

CITY OF BASTROP
BASTROP, LOUISIANA

Financial Report
For the Year Ended June 30, 2023



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

CITY OF BASTROP, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

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

FINANCIAL STATEMENTS

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

SUPPLEMENTARY INFORMATION

Schedule of Compensation Paid to Council Members -----	57
Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head-----	58
LCDBG Project- Balance Sheet -----	59

CITY OF BASTROP, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

LCDBG Project– Schedule of Revenues, Expenditures, and Changes in Fund Balance ---	60
Judicial System Funding Schedule – Receiving Entity -----	61
Schedule of Expenditures of Federal Awards -----	62
Notes to Schedule of Expenditures of Federal Awards -----	63

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
AND THE UNIFORM GUIDANCE

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> -----	64-65
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance -----	66-68
Schedule of Findings and Responses -----	69-75
Summary Schedule of Prior Audit Findings -----	76-79
Management’s Corrective Action Plan -----	80-82



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities and each major fund of the City of Bastrop, Louisiana (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, Schedule of Proportionate Share of Net Pension Liability, Schedule of Employer's Pension Contributions, and the Schedule of Changes in Net OPEB Liability and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States

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

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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Compensation Paid to Council Members, Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, LCDBG Project – Balance Sheet, LCDBG Project - Schedule of Revenues, Expenditures and Changes in Fund Balance, Justice System Funding Schedule – Receiving Entity, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, The Schedule of Compensation Paid to Council Members, Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, LCDBG Project – Balance Sheet, LCDBG Project - Schedule of Revenues, Expenditures and Changes in Fund Balance, Justice System Funding Schedule – Receiving Entity, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 2, 2024, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maxwell CPA, LLC

Sterlington, Louisiana
August 2, 2024

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BASTROP, LOUISIANA

Management's Discussion and Analysis Year Ended June 30, 2023

As management of the City of Bastrop, Louisiana ("the City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. This discussion and analysis of management is designed to provide an objective and easy-to-read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the City's finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the City based on information presented in the financial report and fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual issues or concerns of individual funds.

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

Financial Highlights

- The assets of the City of Bastrop, on a government-wide basis, exceeded its liabilities at the close of the fiscal year by \$5,207,431 (net position).
- At the end of the current fiscal year, the City of Bastrop's governmental funds reported combined ending fund balances of \$17,620,127.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$4,586,656 or 36% of the total general fund expenditures.
- The general fund reported a surplus of \$246,483 before other financing sources.
- The City completed many projects that included improvements to infrastructure. The additions and improvements to the City's Capital Assets totaled \$2,669,290 in the current year.
- The City's bonded debt had a net decrease of \$980,000. Total bonded debt at June 30, 2022 was \$4,145,000.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Notes to Financial Statements

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

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

Government-Wide Financial Analysis

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

	2023	2022
Other Assets	\$ 22,437	\$ 19,828
Capital Assets, Net of Depreciation	12,978	10,869
Total Assets	35,415	30,697
Deferred Outflows of Resources	3,131	1,880
Other Liabilities	5,934	2,144
Long-Term Liabilities	24,367	23,876
Total Liabilities	30,301	26,020
Deferred Inflow of Resources	3,038	6,749
Net Position:		
Invested in Capital Assets, Net of Related Debt	8,833	7,721
Restricted	10,110	8,901
Unrestricted (Deficit)	(13,736)	(16,814)
Total Net Position (Deficit)	\$ 5,207	\$ (192)

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, 2023, 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:

	2023	2022
Revenues:		
Program Revenues		
Charges for Services	\$ 2,360	\$ 2,622
Operating Grants and Contributions	235	268
Capital Grants and Contributions	763	-
General Revenues:		
Taxes	10,473	10,425
Intergovernmental	1,481	1,366
Licenses and Permits	544	-
Unrestricted Investment Earnings	247	12
Net Revenue from Change in Pension/OPEB	2,057	-
Miscellaneous	604	2,843
Total Revenues	18,764	17,536
Expenses:		
General Government	3,703	3,438
Public Safety	5,257	5,252
Public Works	2,178	1,845
Sanitation	2,252	2,195
Debt Service - Interest	89	619
Total Expenses	13,479	13,349
Changes in Net Position	5,285	4,187
Net Position – Beginning (Deficit)	(192)	(4,704)
Prior Period Adjustment	114	325
Net Position - Ending (Deficit)	\$ 5,207	\$ (192)

The City's total revenues increased by \$1,228,620 while the total costs of all programs and services increased by \$130,472.

General revenues are those available for the City to pay for the governmental activities. For the year ended June 30, 2023, taxes were the largest general revenue source for the City and charges for services was the largest program revenue sources for the City.

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

Financial Analysis of Governmental Funds

As of June 30, 2023, the City's governmental funds reported a combined ending fund balance of \$17,620,127, an increase of \$96,977 from \$17,523,150 as of June 30, 2022. \$10,110,316 of the ending combined fund balance as of June 30, 2023, was restricted for debt service.

Budgetary Highlights

The City did not amend the original budgets during the year. The sales tax fund's budget reported revenues greater than 5% of the actual revenues.

Capital Assets and Debt Administration

The City's major capital asset additions during the current fiscal year were road and sewer improvements. Depreciation of capital assets of \$560,122 for the year ended June 30, 2023, was recorded in the governmental activities of the government-wide financial statements.

As of June 30, 2023, the City had long-term liabilities comprised of the following:

Lease Liability	\$ 192,954
Workout Agreement and Pledge of Leases and Rents	196,718
Firemen's Lawsuit	1,859,522
Compensated Absences	157,946
Sewer Revenue & Refunding Revenue Bonds	2,560,000
Fire Revenue Bonds	380,000
Sales Tax Revenue Bonds	<u>1,205,000</u>
Total Long-Term Liabilities	<u>\$ 6,552,140</u>

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

Economic Factors and Next Year's Budget

Factors considered in preparing the City of Bastrop's budget for the 2024 fiscal year are revenues and expenditures are expected to be similar to the prior year except for the increase in grant revenues and expenditures. With current economic conditions, tax revenues are projected to remain flat for the next fiscal year.

OTHER POST-EMPLOYMENT BENEFITS

In the year ended June 30, 2023, the City of Bastrop complied with requirements of Government Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*. This statement requires that employers disclose the *Schedule*

of Changes in Net OPEB Liability and Related Ratios as determined by actuarial computations. The disclosure of these amounts are presented in more detail in the Notes to the Financial Statements.

PENSIONS

In the year ended June 30, 2023, the City of Bastrop complied with requirements of Government Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions*. This statement requires that employers disclose the *Net Pension Liability*, *Deferred Inflows* and *Deferred Outflows* as determined by actuarial computations. The disclosure of these amounts are presented in more detail in the Notes to the Financial Statements.

Requests for Information

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

BASIC FINANCIAL STATEMENTS:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BASTROP, LOUISIANA
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 14,280,945
Pooled Deposits	2,716,602
Receivables, Net	864,891
Inventory	45,307
Due From Other Governments	437,323
Restricted Assets:	
Cash	2,520,356
Money Market Mutual Funds	1,417,934
Lease Assets, Net	153,612
Capital Assets:	
Non-Depreciable Assets	3,162,797
Other Capital Assets, Net of Depreciation	9,814,893
<u>TOTAL ASSETS</u>	<u><u>35,414,660</u></u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows Related to Pensions/OPEB	3,131,750
<u>LIABILITIES</u>	
Accounts Payable	1,327,717
Accrued Liabilities	151,466
Accrued Interest	15,216
Unearned Revenue	3,184,048
Long-Term Liabilities Due Within One Year:	
Bonds, Claims, Compensated Absences	1,194,570
Lease Liability	61,518
Long-Term Liabilities Due in More Than One Year:	
Bonds, Claims, Compensated Absences	5,164,616
Lease Liability	131,436
Net Pension Liability	7,897,557
OPEB Liability	11,173,175
<u>TOTAL LIABILITIES</u>	<u><u>30,301,319</u></u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows Related to Pensions/OPEB	3,037,660
<u>NET POSITION</u>	
Invested in Capital Assets, Net of Related Debt	8,832,690
Restricted for Debt Service	10,110,316
Unrestricted (Deficit)	(13,735,575)
<u>TOTAL NET POSITION</u>	<u><u>\$ 5,207,431</u></u>

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

CITY OF BASTROP, LOUISIANA
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
AS OF AND ENDED FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Current:					
General Government	\$ 3,703,449	\$ 302,525	\$ 234,818	\$ 763,433	\$ (2,402,673)
Public Safety	5,257,044	105,119	-	-	(5,151,925)
Public Works	2,178,184	-	-	-	(2,178,184)
Sanitation	2,251,800	1,952,527	-	-	(299,273)
Debt Service:					
Interest & Fiscal Charges	89,179	-	-	-	(89,179)
Total Governmental Activities	<u>13,479,656</u>	<u>2,360,171</u>	<u>234,818</u>	<u>763,433</u>	(10,121,234)

