

TOWN OF BRUSLY

Brusly, Louisiana

**FINANCIAL REPORT AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2012

**TOWN OF BRUSLY
POST OFFICE BOX 510
BRUSLY, LOUISIANA 70719
(225) 749-2909**

Mayor

Vance Joey Normand

Board of Aldermen

Joanne C. Bourgeois, Mayor Pro-Tem

David Shane Andre'

James Landess Hebert

Donald Neisler

Thomas Olinde

Police Chief

Jamie Whaley

Legal Counsel

Thomas W. Acosta, Jr.

Town Clerk

Debbie Berthelot

Meeting Dates

2nd Monday of Every Month
6:30 PM – Town Hall

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WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

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INDEPENDENT AUDITORS' REPORT

JOHN W. WRIGHT, CPA *
JAMES H. DUPUIS, CPA, CFP *
JAN H. COWEN, CPA *
LANCE E. CRAPPELL, CPA, CGMA *
MICAH R. VIDRINE, CPA *
TRAVIS M. BRINSKO, CPA *
RICK L. STUTES, CPA, CVA/ABV, APA *
CHRISTINE R. DUNN, CPA**
DAMIAN H. SPIESS, CPA, CFP **

Honorable Mayor and Members
of the Board of Aldermen
Town of Brusly
Brusly, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Brusly, Louisiana as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Town of Brusly's management. Our responsibility is to express opinions on these financial statements based on our audit.

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY

M. TROY MOORE, CPA * +
MICHAEL G. DEHART, CPA, CVA, MBA * +
JOE D. HUTCHINSON, CPA * +

+RETIRED



STEPHANIE A. BLANK, CPA
ROBERT T. DUCHARME, II, CPA
MARY PATRICIA KEELEY, CPA
ROBIN T. LeBLANC, CPA
JOAN MARTIN, CPA, CVA, CFF, DABFA
TANYA L. MIGUES, CPA
WENDY ORTEGO, CPA, CVA
ROBIN G. STOCKTON, CPA
BRIDGET B. TILLEY, CPA, MT
TINA B. VIATOR, CPA

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statement referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Brusly as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on page 48 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012, on our consideration of Town of Brusly's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Wright, Moore, DeHart,
Dupuis & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
(Certified Public Accountants)

Lafayette, Louisiana
December 20, 2012

BASIC FINANCIAL STATEMENTS

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

TOWN OF BRUSLY, LOUISIANA

STATEMENT OF NET ASSETS

JUNE 30, 2012

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 238,203	\$ 24,326	\$ 262,529
Investments	1,297,856	89,242	1,387,098
Taxes Receivable	138,452	-	138,452
Accounts Receivable	20,312	18,275	38,587
Internal Balances	200,000	(200,000)	-
Prepaid Expenses	9,289	-	9,289
Total Current Assets	1,904,112	(68,157)	1,835,955
Non-Current Assets:			
Capital Assets, Net of Accumulated Depreciation	2,010,461	1,561,237	3,571,698
TOTAL ASSETS	\$ 3,914,573	\$ 1,493,080	\$ 5,407,653

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BRUSLY, LOUISIANA

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 27,550	\$ -	\$ 27,550
Payroll Benefits	2,254	-	2,254
Accrued Wages	12,474	-	12,474
Bonds Payable	-	22,690	22,690
Compensated Absences	<u>11,649</u>	<u>-</u>	<u>11,649</u>
Total Current Liabilities	<u>53,927</u>	<u>22,690</u>	<u>76,617</u>
Non-Current Liabilities:			
Bonds Payable	-	471,105	471,105
Compensated Absences	<u>9,094</u>	<u>-</u>	<u>9,094</u>
Total Non-Current Liabilities	<u>9,094</u>	<u>471,105</u>	<u>480,199</u>
TOTAL LIABILITIES	<u>63,021</u>	<u>493,795</u>	<u>556,816</u>
NET ASSETS			
Invested in Capital Assets, Net of			
Related Debt	2,010,461	1,067,443	3,077,904
Reserved for Debt	-	109,672	109,672
Unrestricted	<u>1,841,091</u>	<u>(177,830)</u>	<u>1,663,261</u>
TOTAL NET ASSETS	<u>3,851,552</u>	<u>999,285</u>	<u>4,850,837</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,914,573</u>	<u>\$ 1,493,080</u>	<u>\$ 5,407,653</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BRUSLY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues			Business-Type Activities	Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities		
Governmental Activities						
General Government	\$ 682,120	\$ 93,608	\$ 67,534	\$ (520,978)	\$ -	\$ (520,978)
Public Safety	562,329	334,011	-	(228,318)	-	(228,318)
Maintenance	275,785	-	-	(275,785)	-	(275,785)
Highway and Streets	137,424	-	-	(137,424)	-	(137,424)
Total Governmental Activities	<u>1,657,658</u>	<u>427,619</u>	<u>67,534</u>	<u>(1,162,505)</u>	<u>-</u>	<u>(1,162,505)</u>
Business-Type Activities						
Sewer	<u>307,038</u>	<u>225,037</u>	<u>-</u>	<u>-</u>	<u>(82,001)</u>	<u>(82,001)</u>
Total Business-Type Activities	<u>\$ 307,038</u>	<u>\$ 225,037</u>	<u>\$ -</u>	<u>-</u>	<u>(82,001)</u>	<u>(82,001)</u>
General Revenues:						
Sales Taxes				1,278,579	-	1,278,579
Franchise Taxes				128,224	-	128,224
Other Taxes				3,976	-	3,976
Investment Earnings				30,128	2,222	32,350
Gain (Loss) on Investment				(3,674)	-	(3,674)
Other General Revenues				14,132	-	14,132
Total General Revenues				<u>1,451,365</u>	<u>2,222</u>	<u>1,453,587</u>
Change in Net Assets				288,860	(79,779)	209,081
Net Assets-Beginning				<u>3,562,692</u>	<u>1,079,064</u>	<u>4,641,756</u>
Net Assets-Ending				<u>\$ 3,851,552</u>	<u>\$ 999,285</u>	<u>\$ 4,850,837</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF BRUSLY, LOUISIANA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012**

