 1 Paragraph 6
1. Alcohol was NOT served at the City owned park!
 2. The event did not last past legal hours!
 3. The public works department head did not charge for nor collect for any parking!

2018-5 Condition 1 Paagraph 1

Therefore, the Management of the City Did Not “permitted the ordinance to be violated”.

1 The aldermen who contacted the chief, as well as a second alderman who often communicates regularly with the chief, were both contacted by the Mayor on the night before the October 23, 2018 concert.

Also, the Mayor also informed the Chief that no alcohol would be sold or served at the concert. The mayor, through the public works director, was in constant contact with the concert's promoters, and was assured by the sponsors that no City ordinances would be violated.

On the evening of October 22, 2016, and after speaking with the Chief of Police, the Mayor informed both councilmen, who regularly communicates with the Chief, as he had previously assured the Chief that there would be no sale nor serving of alcohol at the event. Nor was there any sale of, or free serving of, any food or drink of any kind by anyone, connected or not connected with the event.

The two councilmen, who the Chief regularly communicates with, indicated that they were both satisfied after the Mayor read directly from the Official Johnny Gill Concert Promotion Poster: The Chief, however, seemed as usual, not satisfied with the information that the mayor had shared as this incident now appears in this audit report.

On the evening of October 23, 2018, the mayor informed the Chief that the Bastrop Police Department had every right, and

the duty, to enforce the open container ordinance of the City, as the park is clearly posted: No Alcohol Allowed!

The poster reads as follows:

- 1. Gates open at 3pm**
- 2. Tickets \$35 advance \$40 at the gate**
- 3. Coolers, Tents, Tables Welcome**



The Mayor feels that the Chief here is, as usual, finding fault with everything that he does not agree with without further consultation with the Mayor. The Mayor also feels that the Chief, more often than not, seems to somehow find fault with everything that the b/f police Captain, the Police Captain who serves on the Civil Service Board as he refers, participates in without his absolute blessings. The Mayor feels that the Chief should not demand absolute loyalty to himself by his officers and punish those whom he feels are not loyal or ones that he has had issues with in the past.

Since the Mayor knew that because the Chief and the two councilmen, who the Chief communicates regularly with, were involved in this misinformed assumption, the Mayor attended the concert and took over 100 photographs to accurately document the TRUE facts:

1. No alcohol was sold or served before, during, or after the event of October 23, 2018!
2. There is absolutely no violation of any City ordinance whatsoever. The Chief's claim is baseless.
3. The public works director did not sell parking spots, therefore he had no money to withhold from the City.
4. Because the promoter, having paid for use of the entire park, had total control of the park. There the promoter, or individual(s) who the event sponsor City would NOT be entitled to any of the proceeds because the entire park was rented for One Thousand Dollars that went into the City's General Fund.

Concert photo and video evidence:







Public Workers Truck.

2018-4 **Condition 1) Paragraph 6**
"Sufficient effort

2018-4 The Mayor concurs with the finding contained within the
Response finding.

& Planned This finding has been discussed for quite some time.
Corrective However, the needs of the City to address more urgent
Action: litigation issues e.g. the Firemen's suit against the city
that the City is now facing.

As well, the administration has successfully worked out and avoided a possible \$600,000.00 potential loss due to failed economic development sponsorship that the City faced until its resolution on February 1, 2019.

As a result, the collections efforts have moved up the list of priorities. The City does not have the staffing to work faster.

2018-6

Condition 1)

“At most times during the year ended June 30, 2018, there were six employees of the police department off on sick leave of which only two probably were legitimate. Two employees worked only a few weeks and then were granted the allowable one-year sick leave available for civil service employees.

