

CITY OF LEESVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Rick Allen, Mayor
and Members of the City Council
City of Leesville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leesville, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Leesville, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leesville, Louisiana, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of funding progress, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 53 - 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City of Leesville, Louisiana has omitted management's discussion and analysis that, 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 omitted information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Leesville, Louisiana's basic financial statements. The combining and comparative statements and various schedules included in other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements

The combining and comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these combining and comparative statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The prior year comparative information on the combining and comparative statements has been derived from the City of Leesville's 2016 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they were derived.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated December 15, 2017, on our consideration of the City of Leesville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Leesville, Louisiana's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 15, 2017

BASIC FINANCIAL STATEMENTS

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

CITY OF LEESVILLE, LOUISIANA

Statement of Net Position
June 30, 2017

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and interest-bearing deposits | \$ 1,597,529 | \$ 100,575 | \$ 1,698,104 |
| Receivables | 518,100 | 366,127 | 884,227 |
| Due from other governmental agencies | 5,484 | 2,086,779 | 2,092,263 |
| Inventories | 197,293 | - | 197,293 |
| Other assets | 66,306 | 10,334 | 76,640 |
| Restricted assets: | | | |
| Cash and interest-bearing deposits | 1,321,111 | 1,254,213 | 2,575,324 |
| Capital assets: | | | |
| Land and construction in progress | 1,017,447 | 227,692 | 1,245,139 |
| Capital assets, net | <u>13,336,443</u> | <u>16,467,418</u> | <u>29,803,861</u> |
| Total assets | <u>18,059,713</u> | <u>20,513,138</u> | <u>38,572,851</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pensions | <u>1,803,875</u> | <u>350,984</u> | <u>2,154,859</u> |
| LIABILITIES | | | |
| Accounts and other payables | 188,050 | 63,845 | 251,895 |
| Interest payable | 26,845 | 14,201 | 41,046 |
| Advance fuel sales | 9,197 | - | 9,197 |
| Internal balances | 1,447,742 | (1,447,742) | - |
| Long-term liabilities: | | | |
| Customer deposits payable | - | 221,409 | 221,409 |
| Compensated absences payable | 352,853 | 39,133 | 391,986 |
| Bonds, notes, and leases due within one year | 596,632 | 309,841 | 906,473 |
| Bonds, notes, and leases due after one year | 2,769,072 | 4,658,679 | 7,427,751 |
| OPEB obligation payable | 3,295,665 | 571,249 | 3,866,914 |
| Net pension liability | <u>4,233,528</u> | <u>614,993</u> | <u>4,848,521</u> |
| Total liabilities | <u>12,919,584</u> | <u>5,045,608</u> | <u>17,965,192</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to pensions | <u>572,462</u> | <u>10,041</u> | <u>582,503</u> |
| NET POSITION | | | |
| Net investment in capital assets | 12,332,387 | 12,795,410 | 25,127,797 |
| Restricted for debt service | 567,241 | - | 567,241 |
| Restricted for capital projects | 1,328,336 | - | 1,328,336 |
| Restricted for sales tax dedications | 174,689 | - | 174,689 |
| Unrestricted (deficit) | <u>(8,031,111)</u> | <u>3,013,063</u> | <u>(5,018,048)</u> |
| Total net position | <u>\$ 6,371,542</u> | <u>\$ 15,808,473</u> | <u>\$ 22,180,015</u> |

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

CITY OF LEESVILLE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2017

| Activities | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | |
|--|----------------------|--|--|--|---|-----------------------------|----------------------|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 1,268,879 | \$ 467,360 | \$ - | \$ - | \$ (801,519) | \$ - | \$ (801,519) |
| Public safety | 3,934,669 | 266,514 | 220,125 | - | (3,448,030) | - | (3,448,030) |
| Public works | 1,483,476 | - | 9,190 | - | (1,474,286) | - | (1,474,286) |
| Economic development | 579,610 | 107,170 | - | 58,026 | (414,414) | - | (414,414) |
| Culture and recreation | 568,811 | 22,524 | - | 15,000 | (531,287) | - | (531,287) |
| Interest on long-term debt | 94,204 | - | - | - | (94,204) | - | (94,204) |
| Total governmental activities | <u>7,929,649</u> | <u>863,568</u> | <u>229,315</u> | <u>73,026</u> | <u>(6,763,740)</u> | <u>-</u> | <u>(6,763,740)</u> |
| Business-type activities: | | | | | | | |
| Sewer | 951,411 | 812,091 | - | - | - | (139,320) | (139,320) |
| Water | <u>1,261,228</u> | <u>1,516,083</u> | <u>-</u> | <u>290,539</u> | <u>-</u> | <u>545,394</u> | <u>545,394</u> |
| Total business-type activities | <u>2,212,639</u> | <u>2,328,174</u> | <u>-</u> | <u>290,539</u> | <u>-</u> | <u>406,074</u> | <u>406,074</u> |
| Total | <u>\$ 10,142,288</u> | <u>\$ 3,191,742</u> | <u>\$ 229,315</u> | <u>\$ 363,565</u> | <u>(6,763,740)</u> | <u>406,074</u> | <u>(6,357,666)</u> |
| General revenues: | | | | | | | |
| Taxes - | | | | | | | |
| Ad valorem taxes, levied for general maintenance | | | | | 226,573 | - | 226,573 |
| Ad valorem taxes, levied for street improvements | | | | | 410,906 | - | 410,906 |
| Ad valorem taxes, levied for sewer system | | | | | - | 119,100 | 119,100 |
| Sales and use taxes, levied for public works and recreation | | | | | 2,847,687 | - | 2,847,687 |
| Sales and use taxes, levied for public safety | | | | | 1,402,592 | - | 1,402,592 |
| Franchise taxes | | | | | 490,614 | - | 490,614 |
| Grants and contributions not restricted to specific programs - | | | | | | | |
| State sources | | | | | 25,478 | - | 25,478 |
| Interest and investment earnings | | | | | 9,609 | 1,069 | 10,678 |
| Nonemployer pension contribution | | | | | 113,071 | 16,436 | 129,507 |
| Miscellaneous | | | | | 138,473 | 2,825 | 141,298 |
| Transfers | | | | | <u>294,962</u> | <u>(294,962)</u> | <u>-</u> |
| Total general revenues and transfers | | | | | <u>5,959,965</u> | <u>(155,532)</u> | <u>5,804,433</u> |
| Change in net position | | | | | (803,775) | 250,542 | (553,233) |
| Net position - July 1, 2016 | | | | | <u>7,000,628</u> | <u>15,557,931</u> | <u>22,558,559</u> |
| Net position - June 30, 2017 | | | | | <u>\$ 6,196,853</u> | <u>\$ 15,808,473</u> | <u>\$ 22,005,326</u> |

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

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

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

Special Revenue Funds

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

Sales Tax Fund

To account for the receipt and use of proceeds of the City's 1% sales and use tax. These taxes are dedicated and used for the purpose of constructing, improving, extending, and maintaining streets, sidewalks, bridges, drains, subsurface drainage, sewers and sewerage disposal works; fire department stations and facilities; and public parks and recreational facilities, and purchased and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities.

Public Safety Fund

To account for the receipt and use of proceeds of the City's 1/2% sales and use tax. These taxes are dedicated and used for the purpose of improving, operating, and maintaining the public safety services within the City of Leesville, specifically, to provide funds to acquire necessary police and fire protection equipment and other facilities so as to increase the level of services and protection in the City.

Capital Projects Fund

Capital projects funds are used to accumulate resources to be used for the acquisition or construction of capital facilities.

Improvements Capital Projects Fund -

To account for improvements throughout the City financed with the proceeds from the Certificates of Indebtedness, Series 2016.

MAJOR FUND DESCRIPTIONS (CONTINUED)

Enterprise Funds

Sewer Fund

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

Water Fund

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

CITY OF LEESVILLE, LOUISIANA

Balance Sheet - Governmental Funds
June 30, 2017

| | Improvements | | | | | Total |
|---|---------------------|-------------------|--------------------|---------------------|--------------------|---------------------|
| | General | Sales Tax | Public Safety | Capital Projects | Other Governmental | |
| ASSETS | | | | | | |
| Cash and interest-bearing deposits | \$ 410,786 | \$ 485,626 | \$ - | \$ 18,278 | \$ 682,839 | \$ 1,597,529 |
| Receivables - | | | | | | |
| Due from other funds | 524,432 | - | - | - | 8,104 | 532,536 |
| Due from other governmental agencies | 5,484 | - | - | - | - | 5,484 |
| Other | 139,319 | 253,783 | 124,998 | - | - | 518,100 |
| Prepaid items | 31,219 | 883 | 34,204 | - | - | 66,306 |
| Inventories | 197,293 | - | - | - | - | 197,293 |
| Restricted cash and interest-bearing deposits | - | - | - | 1,321,111 | - | 1,321,111 |
| Total assets | <u>\$ 1,308,533</u> | <u>\$ 740,292</u> | <u>\$ 159,202</u> | <u>\$ 1,339,389</u> | <u>\$ 690,943</u> | <u>\$ 4,238,359</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 80,691 | \$ 4,524 | \$ 31,384 | \$ - | \$ 184 | \$ 116,783 |
| Accrued liabilities | 12,771 | 2,635 | 22,837 | - | 439 | 38,682 |
| Contracts and retainage payable | - | - | - | 32,585 | - | 32,585 |
| Due to other funds | 629,354 | 91,562 | 1,259,362 | - | - | 1,980,278 |
| Advance fuel sales | 9,197 | - | - | - | - | 9,197 |
| Total liabilities | <u>732,013</u> | <u>98,721</u> | <u>1,313,583</u> | <u>32,585</u> | <u>623</u> | <u>2,177,525</u> |
| Fund balances - | | | | | | |
| Nonspendable | 228,512 | 883 | 34,204 | - | - | 263,599 |
| Restricted for debt service | - | - | - | - | 594,086 | 594,086 |
| Restricted for capital projects | - | - | - | 1,306,804 | 21,532 | 1,328,336 |
| Restricted for sales tax dedications | - | 174,689 | - | - | - | 174,689 |
| Committed | - | 465,999 | - | - | - | 465,999 |
| Unassigned (deficit) | <u>348,008</u> | <u>-</u> | <u>(1,188,585)</u> | <u>-</u> | <u>74,702</u> | <u>(765,875)</u> |
| Total fund balances | <u>576,520</u> | <u>641,571</u> | <u>(1,154,381)</u> | <u>1,306,804</u> | <u>690,320</u> | <u>2,060,834</u> |
| Total liabilities and fund balances | <u>\$ 1,308,533</u> | <u>\$ 740,292</u> | <u>\$ 159,202</u> | <u>\$ 1,339,389</u> | <u>\$ 690,943</u> | <u>\$ 4,238,359</u> |

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

CITY OF LEESVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

| | | |
|--|-----------------|---------------------|
| Total fund balances for governmental funds at June 30, 2017 | | \$ 2,060,834 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | | |
| Land | \$ 289,026 | |
| Construction in progress | 728,421 | |
| Buildings and improvements, net of \$5,710,998 accumulated depreciation | 5,397,454 | |
| Infrastructure, net of \$17,506,974 accumulated depreciation | 7,454,998 | |
| Equipment and vehicles, net of \$5,192,622 accumulated depreciation | <u>483,991</u> | 14,353,890 |
| Deferred outflows of resources related to net pension liability | | 1,803,875 |
| Long-term liabilities at June 30, 2017: | | |
| Compensated absences | (352,853) | |
| Bonds payable | (1,127,000) | |
| Certificates of indebtedness | (1,798,000) | |
| Capital leases | (440,704) | |
| Accrued interest payable | <u>(26,845)</u> | (3,745,402) |
| Other post employment benefits | | (3,295,665) |
| Net pension liability | | (4,233,528) |
| Deferred inflows of resources related to net pension liability | | <u>(572,462)</u> |
| Total net position of governmental activities at June 30, 2017 | | <u>\$ 6,371,542</u> |