General Revenues:

Ad Valorem Taxes	3,123,841
Sales Taxes	6,973,282
Franchise Taxes	375,882
Intergovernmental	1,481,440
Licenses and Permits	544,369
Unrestricted Investment Earnings	246,508
Net Revenue from Change in Net Pension Liability/OPEB	2,057,251
Miscellaneous	603,957
Total General Revenues	<u>15,406,530</u>

Changes in Net Position 5,285,296

Prior Period Adjustment 113,715

Net Position - Beginning (191,580)

Net Position - Ending \$ 5,207,431

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

BASIC FINANCIAL STATEMENTS:

FUND FINANCIAL STATEMENTS

CITY OF BASTROP, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	Major Funds				
	Special Revenue Funds			Capital Projects	Total
	General	Sewer	Sales Tax	American	Governmental
	Fund	Use Fee	Fund	Rescue Plan	Funds
	Fund	Fund	Fund	Fund	
<u>Assets</u>					
Cash and Cash Equivalents	\$ 2,878,379	\$ 4,717,259	\$ 3,499,889	\$ 3,185,418	\$ 14,280,945
Pooled Deposits	1,382,626	1,333,976	-	-	2,716,602
Receivables					
Sales Taxes	473,538	-	94,707	-	568,245
Franchise Taxes	69,063	-	-	-	69,063
Accounts	-	137,186	-	-	137,186
Other	90,397	-	-	-	90,397
Due from Other Funds	-	-	-	-	-
Inventory	45,307	-	-	-	45,307
Due from Other Governments	437,323	-	-	-	437,323
Restricted Assets:					
Cash	1,608	1,516,671	1,002,077	-	2,520,356
Money Market Mutual Funds	-	449,932	968,002	-	1,417,934
<u>Total Assets</u>	<u>5,378,241</u>	<u>8,155,024</u>	<u>5,564,675</u>	<u>3,185,418</u>	<u>22,283,358</u>
<u>Liabilities</u>					
Accounts Payable	593,204	17,765	716,748	-	1,327,717
Accrued Liabilities	151,466	-	-	-	151,466
Unearned Revenue	-	-	-	3,184,048	3,184,048
Due To Other Funds	-	-	-	-	-
<u>Total Liabilities</u>	<u>744,670</u>	<u>17,765</u>	<u>716,748</u>	<u>3,184,048</u>	<u>4,663,231</u>
<u>Fund Balances</u>					
Nonspendable					
Inventories	45,307	-	-	-	45,307
Spendable					
Restricted	1,608	8,137,259	1,970,079	1,370	10,110,316
Assigned	-	-	2,877,848	-	2,877,848
Unassigned	4,586,656	-	-	-	4,586,656
<u>Total Fund Balances</u>	<u>4,633,571</u>	<u>8,137,259</u>	<u>4,847,927</u>	<u>1,370</u>	<u>17,620,127</u>
<u>Total Liabilities and</u>					
<u>Fund Balances</u>	<u>\$ 5,378,241</u>	<u>\$ 8,155,024</u>	<u>\$ 5,564,675</u>	<u>\$ 3,185,418</u>	<u>\$ 22,283,358</u>

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

CITY OF BASTROP, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Governmental Fund Balances	\$ 17,620,127
----------------------------------	---------------

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

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

Governmental Capital Assets	25,098,826	
Less: Accumulated Depreciation	(12,121,136)	
Lease Asset	506,000	
Less: Accumulated Amortization	<u>(352,388)</u>	
		13,131,302

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

Accrued Interest Payable	(15,216)	
Lease Liability	(192,954)	
Bonds Payable	(4,145,000)	
Claims and Judgements Payable	(1,859,522)	
Compensated Absences	(157,947)	
Building Liability	(196,717)	
Net OPEB Obligation (including Deferred Inflow/Outflow)	(13,598,714)	
Net Pension Liability (included Deferred Inflow/Outflow)	<u>(5,377,928)</u>	
		<u>(25,543,998)</u>

Net Position of Governmental Activities	<u>\$ 5,207,431</u>
---	---------------------

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

CITY OF BASTROP, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds				
	General Fund	Special Revenue Funds		Capital Projects	Total Government Funds
		Sewer Use Fee Fund	Sales Tax Fund	ARPA Fund	
<u>Revenues</u>					
Ad Valorem Taxes	\$ 3,123,841	\$ -	\$ -	\$ -	\$ 3,123,841
Sales Taxes	5,812,482	-	1,160,800	-	6,973,282
Franchise Taxes	375,882	-	-	-	375,882
Licenses and Permits	544,369	-	-	-	544,369
Intergovernmental	1,953,680	-	-	526,011	2,479,691
Charges for Services	340,057	1,914,995	-	-	2,255,052
Fines and Forfeitures	105,119	-	-	-	105,119
Miscellaneous	603,957	-	-	-	603,957
Interest Income	103,688	114,309	27,141	1,370	246,508
Sale of Assets	-	-	-	-	-
Total Revenues	<u>12,963,075</u>	<u>2,029,304</u>	<u>1,187,941</u>	<u>527,381</u>	<u>16,707,701</u>
<u>Expenditures</u>					
General Government	3,507,277	-	-	-	3,507,277
Public Safety	5,166,715	-	-	-	5,166,715
Public Works	1,969,532	-	67,637	-	2,037,169
Sanitation	1,845,359	201,772	-	-	2,047,131
Capital Outlay	98,484	797,535	1,247,260	526,011	2,669,290
Debt Service:					
Principal Payments	76,225	435,238	582,500	-	1,093,963
Interest and Other	53,000	-	36,179	-	89,179
Total Expenditures	<u>12,716,592</u>	<u>1,434,545</u>	<u>1,933,576</u>	<u>526,011</u>	<u>16,610,724</u>
<u>Excess (Deficiency) of Revenues</u>					
<u>Over Expenditures</u>	246,483	594,759	(745,635)	1,370	96,977
<u>Other Financing Sources (Uses)</u>					
Transfers In (Out)	-	-	-	-	-
<u>Net Change in Fund Balance</u>	246,483	594,759	(745,635)	1,370	96,977
<u>Fund Balance - Beginning</u>					
<u>(Restated)</u>	4,387,088	7,542,500	5,593,562	-	17,523,150
<u>FUND BALANCE - ENDING</u>	<u>\$ 4,633,571</u>	<u>\$ 8,137,259</u>	<u>\$ 4,847,927</u>	<u>\$ 1,370</u>	<u>\$ 17,620,127</u>

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

CITY OF BASTROP, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 96,977
--	-----------

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

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

Capital Outlay - Net	2,669,290	
Depreciation Expense	(560,122)	
Amortization Expense	<u>(77,191)</u>	
		2,031,977

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

Bond Principal Payments	980,000	
Notes Payable or Forgiveness of Debt	51,088	
Lease Payments	<u>79,590</u>	
		1,110,678

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

Accrued Interest Payable	3,634	
Change in Compensated Absences	(15,221)	
Claims and Judgements Payable	-	
Change in Net Pension Liability	(3,485,198)	
Change in Other Post Employment Benefit	579,202	
Change in Deferred Inflows/Outflows	<u>4,963,247</u>	
		2,045,664
Change in Net Position in Governmental Activities		<u><u>\$ 5,285,296</u></u>

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Introduction

City of Bastrop, Louisiana (the “City”), operates under a mayor-board of aldermen form of government in accordance with the provisions of the charter adopted July 3, 1952. Citizens elect the mayor (at large) and five council members (by district) who are each compensated. The City is located in northeast Louisiana, its population is approximately 9,700, and it employs approximately 115 people.

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

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

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

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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

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

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

Basis of Accounting, Measurement Focus, and Financial Statements Presentation

The financial statements of the City are prepared in accordance with GAAP. The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include services provided to City departments. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Ad valorem tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

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

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

Fund Types and Major Funds

The City reports the following major governmental funds:

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

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

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

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

Budgets and Budgetary Accounting

The Board of Aldermen adopted annual budgets for all of the governmental funds on June 30, 2022. 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. The budget was not amended during the fiscal year and the original budget is included in the budgetary comparison schedules, included as supplementary information in the accompanying financial statements. All annual appropriations lapse at the end of each fiscal year.

Use of Estimates

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

Cash and Cash Equivalents

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

Money Market Mutual Funds and Pooled Deposits

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

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

Receivables and Due From Other Governments

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

Uncollectible Allowance

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

Inventory

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

Interfund Transactions

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

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

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

Restricted Assets

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

Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, with useful lives of more than one year, are reported in the government-wide financial statements. Capital assets are recorded at

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

historical cost or estimated cost if historical cost is not available. Donated assets are stated at fair value on the date of donation.