The City of Bastrop is committed to creating a diverse environment and is proud to be an equal opportunity employer. All qualified applicants will receive consideration for employment without regard to race, color, religion, gender, gender identity or expression, sexual orientation, national origin, genetics, disability, age, or veteran status. The City of Bastrop is also committed to compliance with all fair employment practices regarding citizenship and immigration status. The City of Bastrop honors the

The purpose of the civil service rules is to promote the merit system, to guarantee the security and welfare of public service and to protect career employees from discrimination. *Department of Corrections v. Pickens*, 468 So.2d 1310 (La.App. 1 Cir. 1985).

Retaliation against an employee for having asked for an investigation can be a form of non-merit factor discrimination. *Department of Transportation and Development v. Gabour*, 468 So.2d 1301 (La.App. 1 Cir. 1985)

Classified employees are the persons legally occupying positions in the classified fire and police services, whose employment is placed under an officer or employee of the government of the municipality, parish or fire protection district vested with the authority to employ, supervise, discipline and discharge.

The Office of the State Examiner enforce the provisions of the Louisiana Fire and Police Civil Service Law and provides clear guidelines for local boards, local police and fire administrators, as well as appointing authorities. The Mayor agrees with the Office of the State Examiner Municipal Fire and Police Civil Service that specific employee training in the classified service is encouraged.

The Board rules should not include procedures that must be followed when employees cannot report to duty, such as submitting doctors' excuses, dictating employees' behavior while on sick leave, policies for requesting leave.

Such administrative directives do not fall under the statutory authority of the Civil Service Board and are most appropriate as departmental policies that are maintained by the

administration. Departmental policies are flexible and may or may not be applied according to specific needs or circumstances of the fire and police service. That flexibility is removed if the policies become Board rules, inasmuch as the Board rules would give them the force and effect of law.”

Leave benefits are provided to employees to help agencies maintain a productive, stable workforce. For example, to be at their best, employees need occasional time off to address personal business or to “recharge their batteries.” Annual leave rules provide a way for employees to request such time off. Employees who are ill or injured may not be able to fully perform their duties or may pose a hazard to clients or other employees. Sick leave Rules are designed to give agencies the ability to manage absences due to illness and to minimize their impact on operations.

To the Mayor’s knowledge, only one spot check was conducted involving the employee in question. If other repeated spot checks were conducted, the Mayor received no report of these repeated violations based upon the spot check process.

Upon notification of the “spot check” violation, the Mayor asked if the recruit gave any reason for violating the department’s sick leave’s policy. The assistant chief informed that Mayor that the recruit stated that they had no knowledge of the policy #105 or #107.

The Mayor then asked if the recruit had received specific training on the policies and procedures. The chief and the assistant chief both acknowledged that neither of the two new recruits had been trained in the policies and procedures of the department. The police administration stated that the employees were only “given the police manual” and further acknowledged that these specific polices (#105 and #107) were not covered prior to any “spot check” nor during the several weeks that was allotted for such, and other, pre-academy training.

Furthermore, the mayor, immediately upon being notified of the “spot check” violation, signed the personal action form to be placed within the recruit’s personnel folder. The Mayor then directed the department to, going forward, develop, at a minimum, a PowerPoint presentation that would address all City of Bastrop Police Department policies and procedures, with special emphasis on covering polices that have received the greatest number of infractions.

The Mayor believes that such PowerPoint presentations have been developed – as promised – and that all new police department employees are being given specific COB Policy and Procedure

training.

The Mayor is not aware of, nor has he been notified of, any other spot check violations of this employee. The Mayor was not made aware that the chief nor the assistant chief was not signing this recruit's time sheets, even though the recruit was required to, and never failed to, physically clock into the department's time recording device once during each pay period – meaning that said employee was within the department and could have been further sited.

The chief did however, on December 14, 2018, present the Mayor with a termination letter for this recruit. The Mayor signed the letter not immediately realizing it to be a letter notifying the employee that they were terminated immediately.

The chief, the mayor, and the Chief of Operations had already agreed that the termination date for this employee would be January 9, 2019 – as said employee would have failed to complete P.O.S.T certification within one year of employment (January 8, 2018).