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

CITY OF LEESVILLE, LOUISIANA

Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2017

| | General | Sales Tax | Public Safety | Capital Projects | Other Governmental | Total |
|---|--------------------|--------------------|-----------------------|---------------------|--------------------|---------------------|
| Revenues: | | | | | | |
| Taxes - | | | | | | |
| Ad valorem | \$ 226,573 | \$ - | \$ - | \$ - | \$ 410,906 | \$ 637,479 |
| Sales | - | 2,847,687 | 1,402,592 | - | - | 4,250,279 |
| Franchise | 490,614 | - | - | - | - | 490,614 |
| Licenses and permits | 467,360 | - | - | - | - | 467,360 |
| Intergovernmental | 72,987 | - | 220,125 | - | 19,707 | 312,819 |
| Fines and forfeits | - | - | 204,073 | - | - | 204,073 |
| Charges for services | 107,170 | 22,524 | 62,441 | - | - | 192,135 |
| Miscellaneous | 75,283 | 65,426 | 16,326 | 4,850 | 1,197 | 163,082 |
| Total revenues | <u>1,439,987</u> | <u>2,935,637</u> | <u>1,905,557</u> | <u>4,850</u> | <u>431,810</u> | <u>6,717,841</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 1,097,277 | 102,175 | 6,490 | - | - | 1,205,942 |
| Public safety | - | - | 3,997,585 | - | - | 3,997,585 |
| Public works | 1,107,335 | - | - | 82 | 3,640 | 1,111,057 |
| Economic development | 246,366 | - | - | - | - | 246,366 |
| Culture and recreation | - | 426,837 | - | - | - | 426,837 |
| Debt service | 5,437 | - | 54,978 | - | 612,248 | 672,663 |
| Capital outlay | 96,119 | 29,895 | 81,411 | 651,130 | 19,707 | 878,262 |
| Total expenditures | <u>2,552,534</u> | <u>558,907</u> | <u>4,140,464</u> | <u>651,212</u> | <u>635,595</u> | <u>8,538,712</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,112,547)</u> | <u>2,376,730</u> | <u>(2,234,907)</u> | <u>(646,362)</u> | <u>(203,785)</u> | <u>(1,820,871)</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | 780,512 | - | 1,420,833 | - | 250,892 | 2,452,237 |
| Transfers out | (43,184) | (2,114,091) | - | - | - | (2,157,275) |
| Total other financing sources (uses) | <u>737,328</u> | <u>(2,114,091)</u> | <u>1,420,833</u> | <u>-</u> | <u>250,892</u> | <u>294,962</u> |
| Net changes in fund balances | (375,219) | 262,639 | (814,074) | (646,362) | 47,107 | (1,525,909) |
| Fund balances (deficit), beginning | <u>951,739</u> | <u>378,932</u> | <u>(340,307)</u> | <u>1,953,166</u> | <u>643,213</u> | <u>3,586,743</u> |
| Fund balances (deficit), ending | <u>\$ 576,520</u> | <u>\$ 641,571</u> | <u>\$ (1,154,381)</u> | <u>\$ 1,306,804</u> | <u>\$ 690,320</u> | <u>\$ 2,060,834</u> |

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

CITY OF LEESVILLE, 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, 2017

| | | |
|---|------------------|---------------------|
| Total net changes in fund balances for the year ended June 30, 2017 per the statement of revenues, expenditures and changes in fund balances | | \$ (1,525,909) |
| The change in net position reported for governmental activities in the statement of activities is different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlay which is considered expenditures on the statement of revenues, expenditures and changes in fund balances | \$ 809,216 | |
| Depreciation expense for the year ended June 30, 2017 | <u>(836,412)</u> | (27,196) |
| Principal retirement considered as an expenditure on statement of revenues, expenditures and changes in fund balance | | 572,971 |
| Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on the accrual basis | | 5,488 |
| Excess of compensated absences earned over compensated absences used | | (54,667) |
| Net change in pension expense | | 229,955 |
| Nonemployer contributions to the retirement systems for the year ended June 30, 2017 | | 113,071 |
| Net change in net OPEB obligation | | <u>(117,488)</u> |
| Total changes in net position for the year ended June 30, 2017 per the statement of activities | | <u>\$ (803,775)</u> |

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

CITY OF LEESVILLE, LOUISIANA

Statement of Net Position - Proprietary Funds

June 30, 2017

| | Business -Type Activities - Enterprise Funds | | |
|--|--|---------------------|---------------------|
| | Sewer | Water | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and interest-bearing deposits | \$ 100,575 | \$ - | \$ 100,575 |
| Receivables: | | | |
| Accounts, net | 134,381 | 231,746 | 366,127 |
| Due from other funds | 450,410 | 1,022,678 | 1,473,088 |
| Due from other governmental agencies | - | 2,086,779 | 2,086,779 |
| Prepaid items | 5,167 | 5,167 | 10,334 |
| Total current assets | <u>690,533</u> | <u>3,346,370</u> | <u>4,036,903</u> |
| Noncurrent assets: | | | |
| Restricted assets - | | | |
| Cash and interest-bearing deposits | - | 1,254,213 | 1,254,213 |
| Land and construction in progress | 119,876 | 107,816 | 227,692 |
| Capital assets, net of accumulated depreciation | 9,924,513 | 6,542,905 | 16,467,418 |
| Total noncurrent assets | <u>10,044,389</u> | <u>7,904,934</u> | <u>17,949,323</u> |
| Total assets | <u>10,734,922</u> | <u>11,251,304</u> | <u>21,986,226</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pensions | <u>192,975</u> | <u>158,009</u> | <u>350,984</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts and other payables | 18,647 | 45,198 | 63,845 |
| Due to other funds | 25,346 | - | 25,346 |
| Revenue bonds | - | 250,000 | 250,000 |
| Capital lease | 4,812 | 4,812 | 9,624 |
| Note payable | - | 50,217 | 50,217 |
| Accrued interest payable | 51 | 14,150 | 14,201 |
| Total current liabilities | <u>48,856</u> | <u>364,377</u> | <u>413,233</u> |
| Noncurrent liabilities: | | | |
| Customer deposits payable | - | 221,409 | 221,409 |
| Compensated absences payable | 28,950 | 10,183 | 39,133 |
| OPEB obligation payable | 175,769 | 395,480 | 571,249 |
| Net pension liability | 333,014 | 281,979 | 614,993 |
| Revenue bonds payable | - | 4,448,534 | 4,448,534 |
| Capital lease | 12,022 | 12,022 | 24,044 |
| Note payable | - | 186,101 | 186,101 |
| Total noncurrent liabilities | <u>549,755</u> | <u>5,555,708</u> | <u>6,105,463</u> |
| Total liabilities | <u>598,611</u> | <u>5,920,085</u> | <u>6,518,696</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to pensions | <u>5,504</u> | <u>4,537</u> | <u>10,041</u> |
| NET POSITION | | | |
| Net investment in capital assets | 10,027,504 | 2,767,906 | 12,795,410 |
| Unrestricted | <u>296,278</u> | <u>2,716,785</u> | <u>3,013,063</u> |
| Total net position | <u>\$10,323,782</u> | <u>\$ 5,484,691</u> | <u>\$15,808,473</u> |

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

CITY OF LEESVILLE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2017

| | Business -Type Activities - Enterprise Funds | | |
|--|--|---------------------|----------------------|
| | Sewer | Water | Total |
| Operating revenues: | | | |
| Charges for services | \$ 812,091 | \$ 1,516,083 | \$ 2,328,174 |
| Miscellaneous | <u>-</u> | <u>4,057</u> | <u>4,057</u> |
| Total operating revenues | <u>812,091</u> | <u>1,520,140</u> | <u>2,332,231</u> |
| Operating expenses: | | | |
| Salaries | 311,116 | 270,013 | 581,129 |
| Employee benefits | 24,908 | 24,820 | 49,728 |
| OPEB expense | (155,291) | 130,632 | (24,659) |
| Pension expense (benefit) | (56,278) | (56,612) | (112,890) |
| Operating supplies | 27,560 | 119,460 | 147,020 |
| Vehicle expense | 9,832 | 29,501 | 39,333 |
| Utilities and communications | 119,045 | 140,347 | 259,392 |
| Insurance | 80,538 | 129,527 | 210,065 |
| Legal and other professional | 11,185 | - | 11,185 |
| Repairs and maintenance | 78,135 | 54,189 | 132,324 |
| Bad debt | 30,738 | 64,674 | 95,412 |
| Miscellaneous | 47,606 | 13,390 | 60,996 |
| Depreciation | <u>421,507</u> | <u>254,608</u> | <u>676,115</u> |
| Total operating expenses | <u>950,601</u> | <u>1,174,549</u> | <u>2,125,150</u> |
| Operating income (loss) | <u>(138,510)</u> | <u>345,591</u> | <u>207,081</u> |
| Nonoperating revenues (expenses): | | | |
| Interest income | 254 | 815 | 1,069 |
| Ad valorem taxes | 119,100 | - | 119,100 |
| Nonemployer pension contribution | 9,181 | 7,255 | 16,436 |
| Gain (loss) on disposal of assets | (1,737) | 505 | (1,232) |
| Interest expense | <u>(810)</u> | <u>(86,679)</u> | <u>(87,489)</u> |
| Total nonoperating revenues (expenses) | <u>125,988</u> | <u>(78,104)</u> | <u>47,884</u> |
| Income (loss) before contributions and transfers | (12,522) | 267,487 | 254,965 |
| Contributions | - | 290,539 | 290,539 |
| Transfers in (out) | <u>38,403</u> | <u>(333,365)</u> | <u>(294,962)</u> |
| Change in net position | 25,881 | 224,661 | 250,542 |
| Net position, beginning | <u>10,297,901</u> | <u>5,260,030</u> | <u>15,557,931</u> |
| Net position, ending | <u>\$ 10,323,782</u> | <u>\$ 5,484,691</u> | <u>\$ 15,808,473</u> |