ASSETS

Cash and Cash Equivalents	\$ 238,203
Investments	1,297,856
Prepaid Expenses	9,289
Receivables:	
Taxes Receivable	138,452
Accounts Receivable	20,312
Internal Balances	<u>200,000</u>
 Total Assets	 <u>\$ 1,904,112</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts Payable	\$ 27,550
Payroll Benefits	2,254
Accrued Payroll	12,474
Compensated Absences - Current	<u>11,649</u>
Total Liabilities	<u>53,927</u>
 Fund Balances:	
Unassigned	<u>1,850,185</u>
Total Fund Balances	<u>1,850,185</u>
 Total Liabilities and Fund Equity	 <u>\$ 1,904,112</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BRUSLY, LOUISIANA

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012**

Total Governmental Fund Balances	\$ 1,850,185
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.	2,010,461
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.	<u>(9,094)</u>
Net Assets of Governmental Activities	<u>\$ 3,851,552</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BRUSLY, LOUISIANA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

Revenues:	
Taxes	\$ 1,410,779
Intergovernmental Revenues	41,472
Licenses & Permits	93,608
Fines	334,011
Grants	26,062
Investment Income	30,128
Miscellaneous Income	14,132
Gain (Loss) on Investments	<u>(3,674)</u>
Total Revenues	<u>1,946,518</u>
Expenditures:	
Current -	
General Government	644,097
Public Safety	536,280
Maintenance	261,916
Highway & Streets	61,613
Capital Outlay	<u>310,119</u>
Total Expenditures	<u>1,814,025</u>
Excess of Revenues Over Expenditures	<u>132,493</u>
Fund Balances, Beginning	<u>1,717,692</u>
Fund Balances, Ending	<u>\$ 1,850,185</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BRUSLY, 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, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ 132,493

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 148,295

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds. 8,072

Change in Net Assets of Governmental Activities \$ 288,860

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BRUSLY, LOUISIANA

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012**

	<u>Sewer</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 24,326
Investments	89,242
Accounts Receivable	<u>18,275</u>
Total Current Assets	131,843
Non-Current Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>1,561,237</u>
Total Assets	<u>\$ 1,693,080</u>
LIABILITIES	
Current Liabilities:	
Bonds Payable	\$ 22,690
Internal Balances	<u>200,000</u>
Total Current Liabilities	<u>222,690</u>
Non-Current Liabilities:	
Bonds Payable	<u>471,105</u>
Total Non-Current Liabilities	<u>471,105</u>
Total Liabilities	<u>693,795</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	1,067,443
Restricted for Debt Service	109,672
Unrestricted	<u>(177,830)</u>
Total Net Assets	<u>\$ 999,285</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BRUSLY, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
PROPRIETARY FUND
JUNE 30, 2012

	<u>Sewer</u>
OPERATING REVENUES	
Charges for Services	<u>\$ 225,037</u>
OPERATING EXPENSES	
Personal Services & Benefits	95,097
Repairs and Maintenance	37,762
Sewer Telemetry	15,000
Minor Equipment	967
Depreciation	131,244
Total Operating Expenses	<u>280,070</u>
Operating Income (Loss)	<u>(55,033)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest on Investments	2,222
Interest Expense	<u>(26,968)</u>
Total Nonoperating Revenues and Expenses	<u>(24,746)</u>
Changes in Net Assets	(79,779)
Total Net Assets - Beginning	<u>1,079,064</u>
Total Net Assets - Ending	<u>\$ 999,285</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BRUSLY, LOUISIANA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 225,191
Payments to Suppliers	(53,729)
Payments to Employees	<u>(95,097)</u>
Net Cash Provided (Used) by Operating Activities	<u>76,365</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Increase (Decrease) in Due to Other Funds	<u>17,488</u>
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CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of Capital Assets	(36,145)
Principal Paid on Capital Debt	(21,550)
Interest Paid on Capital Debt	<u>(26,968)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(84,663)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investments	2,222
Purchase of Investments	<u>(2,177)</u>
Net Cash Provided by Investing Activities	<u>45</u>