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

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

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

Buildings and Improvements	25 – 50 Years
Machinery and Equipment	5 – 15 Years
Roads	20 Years

Accumulated Compensated Absences

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

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

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

Long-Term Liabilities

Accrued compensated absences, outstanding debt, and the related accrued interest is reported as liabilities in the government-wide financial statements. The fund financial statements recognize

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

proceeds of debt as other financing sources of the current period. Expenditures for compensated absences, long-term debt principal, and interest payments are recorded in the fund financial statements only when payment is due.

Pensions

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

Deferred Outflows/Inflows of Resources

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

Equity Classification

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

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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

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

Revenue Recognition – Ad Valorem and Sales/Use Taxes:

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

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 2 - Cash and Deposits

The following is a summary of cash and deposits of the City as of June 30, 2023:

Non-pooled Deposits:	
Demand Deposits	\$ 15,900,236
Petty Cash	792
Money Market Mutual Funds	1,417,934
Held by Paying Agent	901,065
Pooled Deposits	<u>2,716,602</u>
Total	<u>\$ 20,936,629</u>

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

As of June 30, 2023, the City had \$16,104,015 in non-pooled demand deposits (collected bank balances). These deposits were secured from risk by \$750,000 of federal deposit insurance and \$15,354,015 of pledged securities held by the City and the pledging financial institution's trust department or their agents in the City's name.

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

Pooled deposits are held as of June 30, 2023, 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, 2023, 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 Treasury, the U.S. government, or one of its agencies or instrumentalities, government-only money market funds rated AAA by Standard & Poor's, and commercial paper of domestic United States corporations rate A-1 or A-1+ by Standard & Poor's.

There were no repurchase or reverse repurchase agreements as of June 30, 2023.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023:

	General Fund	Sewer Use Fee Fund	Sales Tax Fund	Totals
User Fees:				
Sewer	\$ -	\$ 137,186	\$ -	\$ 137,186
Taxes				
Franchise	69,063	-	-	69,063
Sales Tax	473,538	-	94,707	568,245
Other	90,397			90,397
Intergovernmental				
Federal	148,934	-	-	148,934
State	11,009	-	-	11,009
Local	277,380	-	-	277,380
Total	<u>\$1,070,321</u>	<u>\$ 137,186</u>	<u>\$ 94,707</u>	<u>\$ 1,302,214</u>

Note 4 - Taxes

For the year ended June 30, 2023, ad valorem taxes of 59.51 mills were levied on property with assessed valuations totaling \$52,080,244 as follows:

	Levied Millage	Expiration Date
General Corporate Purposes	13.82	Perpetual
Police	9.73	2030
Street Improvements	9.73	2030
Sewer Maintenance	9.73	2030
Fire #1	4.87	2030
Fire #2	4.65	2043
Fire #3	1.40	2030
Recreation	3.70	2043
Cemetery	0.94	2043
Building Maintenance	0.94	2043

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 4 – Taxes (continued)

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

	Assessed Valuation	Percentage of Total Assessed Valuation	Ad Valorem Tax Revenue
Entergy Louisiana Holdings, Inc.	\$ 2,268,110	4.36%	\$ 134,975
Simmons Sporting Goods	\$ 1,694,558	3.25%	\$ 100,843
Wal-Mart Real Estate Business Trust	\$ 1,496,379	2.87%	\$ 89,050

Total ad valorem taxes levied were \$3,123,841. There were \$71,377 of uncollected ad valorem taxes as of June 30, 2023, on this levy.

The following sales and use taxes were levied as of June 30, 2023:

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

Note 5 - Restricted Assets

Restricted assets, \$1,608 of the General Fund, \$1,966,603 of the Sewer Use Fee Fund and \$1,970,079 of the Sales Tax Fund consist of funds required to be maintained and their use is restricted.

Note 6 - Capital Assets

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

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Government Activities:				
Non-Depreciable Assets:				
Land	\$ 1,146,434	\$ -	\$ -	\$ 1,146,434
Construction In Progress	-	2,016,363	-	2,016,363
Depreciable Assets:				
Infrastructure	7,801,455	-	-	7,801,455
Buildings and Improvements	5,968,639	295,909	-	6,264,548
Machinery and Equipment	7,412,181	485,596	(27,751)	7,870,026
Total at Historical Cost	21,182,275	781,505	(27,751)	21,936,029

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 6 - Capital Assets (continued)

Less Accumulated				
Depreciation for:				
Infrastructure	(2,037,859)	(242,835)	-	(2,280,694)
Buildings and Improvements	(4,107,750)	(89,458)	-	(4,197,208)
Machinery and Equipment	(5,314,608)	(356,377)	27,751	(5,643,234)
Total Accumulated				
Depreciation	(11,460,217)	(688,670)	27,751	(12,121,136)
<u>Government Activities Capital</u>				
<u>Assets, Net</u>	<u>\$ 10,868,492</u>	<u>\$ 2,109,198</u>	<u>\$ -</u>	<u>\$ 12,977,690</u>

Depreciation expense for the year ended June 30, 2023, was charged to functions of the City as follows:

Government Activities:	
General Government	\$ 124,109
Public Safety	90,329
Public Works	141,015
Sanitation	<u>204,669</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 560,122</u>

Included in the additions of accumulated depreciation and machinery and equipment is the addition of a tractor that was previously being recorded as a right of use asset with corresponding accumulated amortization that totaled \$128,578 each at the conclusion of the lease term. The tractor was paid off in the year ending June 30, 2023, and the asset was received by the City. The tractor and its accumulated amortization have been added in full in the additions above.

Note 7 - Long-Term Obligations

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Sewer Revenue Bonds	\$ 1,335,000	\$ -	\$ (125,000)	\$ 1,210,000	\$ 130,000
Sewer Refunding Bonds	1,580,000	-	(230,000)	1,350,000	230,000
Fire Revenue Bonds	425,000	-	(45,000)	380,000	45,000
Sales Tax Revenue Bonds	<u>1,785,000</u>	<u>-</u>	<u>(580,000)</u>	<u>1,205,000</u>	<u>595,000</u>
Total Bonds Payable	5,125,000	-	(980,000)	4,145,000	1,000,000
Claims and Judgements	1,872,146	-	(12,624)	1,859,522	12,624
Accrued Vacation Pay	142,725	15,221	-	157,946	157,946
Building (restated)	<u>235,182</u>	<u>-</u>	<u>(38,464)</u>	<u>196,718</u>	<u>24,000</u>
Total Long-Term Debt	<u>\$ 7,375,053</u>	<u>\$ 15,221</u>	<u>\$ (1,031,088)</u>	<u>\$ 6,359,186</u>	<u>\$ 1,194,570</u>

The outstanding revenue bonds as of June 30, 2023, are comprised of the following individual issues:

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Long-Term Obligations

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

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

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

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

The annual requirements to amortize the revenue bonds of the governmental activities as of June 30, 2023, are as follows:

Year Ending June 30,	General Fund	Sewer Use Fee Fund	Sales Tax Fund		Totals
	Fire Bonds	Sewer Revenue Bonds	Sewer Refunding Revenue Bonds	Sales Tax Revenue Bonds	
2024	\$ 45,000	\$ 130,000	\$ 230,000	\$ 595,000	\$ 1,000,000
2025	45,000	130,000	235,000	610,000	1,020,000
2026	45,000	135,000	245,000	-	425,000
2027	45,000	105,000	250,000	-	400,000
2028	50,000	105,000	255,000	-	410,000
2029-33	150,000	605,000	135,000	-	890,000
	-	-	-	-	-
Totals	<u>\$ 380,000</u>	<u>\$ 1,210,000</u>	<u>\$ 1,350,000</u>	<u>\$ 1,205,000</u>	<u>\$ 4,145,000</u>

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Long-Term Obligations (continued)

The City incurred and charged to expense \$89,179 of interest costs and fiscal charges during the year ended June 30, 2023, on a revenue anticipation note, capital lease, settlements, and revenue bonds. The annual requirements to amortize all interest and fiscal charges applicable to the revenue bonds of the governmental activities as of June 30, 2023, are as follows:

Year Ending June 30,	General Fund	Sewer Use Fee Fund		Sales Tax Fund	Totals
	Fire	Sewer Revenue	Sewer Refunding Revenue	Sales Tax Revenue	
	Bonds	Bonds	Bonds	Bonds	
2024	\$ 6,460	\$ 46,945	\$ 32,165	\$ 21,962	\$ 107,532
2025	5,695	41,615	27,105	7,381	81,796
2026	4,930	36,183	21,700	-	62,813
2027	4,165	31,263	15,943	-	51,371
2028	3,400	26,958	9,818	-	40,176
2029-33	5,100	64,266	1,721	-	71,087
	-	-	-	-	-
Totals	<u>\$ 29,750</u>	<u>\$ 247,230</u>	<u>\$ 108,452</u>	<u>\$ 29,343</u>	<u>\$ 414,775</u>

Note 8 - Workout Agreement and Pledge of Leases and Rents

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

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

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

Provided the principal amount of \$376,691 is paid in full under the terms of the agreement, LED will waive all accrued interest on the principal amount. As of June 30, 2023, all monthly payments had been timely paid and the principal balance of the workout agreement was \$196,717.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 9 - Judgment Rendered

A final judgment has been rendered against the City in the amount of \$1,673,806 plus judicial interest in the aggregate for all salary, longevity pay, and overtime wages that the City failed to pay as required by law to firemen. The judgment amount has been recorded in the government-wide financial statements as long-term liabilities due in more than one year. During the fiscal year 2023, the City paid an interest payment of \$53,000, which did not change the amount owed on the judgement.