The Mayor was informed that, according to Civil Service law, said employee could have been extended to the full 365 days of sick leave from the date that such leave began. The Mayor does not know, and did not research, if sick leave 'tolled the time' for the P.O.S.T. certification deadline nor did the Mayor research the question of whether or not sick leave would automatically extend any P.O.S.T. requirement deadline.

The appointing authority is defined in the fire and police civil service law as the official, officer, board, commission, council or person having the power to make appointments to positions in the municipal fire and police services.

The appointing authority is identified throughout the MFPCS Law as the body or person who is authorized to take disciplinary actions, to be consulted when the board adopts or revises its rules and classification plan, allocates positions to the classified service, and regulates leave.

To date, the administration has not been provided, from the chief of police, any Civil Service Board rule that has been violated.

HILL, INZINA & CO.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Members of the Board of Aldermen of City of Bastrop, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by City of Bastrop, Louisiana (the "City") 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, 2017 through June 30, 2018. The City'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 City's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Commission's operations):¹
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
**The City had written policies and procedures addressing preparing, adopting, monitoring, and amending budgets for the General and Special Revenue Funds.
 - 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.

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

**The City had written policies and procedures addressing a purchase order system but not how vendors are added to the vendor list, controls ensuring compliance with the public bid law, and documentation required to be maintained for all bids and price quotes.

- c) ***Disbursements***, including processing, reviewing, and approving.

**The City had written policies and procedures addressing processing, reviewing, and approving disbursements.

- 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).

**The City had written policies and procedures addressing receiving, recording, and preparing deposits. These did not include management's actions to determine the completeness of all collections for each type of revenue.

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

**The City had written policies and procedures addressing payroll processing, reviewing, and approving payroll/personnel.

- 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.

**The City had written policies and procedures addressing contracting, legal review, and approval.

- 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).

**The City had written policies and procedures addressing the control, allowable business uses, documentation requirements, approval, and monitoring card usage.

- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

**The City had written policies and procedures addressing travel advances, expense reimbursement, authorizations, and allowances.

- i) **Ethics**², 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 City's ethics policy.

**The City had written policies and procedures relative to ethics that addressed prohibitions, actions to be taken, system to monitor, and requirement that all employees annually attest that they have read the 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.

**The City had written policies and procedures addressing debt issuance approval and other stated requirements.

Board or Finance Committee³

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.

**The Board of Aldermen and Finance Committee (one in the same) meet at least monthly.

- 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.

**Minutes for all regularly held meetings referenced such comparisons and the information presented for the month of January 2018 was actually examined.

- 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.

**The general fund did not have a negative ending unrestricted fund balance in the prior year audit report.

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

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

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 City's main operating account. Select the City's main operating account and randomly select four additional accounts⁴ (or all accounts if less than five). 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 two months of the related statement closing date (e.g., initialed and dated, electronically logged);
**Evidence was provided that monthly bank reconciliations were prepared for the City's bank accounts within two 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 had reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
** There was evidence that an alderman reviewed each bank reconciliation.
 - c) Management has documentation reflecting that it had researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
**None of the selected reconciliations had reconciling items that had been outstanding for more than 12 months from the statement closing date.

Collections

4. Obtain a listing of deposit sites⁵ 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 five deposit sites (or all deposit sites if less than five).
5. For each deposit site selected, obtain a listing of collection locations⁶ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. five collection locations for five 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.
**All employees of the City's one deposit site are responsible for cash collections and do share the one cash drawer.

⁴ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

⁵ A deposit site is a physical location where a deposit is prepared and reconciled.

⁶ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

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.

**All employees of the City's one deposit site are responsible for the duties listed and sometimes without any oversight or reconciliation from another employee.

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.

**All employees of the City's one deposit site are responsible for the duties listed and sometimes without any oversight or reconciliation from another employee.

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.

e) **All employees of the City's one deposit site are responsible for the duties listed and sometimes without any oversight or reconciliation from another employee.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Supporting documentation was examined verifying that all employees who had access to cash were covered by bonds.