Net Increase in Cash and Cash Equivalents	9,235
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Balance - Beginning of the Year	<u>15,091</u>
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Balance - End of the Year	<u>\$ 24,326</u>
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**RECONCILIATION OF OPERATING (LOSS) TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (55,033)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	131,244
(Increase) Decrease in Accounts Receivable	154
Net Cash Provided by Operating Activities	<u>\$ 76,365</u>

The accompanying notes are an integral part of the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF BRUSLY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Brusly, Louisiana (the Town) was incorporated in 1901 under the provisions of the Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act – Act No. 36 of 1898). The Town operates under a Mayor-Board of Aldermen form of government and as permitted under the Act, provides: police protection, streets and sidewalks, health and sanitation, public improvements, recreation, sponsorship of federal programs, and sewer utilities. The mayor and five board of aldermen are elected at large to serve four year terms from January 1, 2009, to December 31, 2012. The mayor is entitled to a salary of \$2,100 per month, the mayor pro-tem \$600 per month, and each aldermen \$500 per month, plus \$50 for each special meeting in which a vote is taken. The Town of Brusly, Louisiana, is located in West Baton Rouge Parish, Louisiana, with a geographic area of approximately two square miles. The estimated population is about 2,589 based on the 2010 census (a 569 increase over the 2000 census). The Town employees approximately twenty-two persons, serves 929 sewer customers and maintains six miles of street.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Town has oversight of other component units that are, either, blended into the municipality's basic financial statements or discretely presented in a separate column in the government-wide financial statements.

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Town of Brusly. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements (continued)

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

All individual governmental funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following governmental funds:

General Fund - the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)**

Additionally, the Town reports the following fund types:

Enterprise Funds - accounts for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Town's enterprise fund consists of activities of the sewer facility operations.

The Town reports the following major enterprise fund:

The sewer facility fund accounts for the activities of the sewer facility throughout the Town.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are sewer fees.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF BRUSLY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town of Brusly's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments for the Town are reported at fair value. The state's investment pool Louisiana Asset Management Pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

E. Receivables and Payables

Receivables consist of all revenues earned at year end and not yet received.

The Town receives a 1 percent of the parish sales taxes collected in the West Baton Rouge Parish for general government.

F. Inventories and Prepaid Items

All immaterial inventories of the governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town of Brusly maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Capital Assets (continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	40 years
Equipment	5-10 years
Vehicles	5-10 years
Infrastructure	20-50 years

I. Compensated Absences

The Town of Brusly's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Compensated Absences (continued)

The entire compensated absences liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported in the governmental funds.

J. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Net Assets in the Government-Wide Financial Statements

In the government-wide statement of net assets, the net asset amount is classified and displayed in three components.

1. Invested in capital assets – This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.

TOWN OF BRUSLY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Net Assets in the Government-Wide Financial Statements (continued)

2. Restricted net assets – This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Town's usual policy is to use restricted resources first to finance its activities.

L. Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with FY 2011, the Town implemented GASB Statement 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 a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

1. Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management classifies prepaid expenditures as being non-spendable as this item is not expected to be converted to cash.
2. Restricted: This classification includes amounts for which constraints have been placed on the use of resources are either:
 - a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws of regulations of other governments; or
 - b) Imposed by law through constitutional provisions or enabling legislation.

TOWN OF BRUSLY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Fund Equity – Fund Financial Statements (continued)

3. Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Town's board of aldermen, which is the Town's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of aldermen removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town did not have any committed resources as of year-end.
4. Assigned: This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the Town's board of aldermen, or a subordinate high-level body, such as a finance committee, or an official, such as the Mayor, that has the authority to assign amounts to be used for specific purposes. The Town's management has not assigned any amounts at year-end.
5. Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Town would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

The Town uses the following budget practices:

1. The budgetary calendar – The public hearing on the budget announcement is published in the official journal in May. In June, a public hearing on the budget is held and after any discussion the budget is adopted.
2. Appropriations (unexpended budget balances) lapse at year-end.
3. There are no outstanding encumbrances.
4. The GAAP basis is used in preparing and reporting the budgets and those funds not budgeted.
5. The Board of Aldermen will meet as needed to make changes or amendments within the various budget classifications.

TOWN OF BRUSLY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012

3. CASH AND CASH EQUIVALENTS

At June 30, 2012, the Town of Brusly has cash and cash equivalents (book balances) totaling \$262,529 as follows:

	General	Sewer
Demand Deposits	\$ 109,159	\$ -
Interest-Bearing Demand Deposits	-	24,326
Money Market Accounts	128,294	-
Petty Cash	750	-
 Total	 \$ 238,203	 \$ 24,326

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

At June 30, 2012, the Town has \$306,460 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance and \$-0- of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

4. INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the Town's name

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

4. INVESTMENTS (continued)

At fiscal year-end, the Town's investment balances were as follows:

<u>Type of Investment</u>	<u>Category 1</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Total Carrying Amount</u>
Certificate of Deposit	\$ 1,360,002	\$1,360,002	\$ 1,360,002	\$ 1,360,002
Bonds	<u>658</u>	658	unavailable	658
Total	<u>\$ 1,360,660</u>			
Investments Not Subject to Categorization:				
External Investment Pool (LAMP)		<u>26,438</u>	<u>26,438</u>	<u>26,438</u>
Total Investments		<u>\$1,387,098</u>	<u>\$ 1,386,440</u>	<u>\$ 1,387,098</u>

LAMP is administered by LAMP, Inc. a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

4. INVESTMENTS (continued)

- Interest rate risk: 2a7- like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company.