Note 10 - Fund Balances

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

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

Note 11 - Deferred Compensation Plan

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

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

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

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

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

The annual fee paid by the City to Veolia for the fiscal year ended June 30, 2023 was \$1,354,914.

Note 13 - Cooperative Endeavor Agreements

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

During the first year of the agreement, the District agreed to pay the City \$800,000. Additional amounts as may be necessary to cover the actual costs incurred by the City will be negotiated at least annually (and more often, if required) on or before the first Wednesday in June of each year. The agreement has been renewed for additional two-year periods with the same terms effective July 1, 2015. As of the date of this report, the current two-year period will expire on June 30, 2025.

Note 14 - Contingencies and Risk Management

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

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charge to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables as of June 30, 2023, may be impaired. In the opinion of the City management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans

STATE RETIREMENT SYSTEMS

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

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

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

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

Funding Policy – State statute requires covered employees to contribute 10 percent of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The current actuarially determined rate is 29.5 percent of annual covered payroll. The City's contributions to the System under Plan A for the years ending June 30, 2023, 2022 and 2021 were \$333,884, \$325,449 and \$327,438, respectively, equal to the required contributions for each year.

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans (continued)

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

At June 30, 2023, the City reported a liability of \$2,399,057 for its proportionate share of the net pension liability for the MERS plan. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was .5776%, which was an increase of 0.0498% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized net pension expense of \$199,537, net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$149,748.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,833	\$ (9,188)
Changes of assumptions	23,241	-
Net difference between projected and actual earnings on pension plan investments	399,194	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	115,983	(78,246)
Employer contributions subsequent to the measurement date	333,884	-
Total	<u>\$ 875,135</u>	<u>\$ (87,434)</u>

The City reported a total of \$333,884 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

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

Year	MERS
2023	\$ 90,042
2024	134,138
2025	38,200
2026	191,437
	<u>\$ 453,817</u>

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans (continued)

Actuarial Assumptions

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

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return/Inflation Rate	6.85%, net of investment expense; 2.50% inflation
Projected salary increases	4.5 to 6.4%
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP 2018 scale
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP 2018 scales

Discount Rate

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022, are summarized in the following table:

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.31%
Public fixed income	38%	1.65%
Alternative Investments	9%	0.39%
Total	100%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans (continued)

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS			
Rates	5.85%	6.85%	7.85%
COB Share - NPL	\$3,191,214	\$2,399,057	\$1,729,710

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

The system also provides death and disability benefits. Benefits are established by state statute Funding Policy. State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The City is required to contribute 29.75 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans (continued)

The City's contributions to the System for the years ending June 30, 2023, 2022, and 2021 were \$188,053, \$176,269 and \$208,863, respectively, equal to the required contributions for the year.

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

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

At June 30, 2023, the City reported a liability of \$1,960,169 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was 0.1918%, which was a decrease of .0296% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$137,478 net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$198,103.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,668	\$ (15,976)
Changes of assumptions	67,615	(14,580)
Net difference between projected and actual earnings on pension plan investments	349,952	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	57,391	(261,328)
Employer contributions subsequent to the measurement date	188,053	-
Total	<u>\$ 672,679</u>	<u>\$ (291,884)</u>

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans (continued)

The City reported a total of \$188,053 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

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

Year	MPERS
2023	\$(25,823)
2024	68,517
2025	33,517
2026	183,565
	<u>\$259,776</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023, is as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return/Inflation Rate	6.75%, net of investment expense, 2.50% inflation
Projected salary increases	4.70 to 12.30% based on years of service
Mortality	For employees, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used For disabled lives, the Pub-2010 Public Retirement Plan Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans (continued)

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

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

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

The best estimates of the arithmetic nominal rates of return for each major asset class included in the system's target allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternative Investments	14.00%	0.95%
Other	0.00%	0.00%
Total	100%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Return		8.06%

Discount Rate

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans (continued)

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MPERS			
Rates	5.75%	6.75%	7.75%
COB Share- NPL	\$ 2,743,861	\$ 1,960,169	\$ 1,305,526

FIREFIGHTERS' RETIREMENT SYSTEM

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

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

Funding Policy - State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The City is required to contribute 33.75 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contribution to the System for the years ending June 30, 2023, 2022 and 2021 were \$411,283, \$436,096, and \$338,507, respectively, equal to the required contributions for the year.

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans (continued)

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

At June 30, 2023, the City reported a liability of \$3,538,331 for its proportionate share of the net pension liability for the FRS plan. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the FRS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was .5018%, which was an increase of 0.0040% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$557,127 net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$7,296.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,148	\$ (166,778)
Changes of assumptions	291,761	-
Net difference between projected and actual earnings on pension plan investments	801,525	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	58,219	(66,025)
Employer contributions subsequent to the measurement date	411,283	-
Total	<u>\$ 1,583,936</u>	<u>\$ (232,803)</u>

The City reported a total of \$411,283 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans (continued)

Year	FRS
2023	\$ 210,379
2024	171,408
2025	94,084
2026	444,929
2027 and thereafter	19,050
	<u>\$ 939,850</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023, is as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	6.9%, net of investment expense
Inflation Rate	2.50 per annum
Projected salary increases	5.2-14.1% per year based on years of service
Mortality	For active members, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Below Median Employees For annuitants and beneficiaries, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Below Median Healthy Retirees For disabled retirees, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Disabled Retirees In all cases, the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.
Cost of Living Adjustments	Only those previously granted.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 15 - Pension and Retirement Plans (continued)

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>
Equity	56.00%
Fixed Income	26.00%
Alternative Investments	18.00%
Multi-Asset Strategies	0.00%
Total	100.00%

Discount Rate

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

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
FRS			
Rates	5.9%	6.9%	7.9%
COB Share- NPL	\$ 5,234,569	\$ 3,538,331	\$ 2,123,550

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 16 - Post Employment Benefits

The City of Bastrop provides continuing employees benefits for its employees who retired with the State Municipal Retirement System, the Police Retirement System and Fire Retirement System. The plan does not issue a stand-alone financial report. Additionally, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*.

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

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

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

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

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

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

Actuarial Cost Method

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

Employees covered by benefit terms – At June 30, 2023, the following employees were covered by the benefit terms:

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 16 - Post Employment Benefits (continued)

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

Total OPEB Liability

The City's total OPEB liability of \$11,173,175 was measured as of June 30, 2023, and was determined by an actuarial valuation date of July 1, 2021.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4%
Salary increases	3.0%, including inflation
Prior Discount rate	3.69%
Discount rate	3.86%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Various by year ranging from 1.41%-6%
Mortality	PubG.H-2010 Mortality Tables (based on retirement status), Generational with Projection Scale MP-2021

The discount rate was based on the Fidelity General Obligation AA 20-Year Yield as of June 30, 2023, the end of the applicable measurement period.

Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 11,752,377</u>
Changes for the year:	
Service cost	246,208
Interest	454,858
Differences between expected and actual experience	(117,665)
Changes of assumptions	(735,656)
Benefit payments and net transfers	<u>(426,947)</u>
Net changes	<u>(579,202)</u>
Balance at June 30, 2023	<u><u>\$ 11,173,175</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86%) or 1-percentage-point higher (4.86%) than the current discount rate:

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 16 - Post Employment Benefits (continued)

	1.0% Decrease (2.86%)	Current Discount Rate (3.86%)	1.0% Increase (4.86%)
Total OPEB liability	\$ 12,613,430	\$ 11,173,175	\$ 9,978,038

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

	1.0% Decrease (2.86%)	Current Trend (3.86%)	1.0% Increase (4.86%)
Total OPEB liability	\$ 9,710,852	\$ 11,173,175	\$ 12,291,253

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

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (586,528)
Changes in assumptions	-	(1,839,011)
Total	\$ -	\$ (2,425,539)

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

<u>Years ending June 30:</u>	
2024	(2,141,099)
2025	(284,440)
2026	-
2027	-
2028	-

Note 17 - Interfund Receivables and Payables

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

There were no interfund receivables or payables as of June 30, 2023.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 18 - Leases

In 2017, the City entered into a lease agreement for a fire truck. Payments are \$35,529 annually at an interest rate of 3.20% for 10 years. Due to the new accounting standard affecting leases, this lease was added to statement of net position – governmental activities retroactively to the financials for the year ended June 30, 2022, by a prior period adjustment. The lease asset for the fire truck is recorded at \$300,000 with accumulated amortization of \$175,000 as of June 30, 2023.