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

CITY OF LEESVILLE, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2017

| | Business-Type Activities - Enterprise Funds | | |
|--|---|---------------------|---------------------|
| | Sewer | Water | Total |
| Cash flows from operating activities: | | | |
| Receipts from customers | \$ 810,892 | \$ 1,521,003 | \$ 2,331,895 |
| Payments to suppliers | (407,097) | (555,920) | (963,017) |
| Payments to employees | (389,862) | (339,732) | (729,594) |
| Other receipts | - | 4,057 | 4,057 |
| Net cash provided by operating activities | <u>13,933</u> | <u>629,408</u> | <u>643,341</u> |
| Cash flows from noncapital financing activities: | | | |
| Nonemployer pension contribution | 9,181 | 7,255 | 16,436 |
| Transfers from (to) other funds | <u>(100,997)</u> | <u>41,623</u> | <u>(59,374)</u> |
| Net cash provided (used) by noncapital financing activities | <u>(91,816)</u> | <u>48,878</u> | <u>(42,938)</u> |
| Cash flows from capital and related financing activities: | | | |
| Principal paid on bonds and notes payable | (4,610) | (109,610) | (114,220) |
| Interest and fiscal charges paid on revenue bonds | (826) | (88,530) | (89,356) |
| Net decrease in customer meter deposits | - | (4,922) | (4,922) |
| Proceeds from ad valorem taxes | 119,100 | - | 119,100 |
| Proceeds from grants | - | 335,181 | 335,181 |
| Insurance proceeds | (1,737) | 505 | (1,232) |
| Acquisition of property, plant and equipment | <u>1,736</u> | <u>(499,467)</u> | <u>(497,731)</u> |
| Net cash provided (used) by capital and related financing activities | <u>113,663</u> | <u>(366,843)</u> | <u>(253,180)</u> |
| Cash flows from investing activities: | | | |
| Interest earned | <u>254</u> | <u>815</u> | <u>1,069</u> |
| Net increase in cash and cash equivalents | 36,034 | 312,258 | 348,292 |
| Cash and cash equivalents, beginning of period | <u>64,541</u> | <u>941,955</u> | <u>1,006,496</u> |
| Cash and cash equivalents, end of period | <u>\$ 100,575</u> | <u>\$ 1,254,213</u> | <u>\$ 1,354,788</u> |
| Supplemental data: | | | |
| Bonds payable forgiven | <u>\$ -</u> | <u>\$ 46,989</u> | <u>\$ 46,989</u> |

(continued)

CITY OF LEESVILLE, LOUISIANA

Statement of Cash Flows
 Proprietary Funds (Continued)
 For the Year Ended June 30, 2017

| | Business-Type Activities - Enterprise Funds | | |
|---|---|-------------------|-------------------|
| | Sewer | Water | Total |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ (138,510) | \$ 345,591 | \$ 207,081 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 421,507 | 254,608 | 676,115 |
| Changes in current assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | (1,199) | 4,920 | 3,721 |
| Increase in prepaid items | (51) | (51) | (102) |
| Decrease in accounts payable | (15,107) | (14,330) | (29,437) |
| Increased (decrease) in compensated absences payable | 554 | (2,405) | (1,851) |
| Increase (decrease) in OPEB obligation payable | (155,291) | 130,632 | (24,659) |
| Increase in net pension liability | 72,334 | 57,035 | 129,369 |
| Decrease in deferred outflows of resources | 192 | 6,047 | 6,239 |
| Decrease in deferred inflows of resources | <u>(170,496)</u> | <u>(152,639)</u> | <u>(323,135)</u> |
| Net cash provided by operating activities | <u>\$ 13,933</u> | <u>\$ 629,408</u> | <u>\$ 643,341</u> |
| Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position: | | | |
| Cash and cash equivalents, beginning of period - | | | |
| Cash and interest-bearing deposits - unrestricted | \$ 64,541 | \$ - | \$ 64,541 |
| Cash and interest-bearing deposits - restricted | <u>-</u> | <u>941,955</u> | <u>941,955</u> |
| Total cash and cash equivalents, beginning of period | <u>64,541</u> | <u>941,955</u> | <u>1,006,496</u> |
| Cash and cash equivalents, end of period - | | | |
| Cash and interest-bearing deposits - unrestricted | \$ 100,575 | \$ - | 100,575 |
| Cash and interest-bearing deposits - restricted | <u>-</u> | <u>1,254,213</u> | <u>1,254,213</u> |
| Total cash and cash equivalents, end of period | <u>100,575</u> | <u>1,254,213</u> | <u>1,354,788</u> |
| Net increase | <u>\$ 36,034</u> | <u>\$ 312,258</u> | <u>\$ 348,292</u> |

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

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The City of Leesville, Louisiana was incorporated by proclamation of the Governor on February 15, 1900. The City operates under the council-administrator form of government, governed by the mayor and a six-member board. The City is located in the parish of Vernon and has a population of approximately 6,286.

As the municipal governing authority, for reporting purposes, the City of Leesville, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and (d) organizations that are closely related to, or financially integrated with the primary government.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's government authority (Mayor and Council) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The City of Leesville is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the City and do not present information on any other governmental unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the City as an economic unit. The government-wide financial statements report the City's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or enterprise funds) and at least five percent of the corresponding total for all governmental and enterprise funds combined or funds designated as major at the discretion of the City. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The City uses the following funds, grouped by fund type.

Governmental Funds -

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balance of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the City. The following are the City's major Special Revenue Funds:

The Sales Tax Special Revenue Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

The Public Safety Special Revenue Fund is used to account for the proceeds of a ½ cent sales and use tax that is legally restricted to expenditures for specific purposes.

Capital Projects Funds

Capital Projects Funds are used to report resources that are restricted, committed, or assigned to expenditures for major capital acquisition and construction separately from ongoing operational activities. The City has one major capital projects funds, its Improvements Capital Project Fund.

Debt Service Funds

Debt Service Funds are used to account for and report resources that are restricted, committed, or assigned to expenditures for principal and interest. The City has no major debt service funds.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and nonmajor funds aggregated. A reconciliation is presented to summarize the differences in fund balances of the governmental fund financial statement and the net position of the governmental activities in the government-wide financial statements.

Proprietary Funds –

Proprietary funds are used to account for the City's ongoing operations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the City are enterprise funds.

Enterprise Funds

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's enterprise funds are the Sewer Fund and the Water Fund.

Enterprise fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. The enterprise fund financial information is presented under the business-type activities column.

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

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grant revenue collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The City considers reimbursement amounts received within one year as available. The City accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures when paid.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the City. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the City and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

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

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the City. Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The City may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

For the purpose of the proprietary funds statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customers’ utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for customers’ utility receivables was \$396,261 at June 30, 2017. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans are reported as “advances to and from other funds.” Interfund receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

Inventories

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. All inventories are accounted for in the General Fund as assets when purchased and recorded as expenditures when consumed. Inventory items consumed by other funds are recorded through the interfund receivable/payable accounts.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items.

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$5,000 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. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

| | |
|---------------------------------|-------------|
| Buildings and improvements | 20-40 years |
| Equipment and vehicles | 5-10 years |
| Utility system and improvements | 25-50 years |
| Infrastructure | 20-40 years |

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

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the public improvement bonds payable, revenue bonds payable, certificates of indebtedness, note payable, compensated absences, and utility meter deposits payable.

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

Compensated Absences

Sick leave is earned at the rate of one day for each month worked, with a limit of twelve days per year. One-third of accumulated sick leave up to 80 days is payable at termination of employments. Vacation leave is earned over a calendar year basis at an amount dependent upon years of service. Accumulated vacation time up to 160 hours is payable at termination of employment. Compensated absence liabilities are computed using the regular pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and medicare taxes and retirement contributions compiled using rates in effect at that date. All compensated absences liabilities are accrued when incurred in the government-wide and proprietary fund financial statements. On the governmental fund statements, compensated absences are only accrued if the obligation has matured, in other words, the obligation becomes due and payable because of employee resignations or retirements.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plans. The City reported deferred outflows of resources of \$2,154,859 at June 30, 2017.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate section represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one item that qualifies for reporting in this category, the deferred inflow of resources attributable to its pension plans. The City reported deferred inflows of resources of \$582,503 at June 30, 2017.

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets 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.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, and contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the City's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The City's nonspendable fund balance includes inventories and prepaid items.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, donors, or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the City through formal legislative action of the Mayor and Council and does not lapse at year end. A committed fund balance constraint can only be established, modified, or rescinded by passage of an Ordinance (Law) by the Mayor and Council.
- d. Assigned includes fund balance amounts that are constrained by the City's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the City Administrator and approval of a Resolution by the Mayor and Council.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the City's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the City uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

E. Revenues, Expenditures, and Expenses

Revenues

The City considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The City generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The City's major revenues sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are two classifications of programmatic revenues for the City, program specific grant and contributions revenue and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Charges for services are revenues derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the City's general revenues. The primary sources of program revenues are fees, fines, and charges paid by recipients of goods and services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and earned income in connection with the operation of the City's utility system.

Interest income is recorded as earned in the fund holding the interest-bearing asset.

Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expense are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions of Use</u> |
|-------------------------|----------------------------------|
| Ad valorem taxes | See Note 2 |
| Sales tax | See Note 3 |
| Sewer and water revenue | Utility operations |

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2017, taxes of 17.56 mills were levied on property with assessed valuations totaling \$42,609,660 and were dedicated as follows:

| | | |
|------------------------------|--------------|-------|
| General maintenance | 5.10 | mills |
| Street improvements | 4.05 | mills |
| Sewer and street maintenance | <u>8.41</u> | mills |
| Total | <u>17.56</u> | mills |

Total taxes levied were \$748,232. Taxes receivable at June 30, 2017 totaled \$9,397.

(3) Sales and Use Tax

- A. Proceeds of the 1% sales and use tax levied by the City of Leesville, Louisiana, beginning July 1, 2005 for a period of 25 years expiring on July 1, 2030 (2017 collections \$2,847,687) are dedicated for the following purposes in the following order:

Constructing, improving, extending, and maintaining streets, sidewalks, bridges, drains, subsurface drainage, sewers and sewerage disposal works; fire department stations and facilities; and public parks and recreational facilities, and purchased and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities.

- B. Proceeds of the 1/2% sales and use tax levied by the City of Leesville, Louisiana, beginning April 1, 2016 authorized to be collected in perpetuity (2017 collections \$1,402,592) are dedicated to the following purposes:

For improving, operating, and maintaining the public safety services within the City of Leesville, Louisiana, specifically, to provide funds to acquire necessary police and fire protection equipment and other facilities so as to increase the level of services and protection in the City.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Cash, Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the City had cash and interest-bearing deposits (book balances) totaling \$4,273,428 as follows

| | |
|-----------------------|---------------------|
| Demand deposits | \$ 359,738 |
| Money market accounts | 3,698,860 |
| Time deposits | <u>214,830</u> |
| Total | <u>\$ 4,273,428</u> |

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, 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 bank. 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. Deposit balances (bank balances) at June 30, 2017, are secured as follows:

| | |
|---------------------------|---------------------|
| Bank balances | <u>\$ 4,817,017</u> |
| Federal deposit insurance | \$ 521,521 |
| Pledged securities | <u>4,295,496</u> |
| Total | <u>\$ 4,817,017</u> |

Deposits in the amount of \$4,295,496 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the City's name. The City does not have a policy for custodial credit risk.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Receivables

Receivables at June 30, 2017 of \$884,227 consist of the following:

| | Governmental Activities | Business-Type Activities | Total |
|------------------|----------------------------|-----------------------------|-------------------|
| Accounts, net | \$ - | \$ 224,597 | \$ 224,597 |
| Unbilled utility | - | 141,530 | 141,530 |
| Sales tax | 378,781 | - | 378,781 |
| Franchise tax | 112,196 | - | 112,196 |
| Other | <u>17,726</u> | <u>-</u> | <u>17,726</u> |
| Totals | <u>\$ 518,100</u> | <u>\$ 366,127</u> | <u>\$ 884,227</u> |

(6) Due from Other Governmental Units

Amounts due from other governmental units of \$2,092,263 at June 30, 2017 consist of the following:

| | |
|---|---------------------|
| Governmental activities: | |
| State of Louisiana - beer tax revenues receivable | \$ 5,484 |
| Business-type activities: | |
| State of Louisiana - Department of Health and Hospitals | <u>2,086,779</u> |
| Total | <u>\$ 2,092,263</u> |

(7) Restricted Assets

Restricted assets consist of the following at June 30, 2017:

| | |
|--|---------------------|
| Governmental activities: | |
| Construction | \$ 1,321,111 |
| Business-type activities: | |
| Customer deposits | 221,409 |
| Revenue bond reserve and sinking funds | <u>1,032,804</u> |
| Total restricted assets | <u>\$ 2,575,324</u> |