5. RECEIVABLES

The receivables of \$177,037 at June 30, 2012, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Taxes:			
Sales and use	\$ 110,603	\$ -	\$ 110,603
Other	27,849	-	27,849
	<u>138,452</u>	<u>-</u>	<u>138,452</u>
Accounts Receivable	<u>20,310</u>	<u>18,275</u>	<u>38,585</u>
Total	<u>\$ 158,762</u>	<u>\$ 18,275</u>	<u>\$ 177,037</u>

Receivables are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge off method is not a material departure from GAAP as it approximates the valuation method.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

6. INTER-FUND RECEIVABLES AND PAYABLES – FUND FINANCIAL STATEMENTS

Because the Town operates with only one checking account for both the general and sewer funds, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the sewer fund. Such advances create short-term inter-fund loans. A summary of these inter-fund loans, at year-end, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Proprietary Fund-Sewer	\$200,000

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2012, for the primary government is as follows:

	Beginning Balance	Increases	Ending Balance
Governmental Activities:			
Capital Assets, Not Being Depreciated			
Land	\$ 80,001	\$ -	\$ 80,001
Construction in Progress	10,000	18,606	28,606
Total Capital Assets, Not Being Depreciated	90,001	18,606	108,607
Capital Assets Being Depreciated			
Buildings	821,462	-	821,462
Machinery and Equipment	719,827	80,013	799,840
Infrastructure	1,382,917	211,500	1,594,417
Total Capital Assets Being Depreciated	2,924,206	291,513	3,215,719
Less Accumulated Depreciation For:			
Buildings	(382,174)	(18,866)	(401,040)
Equipment	(549,175)	(67,148)	(616,323)
Infrastructure	(220,692)	(75,811)	(296,503)
Total Accumulated Depreciation	(1,152,041)	(161,825)	(1,313,866)
Total Capital Assets, Net	\$ 1,862,166	\$ 148,294	\$ 2,010,460

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

7. CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Ending Balance
Business-Type Activities:			
Capital Assets Being Depreciated:			
Buildings			
Improvements Other Than Buildings	\$ 4,122,554	\$ -	\$ 4,122,554
Machinery and Equipment	<u>286,191</u>	<u>36,145</u>	<u>322,336</u>
Total Capital Assets Being Depreciated	<u>4,408,745</u>	<u>36,145</u>	<u>4,444,890</u>
Less Accumulated Depreciation For:			
Buildings			
Improvements Other Than Buildings	(2,588,535)	(103,064)	(2,691,599)
Machinery and Equipment	<u>(163,874)</u>	<u>(28,180)</u>	<u>(192,054)</u>
Total Accumulated Depreciation	<u>(2,752,409)</u>	<u>(131,244)</u>	<u>(2,883,653)</u>
Total Business-Type Assets Being Depreciated, Net	<u>\$ 1,656,336</u>	<u>\$ (95,099)</u>	<u>\$ 1,561,237</u>

Depreciation expense of \$293,069 for the year ended June 30, 2012, was charged to the following governmental functions:

General	\$ 39,557
Police	28,713
Maintenance	17,744
Highway and Streets	<u>75,811</u>
Total Depreciation - Governmental Activities	<u>\$ 161,825</u>
Sewer Fund	<u>\$ 131,244</u>
Total Depreciation - Business-Type Activities	<u>\$ 131,244</u>
Total Depreciation	<u><u>\$ 293,069</u></u>

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

8. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2012:

	<u>Bonded Debt</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-Term Obligations, July 1	\$ 515,345	\$ 17,166	\$ 532,511
Additions	-	3,577	3,577
Deductions	<u>(21,550)</u>	<u>-</u>	<u>(21,550)</u>
Long-Term Obligations, June 30	<u>\$ 493,795</u>	<u>\$ 20,743</u>	<u>\$ 514,538</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2012:

	<u>Bonded Debt</u>	<u>Compensated Absences</u>	<u>Total</u>
Current portion	\$ 22,690	\$ -	\$ 22,690
Long-term portion	<u>471,105</u>	<u>20,743</u>	<u>491,848</u>
Total	<u>\$ 493,795</u>	<u>\$ 20,743</u>	<u>\$ 514,538</u>

All municipal bonds outstanding as of June 30, 2012, for \$493,795, are sewer revenue bonds with maturities from 2021 to 2036 and an interest rate of 5.5%. Bond principal and interest payable in the next fiscal year are \$22,690, and \$25,820, respectively. The individual issues are as follows:

<u>Bond</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
CAPMark	\$505,000	5.50%	2021	\$ 80,496	\$ 245,690	Sewer Fees
USDA	\$300,000	5.50%	2036	<u>185,276</u>	<u>248,105</u>	Sewer Fees
Total				<u>\$ 265,772</u>	<u>\$ 493,795</u>	

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

All principal and interest requirements are funded in accordance with Louisiana law by sewer fees within the Town. At June 30, 2012, the municipality has accumulated \$109,672 in the debt service funds for future debt requirements. The bonds are due as follows:

Year Ended June 30,	Principal Payments	Interest Payments	Total
2013	\$ 22,690	\$ 25,819	\$ 48,509
2014	23,858	24,651	48,509
2015	25,086	23,424	48,510
2016	26,378	22,133	48,511
2017-2021	146,184	96,364	242,548
2022-2036	249,599	73,381	322,980
Total	<u>\$ 493,795</u>	<u>\$ 265,772</u>	<u>\$ 759,567</u>

9. RETIREMENT SYSTEMS

Substantially all employees of the Town of Brusly are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

9. RETIREMENT SYSTEMS (continued)

A. Municipal Employees Retirement System of Louisiana (System) (continued)

Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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 of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy - Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town of Brusly is required to contribute at an actuarially determined rate. The current rate is 8% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Brusly are established and may be amended by state statute. As provided by R.S. 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 Town of Brusly contributions to the System under Plan B for the years ending June 30, 2012, 2011, and 2010, were \$25,190, \$21,598, and \$19,932, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description - All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

9. RETIREMENT SYSTEMS (continued)

B. Municipal Police Employees Retirement System of Louisiana (System) (continued)

Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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 of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 10% of their annual covered salary and the Town of Brusly is required to contribute at an actuarially determined rate. The current rate is 26.50% of annual covered payroll. The contribution requirements of plan members and the Town of Brusly are established and may be amended by state statute. As provided by R.S. 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 Town of Brusly contributions to the System for the years ending June 30, 2012, 2011, and 2010, were \$65,646, \$63,667 and \$26,689, respectively, equal to the required contributions for each year.

10. FLOW OF FUNDS: RESTRICTIONS ON USE-SEWERAGE SYSTEM REVENUES

A. CAPMARK

Under the terms of the bond resolution dated January 3, 1983, regarding revenue bonds dated June 13, 1983, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from the operation of the Sewerage System are to be deposited as collected in a special bank account to be known as the "Sewer System Fund". Said fund is established to provide for the payment of reasonable and necessary expenses of operating and maintaining the system and make periodic transfers to the following funds:

1. Revenue Bond Sinking Fund

For each month after the delivery of the bonds, before the 20th of each month, there will be set aside a sum equal to 1/12 of the next maturing installment of principal and interest on outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such purposes.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

10. FLOW OF FUNDS: RESTRICTIONS ON USE-SEWERAGE SYSTEM

2. Revenue Bond Reserve Fund

For each month after the system becomes revenue producing, before the 20th day of each month, there will be set aside an amount equal to 5% of the principal and interest payments required for the sinking fund until there shall have been accumulated in the reserve account an amount equal to the maximum interest and principal requirements in any succeeding fiscal year. Such amounts may be used only for the payment of principal and interest installments for which sufficient funds are not on deposit in the sinking fund.

3. Depreciation & Contingency Fund

For each month after the completion of the project, before the 20th day of each month, there will be set aside the sum of \$188 until the amount of \$46,000 is deposited in the fund.

Money in this fund may be used for paying cost of extraordinary repairs and replacements to the system which are necessary to keep the system in operating condition. Money in this fund may also be used to pay principal and interest on the bonds falling due to anytime there is not sufficient money for payment in the other bond funds. All moneys remaining in the "Sewer System Revenue Fund", after all the required transfers are made and deficiencies have been remedied, may be used for the purpose of retiring bonds in advance of their maturities.

B. USDA

Under the terms of the bond resolution dated April 18, 1986, regarding revenue bonds dated September 10, 1986, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from the operation of the Sewerage System are to be deposited as collected in a special bank account to be known as the "Sewer System Revenue Fund". Said fund is established to provide for the payment of reasonable and necessary expenses of operating and maintaining the system and make periodic transfers to the following funds:

1. Revenue Bond Sinking Fund

For each month after the delivery of the bonds, before the 20th of each month, there will be set aside a sum equal to 1/12 of the next maturing installment of principal and interest on outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such purposes.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

**10. FLOW OF FUNDS: RESTRICTIONS ON USE-SEWERAGE SYSTEM REVENUES
(continued)**

2. Revenue Bond Reserve Fund

For each month after the system becomes revenue producing, before the 20th day of each month, there will be set aside an amount equal to 5% of the principal and interest payments required for the sinking fund until there shall have been accumulated in the reserve account an amount equal to the maximum interest and principal requirements in any succeeding fiscal year. Such amounts may be used only for the payment of principal and interest installments for which sufficient funds are not on deposit in the sinking fund.