7. Randomly select two deposit dates for each of the five 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)⁷. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the ten deposits and:

a) Observe that receipts are sequentially pre-numbered.

**The examined receipts were sequentially pre-numbered.

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

**Receipts, reports, and other documentation were traced to the deposit slips.

c) Trace the deposit slip total to the actual deposit per the bank statement.

**Deposit slip totals agreed to the actual deposit per the bank statement.

⁷ If "bank reconciliations" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

- 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 ten miles from the collection location or the deposit is less than \$100).

****All deposits were made within one business day of receipt at the collection location.**

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

****The deposits were traced from the bank statements 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 five locations (or all locations if less than five).

- 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.

****Various employees issue purchase requisitions, purchase order is then issued by the purchasing agent or her assistant, and various employees make the actual purchase.**

- b) At least two employees are involved in processing and approving payments to vendors.

****The clerk initiates, processes, and approves some occasional, ongoing payments (i.e., bond related costs).**

- 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.

****The City's employees responsible for processing payments are not prohibited from adding/modifying 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.

****All signed checks are delivered to the post office by an employee who is not responsible for processing payments.**

10. For each location selected under #8 above, obtain the City's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe that the disbursement matched the related original invoice/billing statement.

**The five randomly selected disbursements 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.

**Evidence was observed that the disbursements were made with adequate segregation of duties but whether vendors had to be added/modified for these disbursements was not determined.

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.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) 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.]]

**None of the five requested monthly credit card statements were provided; therefore, check payments were used for further testing procedures. There was no written evidence that the supporting original receipts provided were reviewed and approved, in writing, by someone other than the authorized card holder. It was noted that employees other than the authorized card holders issued the applicable requisitions and purchase orders

b) Observe that finance charges and late fees were not assessed on the selected statements.

**None of the five requested monthly credit card statements were provided.

13. Using the monthly statements or combined statements selected under #12 above, fuel cards, randomly select ten transactions (or all transactions if less than ten) from each statement and obtain supporting documentation for the transactions (i.e. each card should have ten

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).

**Payment on the five selected checks totaled \$2,362. Of this amount, original invoices were not provided for \$1,079. Of the original itemized receipts provided, precisely what was purchased was identified and the business/public purpose was documented. None of the receipts were for meal charges.

Travel and Travel-Related Expense Reimbursements⁸ (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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

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).

**All five reimbursements selected included per diem reimbursements that agreed to the established rates.

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

**The only reimbursement using actual costs was supported by an original itemized receipt that identified 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 (procedure #1h).

**Each selected reimbursement was supported by the required documentation.

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Two of the five reimbursements made by check to employees of the City was not reviewed and approved, in writing, by someone other than the person receiving reimbursement.

⁸ Non-travel reimbursements are not required to be tested under this category.

e) Other matters.

**One reimbursement request included hotel costs that exceeded the established rate but the employee stayed at a hotel “blocked” for the conference attendees.

The same reimbursement amount paid to the council member addressed in the previous paragraph was also paid to two other council members and the Mayor for attending the same convention. All four were reimbursed for a hotel room and meals the day/night before the convention actually began after lunch in a city only two hours away. Each of these same council members and Mayor were paid per diem for five meals that were served at the convention. An assistant to the Mayor was also paid per diem for these same five meals but did not request reimbursement for hotel costs.

Payroll and Personnel

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

**The City provided a listing of employees/elected officials employed during the fiscal period and representation that the listing was complete.

16. Randomly select one pay period during the fiscal period. For the five 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.)

**All selected employees documented their daily attendance and leave for the one pay period selected during the fiscal period.

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

**Supervisors approved the attendance and leave of the selected employees.

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

**All leave accrued or taken during the selected pay period was reflected in the City’s cumulative leave records. No documentation was provided as to the justification for any of the compensatory time earned by employees during the pay period.