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2017 is as follows:

| | Balance 07/01/16 | Additions | Deletions | Balance 06/30/17 |
|--|---------------------|--------------------|--------------------|---------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 289,026 | \$ - | \$ - | \$ 289,026 |
| Construction in progress | 57,584 | 670,837 | - | 728,421 |
| Other capital assets: | | | | |
| Buildings and improvements | 11,108,452 | - | - | 11,108,452 |
| Equipment and vehicles | 5,547,879 | - | - | 5,547,879 |
| Infrastructure | 24,961,972 | 138,379 | 9,645 | 25,090,706 |
| Totals | <u>41,964,913</u> | <u>809,216</u> | <u>9,645</u> | <u>42,764,484</u> |
| Less accumulated depreciation | | | | |
| Buildings and improvements | 5,451,596 | 259,402 | - | 5,710,998 |
| Equipment and vehicles | 4,996,719 | 371,462 | - | 5,368,181 |
| Infrastructure | 17,135,512 | 205,548 | 9,645 | 17,331,415 |
| Total accumulated depreciation | <u>27,583,827</u> | <u>836,412</u> | <u>9,645</u> | <u>28,410,594</u> |
| Governmental activities, capital assets, net | <u>\$14,381,086</u> | <u>\$ (27,196)</u> | <u>\$ -</u> | <u>\$14,353,890</u> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 157,249 | \$ - | \$ - | \$ 157,249 |
| Construction in progress | 2,728,299 | 134,874 | 2,792,730 | 70,443 |
| Other capital assets: | | | | |
| Plant and system | 26,798,582 | 3,155,896 | 54,189 | 29,900,289 |
| Equipment and vehicles | 676,926 | 5,578 | 156,225 | 526,279 |
| Totals | <u>30,361,056</u> | <u>3,296,348</u> | <u>3,003,144</u> | <u>30,654,260</u> |
| Less accumulated depreciation | | | | |
| Plant and system | 12,989,621 | 645,592 | 52,452 | 13,582,761 |
| Equipment and vehicles | 497,941 | 30,523 | 152,075 | 376,389 |
| Total accumulated depreciation | <u>13,487,562</u> | <u>676,115</u> | <u>204,527</u> | <u>13,959,150</u> |
| Business-type activities, capital assets, net | <u>\$16,873,494</u> | <u>\$2,620,233</u> | <u>\$2,798,617</u> | <u>\$16,695,110</u> |

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

| | |
|--------------------------------|-----------------------|
| General government | \$ 12,049 |
| Public safety | 139,512 |
| Public works | 179,577 |
| Economic development | 399,456 |
| Culture and recreation | <u>105,818</u> |
| Total depreciation expense | <u>\$ 836,412</u> |

Depreciation expense was charged to business-type activities as follows:

| | |
|--------------------------------|-----------------------|
| Sewer | \$ 421,507 |
| Water | <u>254,608</u> |
| Total depreciation expense | <u>\$ 676,115</u> |

(9) Accounts and Other Payables

The accounts and other payables of \$251,895 at June 30, 2017 consist of the following:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|-----------------------|
| Accounts payable | \$ 117,394 | \$ 44,259 | \$ 161,653 |
| Salaries payable | 36,012 | 7,466 | 43,478 |
| Payroll tax and employee benefits payable | 2,059 | - | 2,059 |
| Contracts and retainage payable | <u>32,585</u> | <u>12,120</u> | <u>44,705</u> |
| Totals | <u>\$ 188,050</u> | <u>\$ 63,845</u> | <u>\$ 251,895</u> |

(10) Note Payable - Bank

The City obtained a line of credit at a local financial institution in order to fund emergency repairs. Under the terms of the bank line of credit agreement dated June 15, 2012, the City may borrow up to \$500,000 with interest at 3.8%. This agreement was renewed on July 3, 2016 with the principal due at July 3, 2017. The City did not utilize this line of credit during the year. There was no balance due at June 30, 2017.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended June 30, 2017:

| | Balance 7/1/2016 | Additions | Deletions | Balance 6/30/2016 | Amount due in one year |
|---------------------------------|---------------------|-------------|-------------------|----------------------|---------------------------|
| Long-term debt: | | | | | |
| Revenue bonds | \$ 5,837,523 | \$ - | \$ 336,989 | \$ 5,500,534 | \$ 442,000 |
| General obligation bonds | 475,000 | - | 150,000 | 325,000 | 160,000 |
| Certificates of indebtedness | 2,000,000 | - | 202,000 | 1,798,000 | 206,000 |
| Note payable | 236,318 | - | - | 236,318 | 50,217 |
| Capital leases | 519,563 | - | 45,191 | 474,372 | 48,256 |
| Other liabilities: | | | | | |
| Compensated absences | 399,170 | - | 7,184 | 391,986 | - |
| | <u>\$ 9,467,574</u> | <u>\$ -</u> | <u>\$ 741,364</u> | <u>\$ 8,726,210</u> | <u>\$ 906,473</u> |

Bonds payable at June 30, 2017 are comprised of the following individual issues:

Governmental activities:

General obligation bonds:

\$1,800,000 General Obligation Bonds, Series 2004, due in annual installments of \$85,000 - \$165,000 through February 1, 2019; interest at 4.40 - 3.63 percent, secured by ad valorem tax collections \$ 325,000

Certificates of indebtedness:

\$2,000,000 of Certificates of Indebtedness, Series 2016, due in annual installments of \$102,000 - \$247,000 through March 1, 2025; interest at 2.09 percent, secured by ad valorem tax collections 1,798,000

Revenue bonds:

\$1,344,000 Sales Tax Refunding Bonds, Series 2013, due in annual installments of \$175,000 - \$209,000 through August 1, 2020; interest at 2.25 percent, secured by sales tax collections 802,000

Total bonds payable applicable to governmental activities \$ 2,925,000

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Business-type activities

Revenue bonds:

\$1,550,000 Water Improvement Bond, Series 2007, due in annual installments of \$75,000 - \$140,000 through August 1, 2022; interest at 0.10 - 4.70 percent; secured by Water Fund revenues \$ 750,000

\$4,800,000 Taxable Public Improvement Bonds, Series 2013, due in annual installments of \$131,000 - \$249,000 through August 1, 2034; interest at 2.95%, for the purpose of constructing and acquiring improvements, extensions and replacements to the waterworks system of the City. The bonds were sold to the Louisiana Department of Health and Hospitals, Drinking Water Revolving Loan Fund. Thirty percent (30%) of the City's obligation to repay the principal of the bonds will be forgiven simultaneously with the payment by the Department of each installment of the purchase price of the bonds. At the time of the debt forgiveness, these amounts are recognized as grant revenue. 3,948,534

Total bonds payable applicable to business-type activities \$ 4,698,534

Capital leases payable at June 30, 2017 consists of the following:

| | <u>Original Amount</u> | <u>Maturity Date</u> | <u>Interest Rates</u> | <u>Balance Outstanding</u> |
|-----------------------------------|----------------------------|--------------------------|---------------------------|--------------------------------|
| Fire equipment | \$ 666,583 | 04/25/28 | 4.98% | \$ 423,870 |
| Utility and public works vehicles | <u>72,203</u> | 11/15/20 | 4.25% | <u>50,502</u> |
| | <u>\$ 738,786</u> | | | <u>\$ 474,372</u> |

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Annual debt service requirement of bonds outstanding are as follows:

| Year ending June 30, | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|-------------------------|--------------------------------|----------------------|---------------------------------|----------------------|-----------------------|----------------------|
| | Principal payments | Interest payments | Principal payments | Interest payments | Principal payments | Interest payments |
| 2018 | \$ 558,000 | \$ 61,066 | \$ 255,000 | \$ 122,367 | \$ 813,000 | \$ 183,433 |
| 2019 | 574,000 | 47,617 | 265,000 | 119,136 | 839,000 | 166,753 |
| 2020 | 418,000 | 33,758 | 275,000 | 109,273 | 693,000 | 143,031 |
| 2021 | 429,000 | 25,676 | 290,000 | 98,935 | 719,000 | 124,611 |
| 2022 | 226,000 | 19,772 | 301,000 | 54,830 | 527,000 | 74,602 |
| 2023 - 2027 | 720,000 | 30,388 | 1,057,000 | 318,764 | 1,777,000 | 349,152 |
| 2028 - 2032 | - | - | 1,087,000 | 170,482 | 1,087,000 | 170,482 |
| 2033 - 2037 | - | - | 1,168,534 | 21,772 | 1,168,534 | 21,772 |
| Total | <u>\$ 2,925,000</u> | <u>\$ 218,277</u> | <u>\$ 4,698,534</u> | <u>\$ 1,015,559</u> | <u>\$ 7,623,534</u> | <u>\$ 1,233,836</u> |

Annual debt service requirements to maturity for capital leases are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|-------------------|-------------------|-------------------|
| 2018 | \$ 48,257 | \$ 23,031 | \$ 71,288 |
| 2019 | 50,567 | 20,721 | 71,288 |
| 2020 | 52,937 | 18,350 | 71,287 |
| 2021 | 44,407 | 15,631 | 60,038 |
| 2022 | 41,074 | 13,905 | 54,979 |
| 2023 - 2027 | 237,130 | 39,756 | 276,886 |
| | <u>\$ 474,372</u> | <u>\$ 131,394</u> | <u>\$ 605,766</u> |

Leased equipment and vehicles under capital leases are included in capital assets at June 30, 2017 are as follows:

| | |
|--------------------------------|-------------------|
| Equipment and vehicles | \$ 903,258 |
| Less: Accumulated depreciation | <u>(745,811)</u> |
| Net | <u>\$ 157,447</u> |

Depreciation of leased equipment and vehicles under capital leases in the amount of \$71,085 for the year ended June 30, 2017 is included in depreciation expense.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Compensated absences payable is not amortizable because the timing of the payouts is based on factors outside the City's control.

Notes Payable:

On July 23, 2003, the City entered into an agreement with the Louisiana Department of Transportation and Development for utility relocation assistance funding. Issuance of future permits to the City by the Louisiana Department of Transportation and Development for location of additional longitudinal facilities within any state owned right of way is contingent upon repayment of this funding. The City must show a good faith effort to repay the debt by making annual payments to the Department of Transportation and Development of 5% of its gross income or 10% of its outstanding utility relocation assistance funding debt. The first payment must be made within one year of the date of invoicing to the City by the Department of Transportation and Development, and issuance of permits will remain suspended until the first payment is made. The City's payments are due by January 15th of each year. As of June 30, 2017, the City incurred \$535,778 in funding from this agreement. The relocation project was completed and had final inspection on July 13, 2010. The amount to be paid each year is determined by the Louisiana Department of Transportation and Development. This amount is invoiced to the City by the Louisiana Department of Transportation and Development. At June 30, 2017, the balance remaining on this note totaled \$236,318.

(12) Flow of Funds; Restrictions on Use

Business-type activities:

Water Fund –

Water Improvement Bond, Series 2007

Under the terms of the \$1,550,000 Water Improvement Bonds, Series 2007, the City is required to maintain an excess revenue bond sinking fund in an amount to pay promptly and fully the principal of and interest on the bonds by transferring monthly payments on or before the 20th day of each month commencing in August 2002 a sum equal to 1/6th of the next interest payment due and 1/12th of the next principal due.

During the year ended June 30, 2017, the monthly sinking fund transfers were made as required by the agreement.