At the end of 2017, the City entered into a lease agreement for a tractor. Payments are \$2,339 monthly for 60 months using a borrowers implicit rate of 3.5%. Due to the new accounting standard affecting leases, this lease was added to statement of net position – governmental activities retroactively to the financials for the year ended June 30, 2022, by a prior period adjustment. The lease asset for the tractor was paid off during the year ending June 30, 2023, and the asset was received by the City at that point. The asset was placed in the City's fixed assets listings.

In early 2018, the City entered into a lease agreement for an asphalt truck. Payments are \$3,165 monthly at an interest rate of 3.38% for 72 months. Due to the new accounting standard affecting leases, this lease was added to statement of net position – governmental activities retroactively to the financials for the year ended June 30, 2021, by a prior period adjustment. The lease asset for the asphalt truck is recorded at \$206,000 with accumulated amortization of \$177,388 as of June 30, 2023.

Note 19 - Subsequent Events

Subsequent events have been evaluated through August 2, 2024, the date that the financial statements were available to be issued. Subsequent to year end, the City received \$5.5 million in street improvement bonds. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

Note 20 – Prior Period Adjustments

During the year ending June 30, 2023, it was determined that two amounts were incorrectly reported, one of which only affected the fund financial statements while the other affected both. As discussed in Note 8, the amount owed as of June 30, 2022, to LED was overstated by \$63,585. Also, sales taxes that were due at June 30, 2022 were incorrectly underreported by \$50,130. The net increase in the beginning net position as a result of these adjustments is \$113,715 while the resulting increase in the beginning fund balance in the general fund is \$50,130.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)

CITY OF BASTROP, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Property Taxes	\$ 3,121,000	\$ 3,121,000	\$ 3,123,841	\$ 2,841
Sales Taxes	5,850,000	5,850,000	5,812,482	(37,518)
Franchise Taxes	373,000	373,000	375,882	2,882
Licenses and Permits	476,600	476,600	544,369	67,769
Intergovernmental	2,581,886	2,581,886	1,953,680	(628,206)
Charges for Services	417,769	417,769	340,057	(77,712)
Fines and Forfeitures	61,475	61,475	105,119	43,644
Miscellaneous	463,478	463,478	603,957	140,479
Interest Income	3,600	3,600	103,688	100,088
Sale of Assets	13,000	13,000	-	(13,000)
Total Revenues	13,361,808	13,361,808	12,963,075	(398,733)
Expenditures				
General Government	3,406,780	3,406,780	3,507,277	(100,497)
Public Safety	5,710,249	5,710,249	5,166,715	543,534
Public Works	2,314,022	2,314,022	1,969,532	344,490
Sanitation	1,914,264	1,914,264	1,845,359	68,905
Capital Outlay	60,000	60,000	98,484	(38,484)
Debt Service	813,016	813,016	129,225	683,791
Total Expenditures	14,218,331	14,218,331	12,716,592	1,501,739
<u>Other Financing Sources (Uses)</u>				
Proceeds from Bond Issuance	700,000	700,000	-	700,000
<u>Net Change in Fund Balance</u>	(156,523)	(156,523)	246,483	403,006
<u>Fund Balance at Beginning of Year (Restated)</u>	4,387,088	4,387,088	4,387,088	-
<u>Fund Balance at End of Year</u>	\$ 4,230,565	\$ 4,230,565	\$ 4,633,571	\$ 403,006

See accompanying notes and auditor's report.

CITY OF BASTROP, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - SEWER USE FEE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 1,704,000	\$ 1,704,000	\$ 1,914,995	\$ 210,995
Grant Income	1,000,000	1,000,000	-	(1,000,000)
Interest Income	5,000	5,000	114,309	109,309
Total Revenues	2,709,000	2,709,000	2,029,304	(679,696)
Expenditures				
Sanitation	907,000	907,000	201,772	705,228
Capital Outlay	160,000	160,000	797,535	(637,535)
Grant Expenses	1,219,700	1,219,700	-	1,219,700
Debt Service	412,300	412,300	435,238	(22,938)
Total Expenditures	2,699,000	2,699,000	1,434,545	1,264,455
<u>Other Financing Sources (Uses)</u>				
Proceeds from Bond Issuance	-	-	-	
<u>Net Change in Fund Balance</u>	10,000	10,000	594,759	584,759
<u>Fund Balance at Beginning of Year</u>	6,307,236	6,307,236	7,542,500	1,235,264
<u>Fund Balance at End of Year</u>	<u>\$ 6,317,236</u>	<u>\$ 6,317,236</u>	<u>\$ 8,137,259</u>	<u>\$ 1,820,023</u>

See accompanying notes and auditor's report.

CITY OF BASTROP, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Sales Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,160,800	\$ (239,200)
Intergovernmental	-	-	-	-
Miscellaneous Income	300	300	-	(300)
Interest Income	2,000	2,000	27,141	25,141
Total Revenues	1,402,300	1,402,300	1,187,941	(214,359)
Expenditures				
Public Works	77,000	77,000	67,637	9,363
Capital Outlay	2,329,491	2,329,491	1,247,260	1,082,231
Debt Service	620,094	620,094	618,679	1,415
Total Expenditures	3,026,585	3,026,585	1,933,576	1,093,009
<u>Other Financing Sources (Uses)</u>				
Proceeds from Bond Issuance	-	-	-	-
<u>Net Change in Fund Balance</u>	(1,624,285)	(1,624,285)	(745,635)	878,650
<u>Fund Balance at Beginning of Year</u>	4,894,582	5,274,923	5,593,562	318,639
<u>Fund Balance at End of Year</u>	<u>\$ 3,270,297</u>	<u>\$ 3,650,638</u>	<u>\$ 4,847,927</u>	<u>\$ 1,197,289</u>

See accompanying notes and auditor's report.

CITY OF BASTROP, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - ARPA FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental	\$ 1,853,515	\$ 1,853,515	\$ 526,011	\$ 1,327,504
Interest Income	-	-	1,370	1,370
Total Revenues	1,853,515	1,853,515	527,381	(1,326,134)
Expenditures				
Public Works	-	-	-	-
Capital Outlay	-	-	526,011	(526,011)
Debt Service	-	-	-	-
Total Expenditures	-	-	526,011	(526,011)
<u>Other Financing Sources (Uses)</u>				
Proceeds from Bond Issuance	-	-	-	-
<u>Net Change in Fund Balance</u>	1,853,515	1,853,515	1,370	(1,852,145)
<u>Fund Balance at Beginning of Year</u>	-	-	-	-
<u>Fund Balance at End of Year</u>	<u>\$ 1,853,515</u>	<u>\$ 1,853,515</u>	<u>\$ 1,370</u>	<u>\$ (1,852,145)</u>

See accompanying notes and auditor's report.

CITY OF BASTROP, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

CITY OF BASTROP, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

MERS					
Year Ending June 30,	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.7200%	1,839,348	1,202,986	152.90%	75.45%
2016	0.6900%	2,462,877	1,169,721	210.55%	66.18%
2017	0.6900%	2,760,830	1,191,340	231.74%	62.11%
2018	0.7300%	3,055,178	1,323,556	230.83%	62.49%
2019	0.7500%	3,093,298	1,363,902	226.80%	63.69%
2020	0.6900%	2,892,699	1,281,496	225.73%	64.68%
2021	0.5900%	2,546,276	1,125,676	226.20%	64.52%
2022	0.5300%	1,468,214	1,103,217	133.08%	79.14%
2023	0.5776%	2,399,057	1,131,812	211.97%	67.87%

MPERS					
Year Ending June 30,	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.3200%	2,000,320	847,895	235.92%	75.10%
2016	0.2700%	2,116,084	722,533	292.87%	70.73%
2017	0.2800%	2,628,944	782,139	336.12%	66.04%
2018	0.2800%	2,470,727	842,231	293.36%	70.08%
2019	0.2900%	2,472,872	860,508	287.37%	71.89%
2020	0.2500%	2,301,015	791,245	290.81%	71.01%
2021	0.2100%	1,921,351	642,102	299.23%	70.94%
2022	0.2200%	1,180,076	594,877	198.37%	84.09%
2023	0.1918%	1,960,169	601,768	325.74%	70.80%

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

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

CITY OF BASTROP, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (cont.)
FOR THE YEAR ENDED JUNE 30, 2023