3. Depreciation & Contingency Fund

For each month after the completion of the project, before the 20th day of each month, there will be set aside the sum of \$271. Money in this fund may be used for paying cost of extraordinary repairs and replacements to the system which are necessary to keep the system in operating condition. Money in this fund may also be used to pay principal and interest on the bonds falling due to any time there is not sufficient money for payment in the other bond funds.

11. CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND RETIREMENT

	<u>CAPMARK</u>			<u>USDA</u>		<u>Total</u>
	<u>Reserve For Bond Retirement</u>	<u>Sinking Fund</u>	<u>Depreciation and Contingency</u>	<u>Reserve For Bond Retirement</u>	<u>Sinking Fund</u>	
Balance, July 1	\$ 40,826	\$ 3,635	\$ 11,255	\$ 23,151	\$ 23,088	\$ 101,955
Transfer from Unrestricted Cash	-	29,942	-	-	-	29,942
Transfer (To) Bond Payment	-	(29,942)	-	-	-	(29,942)
Deposits	-	-	5,508	-	-	5,508
Interest Earned	1,021	16	16	579	577	2,209
Balance, June 30	<u>\$ 41,847</u>	<u>\$ 3,651</u>	<u>\$ 16,779</u>	<u>\$ 23,730</u>	<u>\$ 23,665</u>	<u>\$ 109,672</u>

The Depreciation and Contingency Fund are combined for both bonds.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

12. UTILITY SERVICE AGREEMENT

An agreement between the West Baton Rouge Parish Waterworks District No. 2 and the Town of Brusly provides for the billing of customers on the Town's sewer system. This billing agreement went into effect for the month of November 1982. Under the terms of the agreement, the Waterworks District No. 2 is entitled to a portion of the billing fee to cover the cost of collections. At this time, the District remits all collections to the Town.

13. CENTRALIZED COLLECTION AGENCY AGREEMENT

Pursuant to LA R.S. 33:2738.62 as enacted by Act No. 43 of the 1984 Regular Session of the State of Louisiana, the West Baton Rouge Sales Tax District No. 1 was created as the single tax collection for the Parish of West Baton Rouge. The agreement went into effect in 1984 and the agreement authorized the Town to compensate the collection agency its share of the cost of collection or about 4% of the gross amount collected.

14. FRANCHISE AGREEMENTS

The Town has granted two franchises:

Cable Television

A non-exclusive cable franchise was granted to TCI, Inc., now COX Communications, Inc., on September 8, 1980, for a period of ten years. The agreement was extended on December 11, 1992, until September 7, 2010, with an additional 10 year extension provision. The annual franchise fee is 3% of the Company's gross receipts.

Electric

On September 11, 1972, the Town entered into a franchise with Gulf State Utilities Company, now Entergy, to supply electric energy to the Town and the inhabitants thereof for a period of 60 years. In consideration, the Town shall receive a fee of 4.5% of the gross receipts from sales of electricity within the corporate limits of the Town from October 1, 1972 to September 30, 1982, then from November 1, 1982 to September 30, 2032, a fee of 5%.

15. OTHER POSTEMPLOYMENT BENEFITS

The Town does not provide continuing health care, life insurance or any other post-retirement benefits for its retired employees.

16. RESERVED AND DESIGNATED FUND BALANCES

Reserves have been set up for revenue bonds payable.

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

17. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

The Town's police chief and police officers received about \$28,249 in police supplemental pay from the State of Louisiana, Department of Public Safety and Corrections. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenues are reported in the General Fund and the expenditures are included in Public Safety expenditures.

18. RELATED PARTY TRANSACTIONS

There were no related party transactions noted.

19. RISK MANAGEMENT

The Town is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage for the prior year. No settlements were made during the year that exceeded the Town's coverage.

20. JUDGEMENTS, CLAIMS AND SIMILAR CONTINGENCIES

The Town's management believes that any potential lawsuits would be covered by insurance or resolved without any material impact upon the Town's financial statements. No claims were paid out or litigation costs incurred during the year ended June 30, 2012.

21. COMPENSATION PAID TO ELECTED OFFICIALS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to elected officials follows:

Mayor: Vance Joey Normand \$25,200

Aldermen:

Joanne C. Bourgeois	\$7,250
David Shane Andre'	\$6,050
Christopher R. Kershaw	\$3,099
James L Hebert	\$6,050
Thomas Olinde	\$6,000

Police Chief: Jamie Whaley \$43,000

TOWN OF BRUSLY, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

22. SUBSEQUENT EVENTS

The Organization did not have any subsequent events through December 20, 2012, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2012.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF BRUSLY, LOUISIANA

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL (GAAP BASIS)
 YEAR ENDED JUNE 30, 2012