Public Improvement Bonds, Series 2013

Under the terms of the \$4,800,000 Taxable Public Improvement Bonds, Series 2013, the City is required to maintain a sinking fund in an amount to pay promptly and fully the principal of and interest on the bonds by transferring monthly payments on or before the 20th day of each month commencing in August 2013 a sum equal to 1/6th of the next interest payment due and 1/12th of the next principal due.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Under the terms of the \$4,800,000 Taxable Public Improvement Bonds, Series 2013, the City is required to maintain a reserve fund to be retained solely for the purpose of paying the principal of and interest on the bonds by transferring on or before the 20th day of each month a sum at least equal to 25% of the amount to be paid into the sinking fund until such time as there has been accumulated a sum equal to \$128,173.

Under the terms of the \$4,800,000 Taxable Public Improvement Bonds, Series 2013, the City is required to maintain a depreciation and contingency fund. The City is required to set aside into this fund monthly in advance on or before the 20th of each month a sum at least equal to 5% of the amount to be paid into the sinking fund until such time as there has been accumulated a sum equal to \$125,000.

During the year ended June 30, 2017, the monthly sinking, reserve, and depreciation and contingency fund transfers were not made as required by the agreement.

Governmental Activities:

Sales Tax Refunding Bonds, Series 2013

Under the terms of the \$1,344,000 Sales Tax Refunding Bonds, Series 2013, which were issued on April 2, 2013 to refund a portion of the Sales Tax Revenue Public Improvement Bonds, Series 2005, the City will maintain a sinking fund sufficient in amount to pay promptly and fully the principal of and interest on the bonds by transferring from the sales tax fund monthly in advance a sum equal to the principal and interest accruing on such bonds during the period together with such additional proportionate sum as may be required to pay the principal and interest as they become due.

During the year ended June 30, 2017, the monthly sinking fund transfers were made as required by the agreement.

Certificates of Indebtedness, Series 2016

Under the terms of the \$2,000,000 Certificates of Indebtedness, Series 2016 issued on January 28, 2016, the City will maintain a sinking fund and deposit from the first revenues of the tax received in any calendar year, a sum equal to the principal and/or interest falling due on the Certificates in that calendar year, together with such additional proportionate sum as may be required to pay principal and interest as the same become due and any amount required to pay the charges of the paying agent.

During the year ended June 30, 2017, the monthly sinking fund transfers were not made as required by the agreement.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Post-Retirement Health Care Benefits

Plan Description: Employees who retire from the City with twenty (20) years of service are eligible to continue health insurance coverage upon retirement up to the age of 65. The plan is a single-employer defined benefit health care plan administered by United Health Care. The City has the authority to establish and amend the benefit provisions of the plan. The plan does not issue a publicly available financial report.

Funding Policy: The City and retiree contribute the same percentage (approximately 78% and 22%, respectively) of the cost of the premiums for health insurance coverage.

Annual OPEB Cost: The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The amortization of the unfunded actuarial accrued liability is calculated assuming 30 level annual payments.

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

| | |
|--|---------------------|
| Annual required contribution | \$ 239,656 |
| Interest on net OPEB obligation | 150,963 |
| Adjustment to annual required contribution | <u>(214,017)</u> |
| Annual OPEB cost (expense) | 176,602 |
| Contributions made | <u>(83,773)</u> |
| Increase in net OPEB obligation | 92,829 |
| Net OPEB obligation - beginning of year | <u>3,774,085</u> |
| Net OPEB obligation - end of year | <u>\$ 3,866,914</u> |

The City's estimated annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the prior three years assuming the plan is not prefunded:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|----------------------------------|---------------------------------|---|--------------------------------|
| 6/30/2015 | 412,941 | 21.10% | 3,467,922 |
| 6/30/2016 | 405,118 | 24.44% | 3,774,085 |
| 6/30/2017 | 176,602 | 47.44% | 3,866,914 |

The net OPEB benefit payable balance of \$3,866,914 is included in the statement of net position long-term liabilities. Of this amount, \$3,295,665 is applicable to governmental activities and \$571,249 is applicable to business-type activities.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Funded Status and Funding Progress: The funded status of the plan as of July 1, 2016, was as follows:

| | |
|---|---------------------|
| Actuarial accrued liability (AAL) | \$ 1,934,216 |
| Actuarial valuation of plan assets | <u>-</u> |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 1,934,216</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0% |
| Covered payroll (active plan members) | \$ 3,228,278 |
| UAAL as a percentage of covered payroll | 60% |

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the projected unit cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Service Cost: Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.
2. Accumulated Post-Retirement Benefit Obligation: The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
3. Discount rate: 4.0% (1.0% real rate of return plus 3.0% inflation)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

4. Average Per Capita Claim Cost:

| <u>Age</u> | <u>Medical</u> | <u>Age</u> | <u>Medical</u> |
|------------|----------------|------------|----------------|
| 55 | \$ 9,703 | 60 | \$ 11,249 |
| 56 | 9,995 | 61 | 11,586 |
| 57 | 10,294 | 62 | 11,934 |
| 58 | 10,603 | 63 | 12,292 |
| 59 | 10,921 | 64 | 12,661 |

The average per capita dental cost is a level \$272.76 and annual per capita vision cost is \$82.44

4. Health Care Cost Trend: Level 5.50% for medical and level 2.00% for dental/vision.
5. Mortality: RP-2014 Total Table with Projection Scale MP-2015.
6. Turnover: Termination rates from the MERS actuarial valuation report were used for non-public service employees; termination rates from the MPERS actuarial valuation report were used for police employees and from the FRS actuarial valuation report for fire employees.
7. Disability: None assumed.
8. Salary Increase Rate: Not applicable.
9. Retirement Rates: Retirement rates from the MERS actuarial valuation report were used for non-public service employees; retirement rates from the MPERS actuarial valuation report were used for police employees and retirement rates from the FRS actuarial valuation for fire employees.
10. Retiree Contributions: The retiree pays the balance of the contribution in excess of the City subsidy.
11. Data Assumptions: Age Difference/% Married – Not applicable; Coverage – 100% of all retirees who currently have healthcare coverage will continue with the same coverage. 100% of all actives who currently have coverage will continue with individual coverage upon retirement. 100% of all actives who currently have spouse coverage will continue with spouse coverage upon retirement.
12. Valuation Methodology and Terminology: The GASB accounting methodology was used to determine the postretirement benefit obligations.
13. Amortization Period: The period used to determine amortization costs for the Unfunded Actuarial Accrued Liability is a level period for 30 years.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans

The City participates in three cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all City employees participate in one of the following retirement systems:

Plan Descriptions

Municipal Employees' Retirement System (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The City participates in Plan B.

State of Louisiana – Municipal Police Employees' Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in the LRS 11:2211 and 11:2220.

State of Louisiana – Firefighters' Retirement System (FRS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in the LRS 11:2251-2254 and 11:2256.

The system's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

A brief summary of eligibility and benefits of the plans are provided in the following table:

| | <u>MERS</u> | <u>MPERS</u> | <u>FRS</u> |
|--|--|--|--|
| Final average salary | Highest 60 months | Highest 36 months or 60 months ² | Highest 36 months |
| Years of service required and/or age eligible for benefits | 25 years any age 10 years age 60 20 years any age ¹ | 25 years any age 20 years age 55 12 years age 55 20 years any age ¹ 30 years any age ³ 25 years age 55 ³ 10 years age 60 ³ | 25 years any age 20 years age 50 12 years age 55 |
| Benefit percent per years of service | 3.00% | 2.5% - 3.33% ⁴ | 3.33% |

¹ With actuarial reduced benefits

² Membership commencing January 1, 2013

³ Under non hazardous duty sub plan commencing January 1, 2013

⁴ Membership commencing January 1, 2013 non hazardous duty plan 2.5%, hazardous duty plan 3.0%, membership prior to January 1, 2013 3.33%

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Contributions

Article X, Section 29 (E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In addition, MERS receives a percentage of ad valorem taxes collected parishes. Also, MPERS and FRS receive a percentage of insurance premium tax monies as additional employer contributions. These entities are not participating employers in the pension systems and are considered to be nonemployer contributing entities. Contributions of employers, and nonemployer contributing entities effective for the year ended June 30, 2017 for the defined benefit pension plans in which the City is a participating employer were as follows:

| <u>Plan</u> | <u>Active Member Contribution Percentage</u> | <u>Employer Contribution Percentage</u> | <u>Amount from Nonemployer Contributing Entities</u> | <u>Amount of Government Contributions</u> |
|-------------|--|---|--|---|
| MERS | 5.00% | 11.00% | \$ 47,673 | \$ 168,805 |
| MPERS | 10.00% | 31.75% | 45,258 | 275,180 |
| FRS | 10.00% | 25.25% | 36,576 | 91,698 |

Net Pension Liability

The City's net pension liability at June 30, 2017 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the City is a participating employer. The City's net pension liability for each plan was measured as of the plans' measurement date (June 30, 2016 for all plans) 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 proportionate share of the net pension liability for each of the plans in which it participates was based on the City's required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the City's proportion for each plan and the change in proportion from the prior measurement date were as follows:

| <u>Plan</u> | <u>Proportionate Share of Net Pension Liability</u> | <u>Proportionate Share (%) of Net Pension Liability</u> | <u>Increase/(Decrease) from Prior Measurement Date</u> |
|-------------|---|---|--|
| MERS | \$ 1,604,858 | 1.936110% | 0.140266% |
| MPERS | 2,279,985 | 0.243255% | 0.020857% |
| FRS | 963,678 | 0.147331% | -0.039308% |
| Total | <u>\$ 4,848,521</u> | | |

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Since the measurement date of the net pension liability was June 30, 2016, the net pension liability is based upon fiduciary net position for each of the plans as of that date. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the City's net pension liability is available in the separately issued plan financial reports for that fiscal year. The financial report for each plan may be accessed on their website as follows:

- MERS - <http://www.mersla.com/>
- MPERS - <http://www.lampers.org/>
- FRS - <http://www.ffret.com.com/>

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the City is a participating employer:

| | <u>MERS</u> | <u>MPERS</u> | <u>FRS</u> |
|---|-------------------------|-------------------------|-------------------------|
| Date of experience study on which significant assumptions are based | 7/1/2009 - 6/30/2014 | 7/1/2010 - 6/30/2014 | 7/1/2010 - 6/30/2014 |
| Expected remaining service lives | 3 | 4 | 7 |
| Inflation rate | 2.875% | 2.875% | 2.875% |
| Investment rate of return | 7.50% | 7.50% | 7.50% |
| Projected salary increases | 5.00% | 4.25% - 9.75% | 4.75% - 15.0% |
| Projected benefit changes including COLAs | None | None | None |
| Source of mortality assumptions | (1), (2), (3) | (4), (5) | (3), (6) |

- (1) RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using Scale AA.
- (2) RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females.
- (3) RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.
- (4) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table projected to 2029 using Scale AA set back 1 year for females.
- (5) RP-2000 Disabled Lives Mortality Table set back 4 years for males and set back 3 years for females.
- (6) RP-2000 Combined Healthy with Blue Collar Adjustmetn Sex Distinct Table projected to 2031 using Scale AA.
- (7) RP-2000 Healthy Annuitant Sex Distinct Mortality Tables projected to 2031 using Scale AA.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Cost of Living Adjustments

The pension plans in which the City participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS, MPERS, and FRS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

Discount Rate

The discount rates used to measure the City’s total pension liability for each plan and the significant assumptions used in the determination of the discount rate for each plan are as follows:

| | <u>MERS</u> | <u>MPERS</u> | <u>FRS</u> |
|--|-------------|--------------|------------|
| Discount rate | 7.50% | 7.50% | 7.5% |
| Change in discount rate from prior valuation | - | - | - |
| Plan cash flow assumptions | (1) | (1) | (1) |
| Rates incorporated in the Discount Rate: | | | |
| Long-term Rate of Return | 7.50% | 7.50% | 7.50% |
| Periods applied | All | All | All |
| Municipal Bond Rate | N/A | N/A | N/A |

*Plan Cash Flow Assumptions:

- 1) Plan member contributions will be made at the current contributions rates and sponsor contributions will be made at the actuarially determined rates.