FRS					
Year Ending June 30,	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.4700%	2,095,869	963,303	217.57%	76.02%
2016	0.5100%	2,758,961	1,086,380	253.96%	72.45%
2017	0.5300%	3,451,419	1,183,572	291.61%	68.16%
2018	0.5000%	2,884,226	1,176,334	245.19%	73.55%
2019	0.5100%	2,921,653	1,209,298	241.60%	74.76%
2020	0.5000%	3,109,495	1,199,786	259.17%	73.96%
2021	0.5000%	3,396,286	1,219,845	278.42%	72.61%
2022	0.5000%	1,764,069	1,292,138	136.52%	86.78%
2023	0.5018%	3,538,331	1,236,940	286.06%	74.68%

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

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

CITY OF BASTROP, LOUISIANA
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

MERS					
Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency(Excess)	Employer's Covered Employee Payroll	Contributions as % of Covered Employee Payroll
2015	225,768	225,768	-	1,202,986	18.77%
2016	232,408	232,408	-	1,169,721	19.87%
2017	237,643	237,643	-	1,191,340	19.95%
2018	301,049	301,049	-	1,323,556	22.75%
2019	337,566	337,566	-	1,363,902	24.75%
2020	333,189	333,189	-	1,281,496	26.00%
2021	312,375	312,375	-	1,125,676	27.75%
2022	325,449	325,449	-	1,103,217	29.50%
2023	333,884	333,884	-	1,131,812	29.50%

MPERS					
Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency(Excess)	Employer's Covered Employee Payroll	Contributions as % of Covered Employee Payroll
2015	263,017	263,017	-	847,895	31.02%
2016	227,601	227,601	-	722,533	31.50%
2017	231,782	231,782	-	782,139	29.63%
2018	268,240	268,240	-	842,231	31.85%
2019	264,607	264,607	-	860,508	30.75%
2020	255,176	255,176	-	791,245	32.25%
2021	208,683	208,683	-	642,102	32.50%
2022	176,269	176,269	-	594,877	29.63%
2023	188,053	188,053	-	601,768	31.25%

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

For reference only:

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

² Actual employer contributions remitted to the respective pension funds

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

CITY OF BASTROP, LOUISIANA
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS (cont.)
FOR THE YEAR ENDED JUNE 30, 2023

FRS					
Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency(Excess)	Employer's Covered Employee Payroll	Contributions as % of Covered Employee Payroll
2015	272,133	272,133	-	963,303	28.25%
2016	317,766	317,766	-	1,086,380	29.25%
2017	324,213	324,213	-	1,183,572	27.39%
2018	296,781	296,781	-	1,176,334	25.23%
2019	320,464	320,464	-	1,209,298	26.50%
2020	318,041	318,041	-	1,199,786	26.50%
2021	338,507	338,507	-	1,219,845	27.75%
2022	436,096	436,096	-	1,292,138	33.75%
2023	411,283	411,283	-	1,236,940	33.25%

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

For reference only:

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

² Actual employer contributions remitted to the respective pension funds

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB Liability						
Service Cost	\$ 309,274	\$ 318,552	\$ 345,316	\$ 441,221	\$ 473,581	\$ 246,208
Interest	488,690	429,970	367,300	310,301	620,525	454,858
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	98,351	156,730	(490,156)	(319,335)	(1,524,253)	(117,665)
Changes in Assumptions	-	961,677	1,424,539	604,310	(4,045,722)	(735,656)
Benefit Payments	(698,956)	(663,880)	(587,630)	(558,780)	(249,176)	(426,947)
Net Change in Total OPEB Liability	<u>197,359</u>	<u>1,203,049</u>	<u>1,059,369</u>	<u>477,717</u>	<u>(4,725,045)</u>	<u>(579,202)</u>
Total OPEB liability - beginning	<u>13,539,929</u>	<u>13,737,288</u>	<u>14,940,336</u>	<u>15,999,705</u>	<u>16,477,422</u>	<u>11,752,377</u>
Total OPEB liability - ending (a)	<u>\$ 13,737,288</u>	<u>\$ 14,940,337</u>	<u>\$ 15,999,705</u>	<u>\$ 16,477,422</u>	<u>\$ 11,752,377</u>	<u>\$ 11,173,175</u>
Covered Employee Payroll	\$ 2,976,905	\$ 3,066,212	\$ 3,068,249	\$ 3,160,296	\$ 3,560,256	\$ 3,667,064
Net OPEB liability as a percentage of covered employee payroll	461.46%	487.26%	521.46%	521.39%	330.10%	304.69%
Notes to Schedule:						
<i>Benefit Changes:</i>	None	None	None	None	None	None
<i>Changes in Assumption :</i>						
<i>Discount Rate:</i>	3.62%	3.13%	2.45%	1.92%	3.69%	3.86%
<i>Mortality:</i>	RPH-2014	Pub G.H-2010	Pub G.H-2010	Pub G.H-2010	Pub G.H-2010	Pub G.H-2010

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

SUPPLEMENTARY INFORMATION

CITY OF BASTROP, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS
FOR THE YEAR ENDED JUNE 30, 2023

Charles Bradford	\$	1,385
James Green		2,375
Darry Green, Jr		10,291
Howard Loche		10,291
Angela Moore		10,291
Emma Prater		7,322
Larry Prater		990
Robert Shaw		7,916
	\$	<u>50,861</u>

TOWN OF BASTROP, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
JUNE 30, 2023

Agency Head	Mayor <u>Betty Alford Olive</u>
Salary	\$ 74,006
Auto Allowance	<u>7,200</u>
Total	<u><u>\$ 81,206</u></u>

CITY OF BASTROP
BASTROP, LOUISIANA
LCDBG PROJECT
BALANCE SHEET
JUNE 30, 2023

	Love Louisiana Outdoors
<u>Assets</u>	
Grants Receivable - LCDBG	\$ -
Due from Water Fund	-
	<hr/>
<u>Total Assets</u>	-
	<hr/> <hr/>
<u>Liabilities and Fund Balance</u>	
Accounts Payable	-
Retainage Payable	-
Total Liabilities	<hr/> -
<u>Fund Balance</u>	-
	<hr/>
<u>Total Liabilities and Fund Balance</u>	\$ -
	<hr/> <hr/>

See independent auditor's report

CITY OF BASTROP
BASTROP, LOUISIANA
LCDBG PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

	Love Louisiana Outdoors
<u>Revenues</u>	
Grant Proceeds	\$ 232,200
Local Sources	95,340
Total Revenues	<u>327,540</u>
<u>Expenditures</u>	
Consulting	39,220
Engineering	56,120
Construction	232,200
Total Expenditures	<u>327,540</u>
<u>Excess Revenues Over Expenditures</u>	-
<u>Fund Balance - Beginning</u>	<u>-</u>
<u>Fund Balance - Ending</u>	<u><u>\$ -</u></u>

See independent auditor's report

CITY OF BASTROP, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED JUNE 30, 2023

	First Six Month Period Ended 12/31/2022	Second Six Month Period Ended 6/30/2023
Cash Basis Presentation		
Receipts from:		
Bastrop City Court:		
Bond Forfeitures	\$ 4,148	\$ 2,437
Court Fines	43,228	47,095
Total Receipts	<u>47,376</u>	<u>49,532</u>
Ending balance of amounts assessed but not received	<u>\$ -</u>	<u>\$ -</u>

CITY OF BASTROP
BASTROP, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grants/Pass Through Grantor/Program Title	Assistance Listing Number	Agency or Pass-Through Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grants			
State's Program and Non-Entitlement Grants			
Pass-Through: Louisiana Office of Community Development			
Love Louisiana Outdoors Program	14.228	200705290	\$ 232,200
<u>U.S. Department of the Treasury</u>			
COVID-19 - Coronavirus State and Local Fiscal			
Recovery Funds	21.027	N/A	* <u>526,011</u>
Total Federal Expenditures			<u>\$ 758,211</u>

* Denotes major federal program.

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BASTROP, LOUISIANA
BASTROP, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Bastrop, Louisiana. The City of Bastrop, Louisiana reporting entity is defined in Note 1 to the City's financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the City's financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Federal Indirect Cost Rate

The City of Bastrop, Louisiana did not elect to use the 10% de minimis federal indirect cost rate for the year ended June 30, 2023.

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
AND THE UNIFORM GUIDANCE



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

Honorable Mayor and Board of Alderpersons of
Bastrop, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Bastrop, Louisiana (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 2, 2024.

Report on Internal Control Over Financial Reporting

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

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

My 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. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-005 that I consider to be material weaknesses.



Honorable Mayor and Board of Alderpersons of
Bastrop, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, 2023-004, 2023-006, 2023-007 and 2023-008.