17. 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/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

**The City provided a listing of those employees/officials that received termination payments during the fiscal period and representation that the listing was complete.

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

**Management provided representation that all payments were made timely and the associated forms were filed by the required deadlines.

*Ethics*⁹

19. Using the five selected employees/officials from procedure #15 under "Payroll and Personnel" above¹⁰, obtain ethics documentation from management, and:

a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

**Only four of the five selected employees 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 City's ethics policy during the fiscal period.

**None of the five selected employees attested through signature verification that they had read the City's ethics policy during the fiscal period.

Other

20. 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 City reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the City is domiciled.

⁹ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹⁰ If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

21. Observe that the City has posted on its premises¹¹ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹²

**The City has posted the notice on its premises and website.

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.

/s/ Hill, Inzina & Co.

Bastrop, Louisiana

December 18, 2018

¹¹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹² This notice is available for download or print at www.la.la.gov/hotline.



City of Bastrop
Post Office Box 431
Bastrop, Louisiana 71221-0431
318-283-0250

March 7, 2019

Hill and Inzina Company
701 East Madison
Bastrop, Louisiana 71220

Re: Audit 2017-2018 Respondence

Dear Ms. Haynes:

We would like to respond to the findings of the policies and procedures for the audit 2017-2018.

1. City's written policies and procedures.
 - a. Budgets – We concur.
 - b. Purchasing – We concur. We have included in our written policy and procedures that addresses how vendors are added to the vendor list and documentation required to be maintained for all bids and price quotes.
 - c. Disbursements – We concur.
 - d. Receipts – We concur.
 - e. Payroll/Personnel – We concur.
 - f. Contracting – We concur.
 - g. Credit Cards (and debit cards, fuel cards, P-cards) – We concur.
 - h. Travel and expense reimbursement – We concur.
 - i. Ethics – We concur.
 - j. Debt Service – We concur.
2. Obtain and review the board minutes for the fiscal period, and:
 - a. Monthly Council Meeting – We concur.
 - b. Monthly Budget to Actual Comparisons – We concur.
 - c. Minutes referenced and included non-budgetary financial information. We concur.
3. Bank Accounts and Reconciliations.
 - a. Bank Reconciliation – We concur.
 - b. Bank Reconciliation reviewed by management or a councilman – We concur.
 - c. Outstanding Reconciling – We concur.
4. Collections – List of deposit sites were provided. We concur.
5. Cash/Check/Money Order collection locations. We concur.
6. City's cash collection locations.
 - a. Insurance and bonded – We concur.

“This Institution Is An Equal Opportunity Provider and Employer”

7. Written policy of all collections, electronic transfers for each revenue source – We concur.
8. Listing of city’s disbursements – We concur.
9. Disbursements – We concur.
10. Adding vendors to city’s purchasing/disbursement system – We have added to our Purchasing Policy to address that adding/modifying vendor are not in the payment process.
11. List of credit cards – We concur.
12. Credit card statements – We concur.
13. Transactions – We concur.
14. List of Travel – We concur.
 - c. Travel Support – We concur.
 - d. Documentation of actual cost – We concur.
 - e. Documentation of business purpose – We concur.
 - f. Expense reviewed and approved – We concur.
 - g. Other matters – We concur.
15. Listing of employees/elected officials – We concur.
16. Payroll & Personnel
 - a. Documented Attendance – We concur.
 - b. Supervisors approved – We concur.
 - c. Written documentation of leave records – We concur.
17. Employees Terminated – We concur.
18. Payroll Taxes - We concur.
19. Ethics
 - a. Observe that the documentation of employees completed training – We concur.
 - b. Observe that the documentation of employees signed verification of reading the City’s ethics policy annually. We concur.
20. Misappropriations of public funds – We are aware of things stated in the audit.
21. Reporting of Misappropriation – The City has posted, and it is on the city’s website.

Sincerely,



Henry C. Cotton
Mayor