The discount rates used to measure the City’s total pension liability for each plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MERS, MPERS, and FRS, the long-term expected rate of return for each plan 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 expenses 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.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The target allocation and best-estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following tables:

| Asset Class | MERS* | | MPERS* | | FRS* | |
|-------------------------|-------------------|-----------------------------------|-------------------|-----------------------------------|-------------------|-----------------------------------|
| | Target Allocation | Long-term Expected Rate of Return | Target Allocation | Long-term Expected Rate of Return | Target Allocation | Long-term Expected Rate of Return |
| | | Rate of Return | | Rate of Return | | Rate of Return |
| Fixed Income | 35% | 1.80% | 21% | 0.49% | 24% | 1.85% |
| Equities | 50% | 2.60% | 53% | 3.69% | 58% | 6.77% |
| Alternative Investments | 15% | 0.80% | 20% | 1.15% | 8% | 6.67% |
| Other | - | - | 6% | 0.21% | 10% | 4.30% |
| Total | <u>100%</u> | | <u>100%</u> | | <u>100%</u> | |

*Arithmetic real rates of return

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2017, the City Jury recognized \$134,637 in pension expense (benefit) related to all defined benefit plans in which it participates. MERS, MPERS, and FRS recognized revenues in the amount of \$129,507 in ad valorem taxes and insurance premium tax monies collected from nonemployer contributing entities

At June 30, 2017, 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 | \$ 13,163 | \$ 97,603 |
| Changes of assumptions | 199,131 | 406 |
| Net difference between projected and actual earnings on pension plan investments | 975,811 | - |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 431,071 | 484,494 |
| Employer contributions subsequent to the measurement date | <u>535,683</u> | <u>-</u> |
| Total | <u>\$ 2,154,859</u> | <u>\$ 582,503</u> |

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$535,683 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

| <u>Year Ended December 31</u> | <u>Net Amount Recognized in Pension Expense</u> |
|-----------------------------------|---|
| 2018 | \$ 449,897 |
| 2019 | 239,641 |
| 2020 | 323,083 |
| 2021 | 113,453 |
| 2022 | (60,560) |
| Thereafter | <u>(28,841)</u> |
| | <u>\$ 1,036,673</u> |

Sensitivity of the City's Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate

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

| <u>Plan</u> | <u>Current Discount Rate</u> | <u>Net Pension Liability</u> | | |
|-------------|----------------------------------|------------------------------|----------------------------------|------------------------|
| | | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
| MERS | 7.50% | \$ 2,076,093 | \$ 1,604,858 | \$ 1,202,800 |
| MPERS | 7.50% | 3,039,416 | 2,279,985 | 1,642,373 |
| FRS | 7.50% | <u>1,312,933</u> | <u>963,678</u> | <u>669,961</u> |
| Total | | <u>\$ 6,428,442</u> | <u>\$ 4,848,521</u> | <u>\$ 3,515,134</u> |

Payables to Pension Plans

At June 30, 2017, the City did not have any amounts payable to the pension plans for the outstanding amount of contributions due to the Systems for the year.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Employee Retirement

A. Social Security System

Employees of the City of Leesville who are not eligible to participate in any other retirement system are members of the Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (7.65 percent contributed by the City; 7.65 percent contributed by the employee). The City's contributions during the year ending June 30, 2017 amounted to \$311,023.

B. Deferred Compensation Plan

The City of Leesville offers its employees participation in the State of Louisiana Public Employees Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission and established in accordance with Internal Revenue Code Section 457. Complete disclosure relating to the plan are included in the separately issued audit report for the plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana, 70804-9397.

(16) Litigation and Claims

At June 30, 2017, the City of Leesville was a defendant in several lawsuits. The City's legal counsel has reviewed the claims and lawsuits, in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City not covered by insurance. As a result of the review, there are no claims and lawsuits which might result in a liability to the City which are not considered covered by insurance.

(17) Risk Management

The City is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(18) On-Behalf Payment of Salaries

The State of Louisiana paid the City's policemen and firemen \$189,116 of supplemental pay during the year ended June 30, 2017. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and Public Safety Special Revenue Fund financial statements.

(19) Deficit Fund Balance

The Public Safety Fund had a deficit fund balance at June 30, 2017 of \$1,154,381. This deficit will be eliminated by increasing revenues and/or reducing expenditures as well as transfers from other funds.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(20) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2017:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|-------------------------------|----------------------------------|-------------------------------|
| Major governmental funds: | | |
| General Fund | \$ 524,432 | \$ 629,354 |
| Sales Tax Fund | - | 91,562 |
| Public Safety Fund | - | 1,259,362 |
| Non major governmental funds: | | |
| 2004 GOB Street Improvements | <u>8,104</u> | <u>-</u> |
| Total governmental funds | <u>532,536</u> | <u>1,980,278</u> |
| Proprietary funds: | | |
| Sewer Fund | 450,410 | 25,346 |
| Water Fund | <u>1,022,678</u> | <u>-</u> |
| Total proprietary funds | <u>1,473,088</u> | <u>25,346</u> |
| Total | <u>\$ 2,005,624</u> | <u>\$ 2,005,624</u> |

The amounts due to various other funds are for short-term loans.

B. Transfers consisted of the following at June 30, 2017:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------|---------------------|----------------------|
| Major governmental funds: | | |
| General Fund | \$ 780,512 | \$ 43,184 |
| Sales Tax Fund | - | 2,114,091 |
| Public Safety Fund | 1,420,833 | - |
| Non major governmental funds: | | |
| Mainstreet Program Fund | 43,184 | - |
| Sales Tax Sinking Fund | <u>207,708</u> | <u>-</u> |
| Total governmental funds | <u>2,452,237</u> | <u>2,157,275</u> |
| Proprietary funds: | | |
| Sewer Fund | 39,845 | 1,442 |
| Water Fund | <u>-</u> | <u>333,365</u> |
| Total proprietary funds | <u>39,845</u> | <u>334,807</u> |
| Total | <u>\$ 2,492,082</u> | <u>\$ 2,492,082</u> |

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(21) Compensation, Benefits, and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor Rick Allen for the year ended June 30, 2017 follows:

| <u>Purpose</u> | <u>Amount</u> |
|-------------------|------------------|
| Salary | \$ 13,500 |
| Car allowance | 1,652 |
| Per diem | 745 |
| Reimbursements | 1,171 |
| Registration fees | 1,190 |
| Conference travel | <u>2,700</u> |
| | <u>\$ 20,958</u> |

(22) Compensation of City Officials

A detail of compensation paid to the Mayor and Council Members for the year ended June 30, 2017 follows:

| | |
|-----------------------|------------------|
| Rick Allen, Mayor | \$ 13,500 |
| Council Members: | |
| Willie Mae Kennedy | 6,960 |
| Milton D. Dowd | 6,960 |
| Christopher Robertson | 6,960 |
| Anthony Shapkoff | 6,960 |
| William Thomas | 6,960 |
| Alice F. Guess | <u>6,960</u> |
| Total | <u>\$ 55,260</u> |

(23) New Accounting Pronouncement

In June 2015, the Governmental Accounting Standards Board (GASB) approved Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions." GASB Statement No. 75 replaces the requirement of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions." GASB Statement No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 must be implemented by the City for the year ending June 30, 2018. The effect of implementation of this statement on the City's financial statements has not yet been determined.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------|--------------------|--------------------|---|
| | Original | Final | | (Negative) |
| Revenues: | | | | |
| Taxes | \$ 800,757 | \$ 844,703 | \$ 717,187 | \$(127,516) |
| Licenses and permits | 510,350 | 484,445 | 467,360 | (17,085) |
| Intergovernmental | 41,300 | 104,006 | 72,987 | (31,019) |
| Charges for services | 141,800 | 156,607 | 107,170 | (49,437) |
| Miscellaneous | <u>147,460</u> | <u>75,438</u> | <u>75,283</u> | <u>(155)</u> |
| Total revenues | <u>1,641,667</u> | <u>1,665,199</u> | <u>1,439,987</u> | <u>(225,212)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| General and administrative | 931,877 | 877,673 | 980,800 | (103,127) |
| Executive | 92,060 | 84,866 | 75,388 | 9,478 |
| Legal | 76,500 | 47,877 | 41,089 | 6,788 |
| Public works | 889,815 | 1,133,833 | 1,107,335 | 26,498 |
| Economic development | 194,445 | 237,666 | 246,366 | (8,700) |
| Debt service | - | - | 5,437 | (5,437) |
| Capital outlay | <u>350,000</u> | <u>120,000</u> | <u>96,119</u> | <u>23,881</u> |
| Total expenditures | <u>2,534,697</u> | <u>2,501,915</u> | <u>2,552,534</u> | <u>(50,619)</u> |
| Deficiency of revenues over expenditures | <u>(893,030)</u> | <u>(836,716)</u> | <u>(1,112,547)</u> | <u>(275,831)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 980,000 | 987,815 | 780,512 | (207,303) |
| Transfers out | <u>(46,999)</u> | <u>(52,173)</u> | <u>(43,184)</u> | <u>8,989</u> |
| Total other financing sources (uses) | <u>933,001</u> | <u>935,642</u> | <u>737,328</u> | <u>(198,314)</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 39,971 | 98,926 | (375,219) | (474,145) |
| Fund balance, beginning | <u>951,739</u> | <u>951,739</u> | <u>951,739</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 991,710</u> | <u>\$1,050,665</u> | <u>\$ 576,520</u> | <u>\$ (474,145)</u> |

CITY OF LEESVILLE, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 3,000,000 | \$ 3,089,347 | \$ 2,847,687 | \$ (241,660) |
| Charges for services | 36,350 | 19,548 | 22,524 | 2,976 |
| Miscellaneous | <u>55,610</u> | <u>49,702</u> | <u>65,426</u> | <u>15,724</u> |
| Total revenues | <u>3,091,960</u> | <u>3,158,597</u> | <u>2,935,637</u> | <u>(222,960)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 128,680 | 106,960 | 102,175 | 4,785 |
| Culture and recreation | 362,425 | 421,176 | 426,837 | (5,661) |
| Capital outlay | <u>40,000</u> | <u>20,416</u> | <u>29,895</u> | <u>(9,479)</u> |
| Total expenditures | <u>531,105</u> | <u>548,552</u> | <u>558,907</u> | <u>(10,355)</u> |
| Excess of revenues over expenditures | 2,560,855 | 2,610,045 | 2,376,730 | (233,315) |
| Other financing uses: | | | | |
| Transfers out | <u>(2,555,421)</u> | <u>(2,579,035)</u> | <u>(2,114,091)</u> | <u>464,944</u> |
| Total other financing sources (uses) | <u>(2,555,421)</u> | <u>(2,579,035)</u> | <u>(2,114,091)</u> | <u>464,944</u> |
| Excess of revenues over expenditures and other uses | 5,434 | 31,010 | 262,639 | 231,629 |
| Fund balance, beginning | <u>378,932</u> | <u>378,932</u> | <u>378,932</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 384,366</u> | <u>\$ 409,942</u> | <u>\$ 641,571</u> | <u>\$ 231,629</u> |