City of Bastrop, Louisiana's Response to Findings

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

Purpose of the Report

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

Maxwell CPA, LLC

Sterlington, Louisiana
August 2, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited the City of Bastrop, Louisiana's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bastrop, Louisiana's major federal programs for the year ended June 30, 2023. The City of Bastrop, Louisiana's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

I am required to be independent of the City of Bastrop, Louisiana and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the City of Bastrop, Louisiana's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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



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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Bastrop, Louisiana's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the City of Bastrop, Louisiana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Bastrop, Louisiana's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

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

Maxwell CPA, LLC

Sterlington, Louisiana
August 2, 2024

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Honorable Mayor and Board of Alderpersons of
Bastrop, Louisiana

I have audited the financial statements of the governmental activities and each major fund of the City of Bastrop, as of and for the year ended June 30, 2023, which collectively comprise the basic financial statements and have issued our report thereon dated August 2, 2024. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2023, resulted in an unmodified opinion.

Section I- Summary of Auditor's Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ☒ yes ☐ no

Significant Deficiencies not considered to be
Material Weaknesses ☐ yes ☒ no

Compliance

Noncompliance Material to Financial Statements ☒ yes ☐ no

B. Federal Awards

Material Weakness Identified ☐ yes ☒ no

Significant Deficiencies not considered to be
Material Weaknesses ☐ yes ☒ no

Type of Opinion on Compliance for Major Programs

Unmodified ☒ Qualified ☐

Disclaimer ☐ Adverse ☐

Are there findings required to be reported in accordance with Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F? No

C. Identification of Major Programs:

Name of Federal Program (or cluster):

COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

AL Number 21.027

Dollar threshold used to distinguish between Type A and Type B Programs.
\$750,000

Is the auditee a "low-risk" auditee, as defined by Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F? No

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section II - Financial Statement Findings

2023-001 Segregation of Duties

Criteria

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

Condition

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

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

Cause

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

Effect

The City may be at higher risk of errors, fraud, waste, and abuse. Poor communication limits the ability of employees to perform their assigned duties. Transactions may lack proper authorization or documentation. State laws and regulations with the City's policies may be violated.

Recommendation

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

Management's Response and Planned Corrective Action

See auditee prepared corrective action plan later in this report.

2023-002 Personnel Related Policies and Issues

Criteria

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

Condition

As of June 30, 2023, two department heads had accumulated compensatory hours of 1,114 (33% of monetary compensatory time earned by all employees as of June 30, 2023). If these employees had left employment of the City as of June 30, 2023, the City would have been obligated to pay approximately \$19,828 of additional compensation to these two employees.

Effective January 1, 2021, management of the City adopted a formal policy limiting the maximum number of compensatory hours that may be accumulated to 480 hours. These two same employees had accumulated more than 480 hours as of June 30, 2023. The policy also stated that after an employee had earned more than 480 hours, the employee must take off any excess compensatory time earned before the end of the payroll period.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

2023-002 Personnel Related Policies and Issues (continued)

Cause

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

Effect

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

Recommendation

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

Management's Response and Planned Corrective Action

See auditee prepared corrective action plan later in this report.

2023-003 Excessive Overtime Pay

Criteria

Good internal controls should help prevent excessive payroll-related costs.

Condition

The City's internal controls over payroll did not prevent employees from working excessive and unnecessary overtime.

Cause

Internal controls over payroll did not require proper approval before overtime was worked.

Effect

The City paid excessive overtime throughout the year.

Recommendation

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

Management's Response and Planned Corrective Action

See auditee prepared corrective action plan later in this report.

2023-004 Violation of Article VII, Section 14 of the Louisiana Constitution of 1974

Criteria

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

Condition

Property taxes were owed to the City as of June 30, 2023, some delinquent as far back as the 2011 tax levy. Occupational licenses were delinquent for some businesses back to 2016.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

2023-004 Violation of Article VII, Section 14 of the Louisiana Constitution of 1974 (continued)

In the regular meeting of the Mayor and board of alderpersons, the Mayor serving through June 30, 2022, granted legal action regarding delinquent occupational licenses and personal property taxes.

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

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 followed up on the City's legal counsel being directed to be proactive in the collection process (i.e., closing businesses, filing suits, etc.)

Effect

All of these conditions are in violations of Article VII, Section 14 and may result in losses of assets.

Recommendation

- 1) Delinquent accounts should be pursued vigorously for payment. A formal collection policy should be adopted.
- 2) Section 14 and related statutes should be reviewed by the City's legal counsel, management, and department heads.
- 3) Strict adherence should be mandated to comply with the City's current adopted policies and procedures relative to the earning and accumulation of compensatory time.

Management's Response and Planned Corrective Action

See auditee prepared corrective action plan later in this report.

2022-005 Bank Reconciliations

Criteria

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

Condition

Bank reconciliations were not done throughout the year. After June 30, 2023, the City hired outside consultants to make all necessary postings and adjustments to the general ledger and then the bank reconciliations were done.

Cause

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

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

2022-005 Bank Reconciliations (continued)

Effect

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

Recommendation

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

Management's Response and Planned Corrective Action

See auditee prepared corrective action plan later in this report.

2023-006 Compliance with Local Government Budget Act

Condition:

For the year ended June 30, 2023, the City's Sales Tax, Sewer Use Fee, and ARPA Fund's budgeted revenues exceeded its actual revenues by more than 5%.

Criteria:

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

Cause:

The City did not approve amending the budgets for fiscal year 2023. The budget should have been amended to reflect the decrease in revenues.

Effect:

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

Recommendation:

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

Management's Response and Planned Corrective Action

See auditee prepared corrective action plan later in this report.

2023-007 Compliance with Annual Filing Deadline

Condition:

The City did not timely file its annual reports for the year ending June 30, 2023.

Criteria

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

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

2023-007 Compliance with Annual Filing Deadline (continued)

Cause

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

Effect

The City was not in compliance with state statute.

Recommendation

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

Management's Response and Planned Corrective Action

See auditee prepared corrective action plan later in this report.

2023-008 Violation of State Law Regarding Public Entities Incurring Debt

Condition:

The City entered into a cooperative endeavor agreement (CEA) that created a debt obligation, by listing the City as a co-obligor, without proper approval from the bond commission.

Criteria

As set forth by the Louisiana Constitution, Article VII, Section 8, no bonds or other obligations shall be issued or sold by the state, directly or through any state board, agency, or commission, or by any political subdivision of the state, unless prior written approval of the bonds commission is obtained.

Louisiana Revised Statute 39:1401 set forth the required procedures for public entities to incur debt.

Cause

The CEA listed the City as a co-obligor in the event that the debtor defaulted on the note without the prior approval of the Louisiana State Board Commission.

Effect

The City violated state law by incurring debt under the CEA without approval of the Louisiana State Bond Commission. The Company that the City entered into the CEA with, defaulted on the loan and entered into bankruptcy, leaving the City responsible for the debt. See Note 8 of the financial statements for more information.

Recommendation

The City should consult their attorney and/or bond attorneys before entering into any contract, to ensure that the City isn't violating any laws.

Management's Response and Planned Corrective Action

See auditee prepared corrective action plan later in this report.

Section III - Management Letter

None Issued

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section IV - Federal Award Findings and Questioned Costs

None

CITY OF BASTROP, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

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

2022-001 Segregation of Duties

Condition:

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

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

Recommendation:

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

Current Status:

Finding is repeated as 2023-001.

2022-002 Personnel Related Policies and Issues

Condition:

As of June 30, 2022, two department heads had accumulated compensatory hours of 1,194 (34% of monetary compensatory time earned by all employees as of June 30, 2022). If these employees had left employment of the City as of June 30, 2022, the City would have been obligated to pay approximately \$18,600 of additional compensation to these two employees.

Effective January 1, 2020, management of the City adopted a formal policy limiting the maximum number of compensatory hours that may be accumulated to 480 hours. These two same employees had accumulated more than 480 hours as of June 30, 2022. The policy also stated that after an employee had earned more than 480 hours, the employee must take off any excess compensatory time earned before the end of the payroll period.

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

Recommendation:

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

Current Status:

Finding is repeated as 2023-002.

CITY OF BASTROP, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

2022-003 Excessive Overtime Pay

Condition

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

Recommendation

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

Current Status:

Finding is repeated as 2023-003.

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

Condition

- 1) Owed the City as of June 30, 2022, were property taxes, some delinquent as far back as the 2011 tax levy. Occupational licenses were delinquent for some businesses back to 2016.

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

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

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

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

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

CITY OF BASTROP, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

Recommendation

- 1) Delinquent accounts should be pursued vigorously for payment. A formal collection policy should be adopted.
- 2) Section 14 and related statutes should be reviewed by the City's legal counsel, management, and department heads.

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

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

Current Status:

Finding is repeated as 2023-004.

2022-005 Bank Reconciliations

Condition

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

Recommendation

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

Current Status:

Finding is repeated as 2023-005.

2022-006 Compliance with Local Government Budget Act

Condition:

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

Recommendation:

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

Current Status:

Finding is repeated as 2023-006.

CITY OF BASTROP, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

2022-007 Compliance with Annual Filing Deadline

Condition:

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

Recommendation

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

Current Status:

Finding is repeated as 2023-007.