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Self-generated Fees, Services and Taxes	\$ 1,678,200	\$ 1,761,700	\$ 1,838,398	\$ 76,698
Grants	48,800	48,800	26,062	(22,738)
Other Revenues	83,200	83,200	82,058	(1,142)
Total Revenues	<u>1,810,200</u>	<u>1,893,700</u>	<u>1,946,518</u>	<u>52,818</u>
Expenditures:				
Current -				
General Government	1,126,600	813,500	644,097	169,403
Public Safety	569,600	640,300	536,280	104,020
Maintenance	323,100	361,600	261,916	99,684
Highway and Streets	69,000	346,500	61,613	284,887
Capital Outlay	-	-	310,119	(310,119)
Total Expenditures	<u>2,088,300</u>	<u>2,161,900</u>	<u>1,814,025</u>	<u>347,875</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(278,100)</u>	<u>(268,200)</u>	<u>132,493</u>	<u>400,693</u>
Net Increases (Decreases)	(278,100)	(268,200)	132,493	400,693
Fund Balance, Beginning	<u>1,717,692</u>	<u>1,717,692</u>	<u>1,717,692</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,439,592</u>	<u>\$ 1,449,492</u>	<u>\$ 1,850,185</u>	<u>\$ 400,693</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BRUSLY, LOUISIANA

**SCHEDULE OF INSURANCE IN FORCE
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Company</u>	<u>Policy Number</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Termination Date</u>
EMC Insurance	EMC 0X5-50-13-12	Business Property: 10 Locations Inland Marine: 9 Items	\$ 229,400 \$ 186,157	09/23/12 09/23/12
EMC Insurance	EMC 0X5-77-86-12	Business Property: 4 Locations Auto: 16 Vehicles Inland Marine: Contractor's Equipment: 11 Units Property Floater: 9 Units Property Floater: 13 Units	\$ 1,371,000 Replacement \$ 245,284 \$ 16,203 \$ 117,903	12/23/12 12/23/12 12/23/12 12/23/12 12/23/12
EMC Insurance	EMC S381193	Public Official Bond	\$ 10,000	01/29/15
EMC Insurance	EMC T230451	Government Crime Policy	\$ 300,000	01/01/13
EMC Insurance	EMC T232621	Government Crime Policy	\$ 110,000	04/21/13
Risk Management	100 36	Commercial General Liability	\$ 500,000	05/01/15

TOWN OF BRUSLY, LOUISIANA

**SCHEDULE OF USDA REQUIRED INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

SCHEDULE OF SEWER RATES

Individual	Not-for Profit	Commercial	School
18	18	35	150

The Town of Brusly establishes the sewer rates.

NUMBER OF SEWER USERS

Residential	903
Non-Residential	26
Total	<u>929</u>

DELINQUENT ACCOUNTS

The number of aged accounts over 60 days as of June 30, 2012 was \$513.

GOVERNING BOARD

David Shane Andre'
300 Gleason Street
Brusly, LA 70719
225-749-6251

Joanne Bourgeois
520 Gleason
Brusly, LA 70719
225-620-8053

Landess Hebert
P.O. Box 389
323 N. LaBauve
Brusly, LA 70719
225-749-2200

Donald Neisler
1729 Live Oak
Brusly, LA 70719
225-749-2959

Thomas Olinde
240 Oak Bend Drive
Brusly, LA 70719
225-749-7188

Mayor Joey Normand
P.O. Box 510
Brusly, LA 70719
225-749-2909

COMPLIANCE
AND
INTERNAL CONTROL

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants
100 Petroleum Drive, 70508
P.O. Box 80569 • Lafayette, Louisiana 70598-0569
(337) 232-3637 • Fax (337) 235-8557
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JOHN W. WRIGHT, CPA *
JAMES H. DUPUIS, CPA, CFP *
JAN H. COWEN, CPA *
LANCE E. CRAPPELL, CPA, CGMA *
MICAHA R. VIDRINE, CPA *
TRAVIS M. BRINSKO, CPA *
RICK L. STUTES, CPA, CVA/ABV, APA *
CHRISTINE R. DUNN, CPA**
DAMIAN H. SPIESS, CPA, CFP **

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

Honorable Mayor and
Members of the Board of Aldermen
Brusly, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Brusly as of and for the year ended June 30, 2012, which collectively comprise the Town of Brusly, Louisiana's basic financial statements and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY

M. TROY MOORE, CPA * +
MICHAEL G. DEHART, CPA, CVA, MBA * +
JOE D. HUTCHINSON, CPA * +

+RETIRED

Internal Control over Financial Reporting

Management of Town of Brusly, Louisiana is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Brusly's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Brusly's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Brusly's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.



STEPHANIE A. BLANK, CPA
ROBERT T. DUCHARME, II, CPA
MARY PATRICIA KEELEY, CPA
ROBIN T. LeBLANC, CPA
JOAN MARTIN, CPA, CVA, CFF, DABFA
TANYA L. MIGUES, CPA
WENDY ORTEGO, CPA, CVA
ROBIN G. STOCKTON, CPA
BRIDGET B. TILLEY, CPA, MT
TINA B. VIATOR, CPA

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness 2012-1.

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. We did not identify any deficiency in internal control that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Brusly's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2012-2 and 2012-3.