CITY OF LEESVILLE, LOUISIANA
Public Safety Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|-----------------------|---|
| | Original | Final | | (Negative) |
| Revenues: | | | | |
| Taxes | \$ 1,625,500 | \$ 1,446,864 | \$ 1,402,592 | \$ (44,272) |
| Intergovernmental | 230,500 | 229,692 | 220,125 | (9,567) |
| Charges for services | 212,000 | 74,644 | 62,441 | (12,203) |
| Fines and forfeitures | 260,500 | 181,897 | 204,073 | 22,176 |
| Miscellaneous | <u>21,500</u> | <u>15,805</u> | <u>16,326</u> | <u>521</u> |
| Total revenues | <u>2,350,000</u> | <u>1,948,902</u> | <u>1,905,557</u> | <u>(43,345)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 8,466 | 6,490 | 1,976 |
| Public Safety: | | | | |
| Police | 2,744,690 | 2,821,275 | 2,871,906 | (50,631) |
| Fire | 1,028,555 | 1,080,336 | 1,015,085 | 65,251 |
| City Court | 123,285 | 117,778 | 110,594 | 7,184 |
| Debt service | - | - | 54,978 | (54,978) |
| Capital outlay | <u>190,000</u> | <u>129,514</u> | <u>81,411</u> | <u>48,103</u> |
| Total expenditures | <u>4,086,530</u> | <u>4,157,369</u> | <u>4,140,464</u> | <u>16,905</u> |
| Deficiency of revenues over expenditures | (1,736,530) | (2,208,467) | (2,234,907) | (26,440) |
| Other financing sources (uses): | | | | |
| Transfers in | <u>1,910,000</u> | <u>1,910,000</u> | <u>1,420,833</u> | <u>(489,167)</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 173,470 | (298,467) | (814,074) | (515,607) |
| Fund balance (deficit), beginning | <u>(340,307)</u> | <u>(340,307)</u> | <u>(340,307)</u> | <u>-</u> |
| Fund balance (deficit), ending | <u>\$ (166,837)</u> | <u>\$ (638,774)</u> | <u>\$ (1,154,381)</u> | <u>\$ (515,607)</u> |

CITY OF LEESVILLE, LOUISIANA

Schedule of Funding Progress
 Post-Employment Health Care Benefits
 For the Year Ended June 30, 2017

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liabilities (AAL) | Unfunded Actuarial Accrued Liabilities (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|--|---|-----------------|--------------------|--|
| July 1, 2012 | - | 2,939,466 | 2,939,466 | 0.0% | 2,608,950 | 113% |
| July 1, 2014 | - | 2,859,537 | 2,859,537 | 0.0% | 1,930,733 | 148% |
| July 1, 2016 | - | 1,934,216 | 1,934,216 | 0.0% | 3,228,278 | 60% |

CITY OF LEESVILLE, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2017 *

| Year ended December 31, | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--|--|---|-------------------------------------|---|--|
| Municipal Employees' Retirement System of Louisiana - Plan B: | | | | | |
| 2017 | 1.936110% | \$1,604,858 | \$1,371,725 | 117.0% | 63.34% |
| 2016 | 1.795844% | 1,220,540 | 1,250,574 | 97.6% | 68.71% |
| 2015 | 1.775620% | 833,647 | 1,253,098 | 66.5% | 76.94% |
| Municipal Police Employees' Retirement System of Louisiana: | | | | | |
| 2017 | 0.243255% | \$2,279,985 | \$ 687,910 | 331.4% | 66.04% |
| 2016 | 0.222398% | 1,742,256 | 596,959 | 291.9% | 70.73% |
| 2015 | 0.245436% | 1,535,468 | 707,707 | 217.0% | 75.10% |
| Firefighters' Retirement System of Louisiana: | | | | | |
| 2017 | 0.147331% | \$ 963,678 | \$ 347,797 | 277.1% | 68.16% |
| 2016 | 0.186639% | 1,007,312 | 396,812 | 253.9% | 72.45% |
| 2015 | 0.228325% | 1,016,026 | 456,415 | 222.6% | 76.02% |

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

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

CITY OF LEESVILLE, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2017

| <u>Year ended December 31,</u> | <u>Contractually Required Contribution</u> | <u>Contributions in Relation to Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Employer's Covered Employee Payroll</u> | <u>Contributions as a % of Covered Employee Payroll</u> |
|--|--|---|---|--|---|
| Municipal Employees' Retirement System of Louisiana - Plan B: | | | | | |
| 2017 | \$ 171,379 | \$ 168,805 | \$ 2,574 | \$ 1,557,989 | 10.83% |
| 2016 | 130,314 | 130,295 | 19 | 1,371,725 | 9.50% |
| 2015 | 118,786 | 118,786 | - | 1,250,384 | 9.50% |
| Municipal Police Employees' Retirement System of Louisiana: | | | | | |
| 2016 | \$ 275,179 | \$ 275,180 | \$ (1) | \$ 866,705 | 31.75% |
| 2016 | 202,933 | 203,882 | (949) | 687,910 | 29.64% |
| 2015 | 188,042 | 188,042 | - | 596,959 | 31.50% |
| Firefighters' Retirement System of Louisiana: | | | | | |
| 2017 | \$ 91,697 | \$ 91,698 | \$ (1) | \$ 363,158 | 25.25% |
| 2016 | \$ 94,775 | \$ 94,929 | \$ (154) | \$ 347,797 | 27.29% |
| 2015 | 116,018 | 116,018 | - | 396,643 | 29.25% |

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

CITY OF LEESVILLE, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. The City Administrator prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Council not later than May 15th of each fiscal 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 publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted but no later than June 15th of each fiscal year.
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 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). Budgeted amounts are as originally adopted or as amended by the Council. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures Over Appropriations

The General Fund and Sales Tax Special Revenue Fund incurred expenditures in excess of appropriations totaling \$50,619 and \$10,355, respectively, for the year ended June 30, 2017.

(3) Pension Plans

Changes of assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

OTHER SUPPLEMENTARY INFORMATION

CITY OF LEEVILLE, LOUISIANA

Statement of Net Position

June 30, 2017

With Comparative Totals for June 30, 2016

| | 2017 | | | 2016 Totals |
|--|----------------------------|-----------------------------|---------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS | | | | |
| Cash and interest-bearing deposits | \$ 1,597,529 | \$ 100,575 | \$ 1,698,104 | \$ 2,797,696 |
| Receivables | 518,100 | 366,127 | 884,227 | 988,593 |
| Due from other governmental agencies | 5,484 | 2,086,779 | 2,092,263 | 2,199,802 |
| Inventories | 197,293 | - | 197,293 | 190,955 |
| Other assets | 66,306 | 10,334 | 76,640 | 105,687 |
| Restricted assets: | | | | |
| Cash and interest-bearing deposits | 1,321,111 | 1,254,213 | 2,575,324 | 2,944,079 |
| Capital assets: | | | | |
| Land and construction in progress | 1,017,447 | 227,692 | 1,245,139 | 3,232,158 |
| Capital assets, net | <u>13,336,443</u> | <u>16,467,418</u> | <u>29,803,861</u> | <u>28,022,422</u> |
| Total assets | <u>18,059,713</u> | <u>20,513,138</u> | <u>38,572,851</u> | <u>40,481,392</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows of resources related to pensions | <u>1,803,875</u> | <u>350,984</u> | <u>2,154,859</u> | <u>1,499,184</u> |
| LIABILITIES | | | | |
| Accounts and other payables | 188,050 | 63,845 | 251,895 | 483,074 |
| Interest payable | 26,845 | 14,201 | 41,046 | 48,401 |
| Advance fuel sales | 9,197 | - | 9,197 | 1,961 |
| Internal balances | 1,447,742 | (1,447,742) | - | - |
| Long-term liabilities: | | | | |
| Customer deposits payable | - | 221,409 | 221,409 | 226,331 |
| Compensated absences payable | 352,853 | 39,133 | 391,986 | 339,170 |
| Bonds, notes, and leases due within one year | 596,632 | 309,841 | 906,473 | 823,051 |
| Bonds, notes, and leases due after one year | 2,769,072 | 4,658,679 | 7,427,751 | 8,245,353 |
| OPEB obligation payable | 3,295,665 | 571,249 | 3,866,914 | 3,774,085 |
| Net pension liability | <u>4,233,528</u> | <u>614,993</u> | <u>4,848,521</u> | <u>3,970,108</u> |
| Total liabilities | <u>12,919,584</u> | <u>5,045,608</u> | <u>17,965,192</u> | <u>17,911,534</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows of resources related to pensions | <u>572,462</u> | <u>10,041</u> | <u>582,503</u> | <u>1,335,794</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 12,332,387 | 12,795,410 | 25,127,797 | 24,904,180 |
| Restricted for debt service | 567,241 | - | 567,241 | 554,790 |
| Restricted for capital projects | 1,328,336 | - | 1,328,336 | 1,974,698 |
| Restricted for sales tax dedications | 174,689 | - | 174,689 | - |
| Unrestricted (deficit) | <u>(8,031,111)</u> | <u>3,013,063</u> | <u>(5,018,048)</u> | <u>(4,700,420)</u> |
| Total net position | <u>\$ 6,371,542</u> | <u>\$15,808,473</u> | <u>\$22,180,015</u> | <u>\$22,733,248</u> |

CITY OF LEESVILLE, LOUISIANA

Comparative Balance Sheet - Major Governmental Funds
June 30, 2017

| | General | | Sales Tax | | Public Safety | | Improvements Capital Projects | |
|---|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|----------------------------------|--------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| ASSETS | | | | | | | | |
| Cash and interest-bearing deposits | \$ 410,786 | \$ 66,334 | \$ 485,626 | \$ 1,542,015 | \$ - | \$ - | \$ 18,278 | \$ - |
| Receivables - | | | | | | | | |
| Due from other funds | 524,432 | 684,379 | - | - | - | - | - | - |
| Due from other governmental agencies | 5,484 | 5,702 | - | - | - | - | - | - |
| Other | 139,319 | 230,515 | 253,783 | 260,114 | 124,998 | 128,116 | - | - |
| Prepaid items | 31,219 | 60,522 | 883 | 753 | 34,204 | 34,180 | - | - |
| Inventories | 197,293 | 190,955 | - | - | - | - | - | - |
| Restricted cash and interest-bearing deposits | - | - | - | - | - | - | 1,321,111 | 2,002,124 |
| Total assets | <u>\$1,308,533</u> | <u>\$1,238,407</u> | <u>\$ 740,292</u> | <u>\$1,802,882</u> | <u>\$ 159,202</u> | <u>\$ 162,296</u> | <u>\$1,339,389</u> | <u>\$2,002,124</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 80,691 | \$ 116,771 | \$ 4,524 | \$ 8,608 | \$ 31,384 | \$ 13,090 | \$ - | \$ - |
| Accrued liabilities | 12,771 | 96,612 | 2,635 | 12,456 | 22,837 | 99,658 | - | - |
| Contracts and retainage payable | - | - | - | - | - | - | 32,585 | - |
| Due to other funds | 629,354 | 71,324 | 91,562 | 1,402,886 | 1,259,362 | 389,855 | - | 48,958 |
| Advance fuel sales | 9,197 | 1,961 | - | - | - | - | - | - |
| Total liabilities | <u>732,013</u> | <u>286,668</u> | <u>98,721</u> | <u>1,423,950</u> | <u>1,313,583</u> | <u>502,603</u> | <u>32,585</u> | <u>48,958</u> |
| Fund balances - | | | | | | | | |
| Nonspendable | 228,512 | 251,477 | 883 | 753 | 34,204 | 34,180 | - | - |
| Restricted | - | - | 174,689 | - | - | - | - | - |
| Committed | - | - | 465,999 | 378,179 | - | - | 1,306,804 | 1,953,166 |
| Assigned | - | - | - | - | - | - | - | - |
| Unassigned (deficit) | 348,008 | 700,262 | - | - | (1,188,585) | (374,487) | - | - |
| Total fund balances | <u>576,520</u> | <u>951,739</u> | <u>641,571</u> | <u>378,932</u> | <u>(1,154,381)</u> | <u>(340,307)</u> | <u>1,306,804</u> | <u>1,953,166</u> |
| Total liabilities and fund balances | <u>\$1,308,533</u> | <u>\$1,238,407</u> | <u>\$ 740,292</u> | <u>\$1,802,882</u> | <u>\$ 159,202</u> | <u>\$ 162,296</u> | <u>\$1,339,389</u> | <u>\$2,002,124</u> |