City of Bastrop

www.cityofbastrop.com

Post Office Box 431

Bastrop, Louisiana 71221-0431

Phone: (318) 283-0250

Fax: (318) 283-3335

August 2, 2024

Maxwell CPA, LLC
PO Box 1327
Sterlington, LA 71280

Re: Responses to Findings for the Year Ended June 30, 2023

2023-001 Segregation of Duties

The administration has already initiated efforts to ensure internal control procedures are followed properly. While understaffing has continued to be problematic, the administration has implemented internal control by outsourcing bank reconciliation to a local team of experienced accountants with the plan to continue this service agreement on an annual contractual basis. The existing staff members have been assigned specific duties such as tax collector and treasurer. The Mayor will require all bank reconciliation statements duties to be completed monthly and require that all statements and reconciliations to be reviewed by the Mayor. These steps include 1) Statements are opened by the Mayor and signs a monthly cover sheet of acknowledgment 2) City Clerk initials the monthly sheet 3) Bank reconciliations completed by the accounting team. Financial reviews will be presented to the financial committee every two months.

2023-002 Personnel Related Policies and Issues

Oversight of compensatory time was reinforced immediately upon the submission of the audit year ending 2022. The Mayor met with department heads to identify the problems, which were attributed to employee shortage. As of 2023-2024, the administration is continuing efforts to mitigate this issue by implementing procedures that employees **must** have prior approval of appropriate supervisor to determine the necessity gaining compensatory time and monitoring work performance to achieve a higher level of performance of duties. Measures taken to correct the problem include following proper procedures: limiting the accrual of compensatory time from **480** hours to **150** hours to avoid excessive payouts upon separation of employment by utilizing accumulated compensatory time, when possible, to decrease the accrual of hours, which occurred over a period of years of employment. The additional oversight by the department heads and supervisors along with documentation and adherence to policy have aided in the reduction of excessive accumulation of hours. This procedure will continue to be enforced to achieve the goal of staying within the guidelines as set forth by reduction of accumulated hours. Consideration is provided for extenuating circumstances upon the consideration of the Mayor.

2023-003 Excessive Overtime Pay

Upon discovery of the excessive and unreasonable overtime of the employee occurred during the time period the department was awaiting the confirmation of a Chief. The State Police were notified and investigated the situation and ultimately, they turned their report over to the District Attorney's Office. The administration sent a collection letter to the now, former employee. A Chief was confirmed on December 9, 2023, and the necessary extra layer of

oversight monitoring is now in place. The process includes: time is submitted by employees to the departmental clerical staff, reviewed by the department head before going to payroll clerk and to the city clerk for review.

2023-004 Violation of Article VII, Section 14 of the Louisiana Constitution of 1974 (continued)

Department head meetings are being held with all departments to reinforce adherence to policy. Every department, including the Mayor's office has a visible posting of Article VII, Section 14 of the Louisiana Constitution of 1974. Employees are informed of the consequences of violation of this policy. The legal weakness in this area has been resolved with the Mayor's appointment of a City Civil Attorney and confirmation on August 10, 2023. The attorney is familiar with Article VII Section 14 and is assigned by the mayor to specifically address city civil matters and he is tasked to conduct periodic training sessions as it relates to legal matters with departments. To aid in corrective actions, the Mayor involves the city civil attorney to conduct workshops with department heads and staff members. Department heads are encouraged to communicate with the Mayor and attorney on a continuous basis as a preventive measure to avoid issues related to this problem. The Mayor requested the Louisiana Legislative Auditor to conduct a workshop for the City. Attendees for this session included: Mayor, City Clerk, City Civil Attorney, City Auditor, Fire Chief, Police Chief and Assistant, Special Project Coordinator and all employees who perform tasks associated with the business department. Workshops of this nature will be conducted on a continuous basis as a part of continuing education on best practices.

2022-005 Bank Reconciliations

Due to the shortage of staff and lack of advanced skill set with existing staff, the administration was seeking to hire a full-time accountant to assume the role of executing financial accounting duties according to proper procedures and in accordance with best practices. In May 2024, the city clerk resigned the position as city clerk and a vacancy was declared. While it was difficult to recruit a full-time accountant, as of July 2024, an employee of the city with 18 years of experience in various capacities, payroll, bills and claims and purchasing director was confirmed as City Clerk. Presently, the administration is outsourcing bank reconciliations by engaging a team of skilled accountants to reconcile the banking statements and prepare the books for the auditor. The arrearages have been brought up to date. This team was hired on an ad hoc basis and it was foreseeable that it was in the best interest of the financial operation of the city for this team to continue performing these services on annual contractual basis to diminish the opportunities for fraud, errors, and ensure the accuracy of information being provided to the administration and board. As of July 2024, the City Attorney drafted Resolution 24-2072 Authorizing Accounting Services and the Mayor presented this resolution to the City Council and it was adopted by a unanimous vote of the council. This team of skilled accountants will provide services as recommended by the independent City Auditor and provide monthly written financial reports for the Mayor, City Council and Administration. They will make periodic presentations to the finance meetings as deemed necessary.

2023-006 Compliance with Local Government Budget Act

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

2023-007 Compliance with Annual Filing Deadline

Based on the aforementioned measures, many of which are presently being implemented, the administration anticipates these issues will be resolved and the City is in a better position to submit annual reports in a timely manner. A new City Auditor was appointed by the Mayor

and confirmed by the Council on August 30, 2023. The addition of the accounting team working with the administration, auditor and staff has alleviated many of the problems identified upon discovery. The administration is currently pursuing hiring additional personnel to fill vacancies and increasing cross training to fulfill the financial needs of the operation of the City.

2023-008 Failure to Obtain State Bond Commission Approval

The CEA with LDED predated the current Administration. The CEA was entered into and became effective as of October 17, 2014, by and among Louisiana Economic Development Corporation, acting through the LDED, FLYING TIGER Aviation, LLC ("Flying Tiger") and the City of Bastrop (the "City"). After the execution of the CEA, Flying Tiger filed for bankruptcy and defaulted on its obligations.

Subsequently, a Workout Agreement was entered into among LDED, the City, and Vector Disease Control International, Inc. ("Vector") effective December 15, 2018, whereby the City was required to repay LDED for the obligations of Flying Tiger. A monthly payment arrangement requiring the City to pay \$2000 per month was agreed to by the City. Effective the 1st day of February 2019, a Lease Agreement was entered between the City and Vector, whereby Vector would pay the City \$2500 per month. The City has been in receipt of Vector's payments and has incurred no loss due to Flying Tiger's default.

Neither of these agreements were executed under the present Administration. The City's Bond Attorney, who has served in such capacity since 1996, was unaware of the CEA. It is their opinion that neither the CEA nor the Resolution approving the CEA by the City made it apparent to the City that it was guaranteeing the obligations of Flying Tiger.

The City's Bond Attorney has begun seeking retroactive approval of the CEA by the SBC and believes such approval will be obtained in the near future.

The Administration has both the City Attorney and Bond Counsel who will review all cooperative endeavor agreements that may create financial obligations and if so, the City will first seek SBC approval.

Best regards,



Betty Alford-Olive, Mayor
City of Bastrop



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022, through June 30, 2023. The City of Bastrop's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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



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

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

2) Board or Finance Committee³

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

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

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

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

Findings: Two exceptions where the City did not have any budget-to-actual comparisons and no written progress on the audit findings.

3) Bank Reconciliations

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

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

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

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

Findings: Fifteen exceptions found where the bank reconciliations were not prepared in time, not reviewed by a member of the board who handles cash, and no research on outstanding items.

4) Collections (excluding electronic funds transfers)⁷

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

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

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

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

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

- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt¹¹ at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Findings: Three exceptions relating to sharing of the cash register, and receipts not being traceable to the ledger.

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

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

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

¹¹ As required by Louisiana Revised Statute 39:1212.

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

Findings: No exceptions noted

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹². Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)¹³. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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

Findings: Three exceptions where the statements were not reviewed by someone other than the cardholder, there was a receipt that could not be located, and one statement had a finance charge on it.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures, and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: Two exceptions noted for missing receipt and missing documentation.

8) Contracts

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

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

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

- contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings: No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials¹⁶ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials¹⁷ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings: Two exceptions noted where an employee's leave was not supported by written documentation or approved by supervisor.

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

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

10) Ethics¹⁸

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

Findings: One exception where an employee did not complete the required ethics training.

11) Debt Service¹⁹

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

Findings: No exceptions noted.

12) Fraud Notice²⁰

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

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

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

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

- B. Observe that the entity has posted on its premises and website the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

14) Prevention of Sexual Harassment²¹

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

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

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. The amount of time it took to resolve each complaint.

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

Management's Response

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

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

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

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

Maxwell CPA, LLC

Sterlington, Louisiana
August 2, 2024