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

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DeHART,
DUPUIS & HUTCHINSON, LLC
(Certified Public Accountants)

Lafayette, Louisiana
December 20, 2012

TOWN OF BRUSLY, LOUISIANA

**SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

We have audited the financial statements of the Town of Brusly as of and for the year ended June 30, 2012, and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Our audit of the financial statements of June 30, 2012 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

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

Internal Control

Material Weaknesses	<u> X </u> Yes	<u> </u> No
Significant Deficiencies	<u> </u> Yes	<u> X </u> No

Compliance

Compliance Material to Financial Statements	<u> X </u> Yes	<u> </u> No
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Section II - Financial Statement Findings

Finding No. 2012-1

Statement of Condition:

The Town does not have any employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Criteria:

Government Auditing Standards, issued by Comptroller General of the United States requires governmental units to have employees or engage a third party who has the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Effect of Condition:

The lack of ability to generate GAAP basis financial statements on the part of the Town resulted in the auditor making several material adjustments to the financial statements.

Cause of Condition:

Management did not engage a third party capable of producing GAAP basis financial statements.

TOWN OF BRUSLY, LOUISIANA

**SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

Section II - Financial Statement Findings (continued)

Finding No. 2012-1

Recommendation:

The Town should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Finding No. 2012-2

Statement of Condition:

The Town has sewer revenue bonds with debt requirements which state certain transfers must be made by the 20th of each month to the proper fund to cover principal and interest for the bonds. We noted during our testing that these transfers did not occur on or before the 20th of each month, but were transferred monthly.

Criteria:

The debt agreement between the Town of Brusly and lender for the CAPMARK and USDA Bonds states, a transfer should occur before the 20th day of each month the amount specified in the agreement to the required funds as stated in Note 10.

Effect of Condition:

The delay in the monthly transfers caused the entity to be out of compliance with the debt covenant, however, they had sufficient funds in the accounts to make the principal and interest payments in a timely manner which they did.

Cause of Condition:

Management did not make timely transfers per debt requirements. No effect on financial statements. No effect on timely debt payments due to having sufficient balances in the accounts.

Recommendation:

As of the date these financials were available for release, the entity has corrected the transferring of funds by the 20th. We consider the issue resolved.

TOWN OF BRUSLY

**SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

Finding No. 2012-3

Statement of Condition:

The Town has USDA sewer revenue bonds with debt requirements which state the entity shall be audited annually no later than three months after the close of each fiscal year by a recognized independent firm of certified or registered public accountants.

Criteria:

The debt agreement between the Town of Brusly and lender for the USDA Bonds states an audit should be performed within three months after the fiscal year end.

Effect of Condition:

The delay in the audit caused the entity to be out of compliance with the debt covenant; however, they are in compliance with the filing with the Louisiana Legislative Auditor's Office.

Cause of Condition:

Due to extenuating circumstances out of management's control, they were unable to adhere to the debt requirement. No effect on financial statements.

Recommendation:

The Town of Brusly experienced extenuating circumstances with the loss of their auditor during the audit process. In previous years, the audit was completed by the September 30th deadline and we believe the Town will continue to meet this requirement as in prior years.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable for the current year.

TOWN OF BRUSLY, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Finding No. 2011-1

Condition:

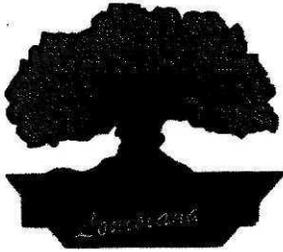
The Town lent out property in violation of the State constitution.

Recommendation:

The Town no longer lends out Town property.

Follow-up:

No knowledge of the Town of Brusly lending out property.



Town of Brusly

P.O. Box 510 • 601 S. Vaughan
Brusly, LA 70719-0510

MAYOR
Joey Normand

COUNCIL MEMBERS
Shane Andre'
Joanne Bourgeois
Donald Neisler
J. Landess Hebert
Thomas Olinde

CORRECTIVE ACTION PLAN

JUNE 30, 2012

Louisiana Legislative Auditor

The Town of Brusly respectfully submits the following corrective action plan for the year ended June 30, 2012.

Finding No. 2012-1

Recommendation:

The Town should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Management's Response:

Management has evaluated the cost vs. benefit of outsourcing this task. We believe it is in the best interest of the Town of Brusly to continue to carefully review and take responsibility for the financial statements prepared by the engaged CPA firm. We will evaluate this decision annually and make changes as they are feasible.

Finding No. 2012-2

Recommendation:

As of the date these financials were available for release, the entity has corrected the transferring of funds by the 20th. We consider the issue resolved.

Management's Response:

Once notified by our Auditors of this violation, we immediately rectified the issue. We feel no further action is necessary.

Finding No. 2012-3

Recommendation:

The Town of Brusly experienced extenuating circumstances with the loss of their auditor during the audit process. In previous years, the audit was completed by the September 30th deadline and we believe the Town will continue to meet this requirement as in prior years.

Management's Response:

As stated by our Auditors, these were extenuating circumstances beyond our control. In the future, we will continue to ensure our financial statements are issued by September 30th.

Joey Normand, Mayor

(225) 749-2909 or (225) 749-2267 • Fax (225) 749-3874

Debbie Berthelot, Town Clerk

www.bruslyla.com

The Town of Brusly is an Equal Opportunity Employer and Provider of Services