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | Variance with Final Budget Positive (Negative) | 2016 Actual |
|--|-------------------|--------------------|--------------------|---|-------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Revenues: | | | | | |
| Taxes | \$ 800,757 | \$ 844,703 | \$ 717,187 | \$(127,516) | \$ 721,687 |
| Licenses and permits | 510,350 | 484,445 | 467,360 | (17,085) | 540,959 |
| Intergovernmental | 41,300 | 104,006 | 72,987 | (31,019) | 57,674 |
| Charges for services | 141,800 | 156,607 | 107,170 | (49,437) | 97,855 |
| Miscellaneous | <u>147,460</u> | <u>75,438</u> | <u>75,283</u> | <u>(155)</u> | <u>254,344</u> |
| Total revenues | <u>1,641,667</u> | <u>1,665,199</u> | <u>1,439,987</u> | <u>(225,212)</u> | <u>1,672,519</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| General and administrative | 931,877 | 877,673 | 980,800 | (103,127) | 859,218 |
| Executive | 92,060 | 84,866 | 75,388 | 9,478 | 73,784 |
| Legal | 76,500 | 47,877 | 41,089 | 6,788 | 55,028 |
| Public works | 889,815 | 1,133,833 | 1,107,335 | 26,498 | 1,041,132 |
| Economic development | 194,445 | 237,666 | 246,366 | (8,700) | 272,372 |
| Debt service | - | - | 5,437 | (5,437) | 3,171 |
| Capital outlay | <u>350,000</u> | <u>120,000</u> | <u>96,119</u> | <u>23,881</u> | <u>71,350</u> |
| Total expenditures | <u>2,534,697</u> | <u>2,501,915</u> | <u>2,552,534</u> | <u>(50,619)</u> | <u>2,376,055</u> |
| Deficiency of revenues over expenditures | <u>(893,030)</u> | <u>(836,716)</u> | <u>(1,112,547)</u> | <u>(275,831)</u> | <u>(703,536)</u> |
| Other financing sources (uses): | | | | | |
| Proceeds from capital lease | - | - | - | - | 24,068 |
| Transfers in | 980,000 | 987,815 | 780,512 | (207,303) | 1,017,078 |
| Transfers out | <u>(46,999)</u> | <u>(52,173)</u> | <u>(43,184)</u> | <u>8,989</u> | <u>(53,153)</u> |
| Total other financing sources (uses) | <u>933,001</u> | <u>935,642</u> | <u>737,328</u> | <u>(198,314)</u> | <u>987,993</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 39,971 | 98,926 | (375,219) | (474,145) | 284,457 |
| Fund balance, beginning | <u>951,739</u> | <u>951,739</u> | <u>951,739</u> | <u>-</u> | <u>667,282</u> |
| Fund balance, ending | <u>\$ 991,710</u> | <u>\$1,050,665</u> | <u>\$ 576,520</u> | <u>\$(474,145)</u> | <u>\$ 951,739</u> |

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | Variance with Final Budget Positive (Negative) | 2016 Actual |
|------------------------------|--------------------|--------------------|--------------------|---|--------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Taxes: | | | | | |
| Ad valorem | \$ 291,942 | \$ 319,703 | \$ 226,573 | \$ (93,130) | \$ 220,883 |
| Franchise | 508,815 | 525,000 | 490,614 | (34,386) | 500,804 |
| Total taxes | <u>800,757</u> | <u>844,703</u> | <u>717,187</u> | <u>(127,516)</u> | <u>721,687</u> |
| Licenses and permits: | | | | | |
| Occupational licenses | 470,000 | 470,000 | 454,551 | (15,449) | 468,689 |
| Permits | 40,350 | 14,445 | 12,809 | (1,636) | 72,270 |
| Total licenses and permits | <u>510,350</u> | <u>484,445</u> | <u>467,360</u> | <u>(17,085)</u> | <u>540,959</u> |
| Intergovernmental: | | | | | |
| Federal grants - | | | | | |
| FEMA | - | - | - | - | 4,469 |
| State of Louisiana - | | | | | |
| Beer taxes | 30,000 | 30,800 | 25,478 | (5,322) | 22,097 |
| Federal and state grants | 11,300 | 73,206 | 47,509 | (25,697) | 31,108 |
| Total intergovernmental | <u>41,300</u> | <u>104,006</u> | <u>72,987</u> | <u>(31,019)</u> | <u>57,674</u> |
| Charges for services: | | | | | |
| Inspection fees | 6,100 | 20,495 | 18,272 | (2,223) | 6,417 |
| Airport hanger rent | 25,000 | 25,000 | 22,791 | (2,209) | 24,202 |
| Airport fuel sales | 96,300 | 96,300 | 49,295 | (47,005) | 50,686 |
| Industrial park | 14,400 | 14,400 | 14,400 | - | 14,400 |
| Miscellaneous | - | 412 | 2,412 | 2,000 | 2,150 |
| Total charges for services | <u>141,800</u> | <u>156,607</u> | <u>107,170</u> | <u>(49,437)</u> | <u>97,855</u> |
| Miscellaneous: | | | | | |
| Interest | 600 | 2,000 | 3,413 | 1,413 | 1,776 |
| Video bingo | 44,400 | 59,760 | 53,925 | (5,835) | 55,498 |
| Other sources | 102,460 | 13,678 | 17,945 | 4,267 | 197,070 |
| Total miscellaneous | <u>147,460</u> | <u>75,438</u> | <u>75,283</u> | <u>(155)</u> | <u>254,344</u> |
| Total revenues | <u>\$1,641,667</u> | <u>\$1,665,199</u> | <u>\$1,439,987</u> | <u>\$(225,212)</u> | <u>\$1,672,519</u> |

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | Variance with Final Budget Positive (Negative) | 2016 Actual |
|----------------------------------|----------------|----------------|----------------|---|----------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Current: | | | | | |
| General government: | | | | | |
| General and administrative - | | | | | |
| Salaries and wages | \$ 409,900 | \$ 420,244 | \$ 383,833 | \$ 36,411 | \$ 369,887 |
| Payroll taxes | 35,220 | 31,877 | 40,533 | (8,656) | 34,924 |
| Retirement contribution | 29,000 | 38,774 | 37,690 | 1,084 | 31,144 |
| Deferred compensation | 4,615 | 3,092 | 2,711 | 381 | 1,893 |
| Hospitalization | 39,150 | 35,407 | 41,452 | (6,045) | 36,987 |
| Insurance | 44,830 | 58,697 | 91,444 | (32,747) | 77,012 |
| Materials and supplies | 73,460 | 52,218 | 79,717 | (27,499) | 68,723 |
| Advertisements and recordings | 13,000 | 8,519 | 8,484 | 35 | 11,498 |
| Accounting and auditing | 18,000 | 17,808 | 14,550 | 3,258 | 19,690 |
| Professional fees | 10,000 | - | - | - | - |
| Miscellaneous | 62,422 | 39,435 | 101,561 | (62,126) | 40,770 |
| Utilities and telephone | 49,940 | 44,724 | 47,984 | (3,260) | 40,992 |
| Repairs and maintenance | 85,000 | 90,536 | 94,068 | (3,532) | 72,439 |
| Dues | 3,020 | 2,165 | 2,764 | (599) | 2,425 |
| Travel | 4,320 | 2,795 | 2,795 | - | 5,760 |
| Uniforms | 19,000 | 28,448 | 28,302 | 146 | 26,802 |
| Annexation related costs | 2,000 | 2,800 | 2,800 | - | 6,556 |
| Legal fees | 4,000 | 134 | 112 | 22 | 1,716 |
| Fort Polk Progress | 25,000 | - | - | - | 10,000 |
| Total general and administrative | <u>931,877</u> | <u>877,673</u> | <u>980,800</u> | <u>(103,127)</u> | <u>859,218</u> |
| Executive - | | | | | |
| Salaries | 58,500 | 62,452 | 54,832 | 7,620 | 54,331 |
| Payroll taxes | 4,960 | 4,776 | 4,149 | 627 | 3,022 |
| Insurance | 3,300 | 3,149 | 2,726 | 423 | 1,347 |
| Travel | 9,000 | 4,120 | 5,547 | (1,427) | 10,571 |
| Public relations | 15,000 | 8,964 | 6,926 | 2,038 | 4,172 |
| Vehicle expense | 1,300 | 1,405 | 1,208 | 197 | 341 |
| Total executive | <u>92,060</u> | <u>84,866</u> | <u>75,388</u> | <u>9,478</u> | <u>73,784</u> |

(continued)

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | Variance with Final Budget Positive (Negative) | 2016 Actual |
|-------------------------------|----------------|------------------|------------------|---|------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Legal - | | | | | |
| Salaries | 38,000 | 40,500 | 34,860 | 5,640 | 35,783 |
| Payroll taxes | 3,250 | 3,660 | 3,115 | 545 | 2,923 |
| Insurance | 250 | 68 | 73 | (5) | 185 |
| Legal fees | <u>35,000</u> | <u>3,649</u> | <u>3,041</u> | <u>608</u> | <u>16,137</u> |
| Total legal | <u>76,500</u> | <u>47,877</u> | <u>41,089</u> | <u>6,788</u> | <u>55,028</u> |
| Public works: | | | | | |
| Salaries | 450,300 | 584,875 | 534,115 | 50,760 | 480,056 |
| Payroll taxes | 34,975 | 42,057 | 40,330 | 1,727 | 34,132 |
| Retirement contribution | 32,000 | 49,320 | 55,257 | (5,937) | 42,326 |
| Deferred compensation | - | 850 | 756 | 94 | 87 |
| Hospitalization | 9,040 | 73,112 | 81,854 | (8,742) | 65,305 |
| Maintenance and supplies | 156,000 | 140,906 | 154,616 | (13,710) | 165,245 |
| Dumpster service | 5,500 | 5,644 | 5,192 | 452 | 5,369 |
| Utilities and telephone | 135,500 | 136,429 | 136,452 | (23) | 134,113 |
| Insurance | 51,400 | 91,773 | 91,138 | 635 | 75,742 |
| Miscellaneous | <u>15,100</u> | <u>8,867</u> | <u>7,625</u> | <u>1,242</u> | <u>38,757</u> |
| Total public works | <u>889,815</u> | <u>1,133,833</u> | <u>1,107,335</u> | <u>26,498</u> | <u>1,041,132</u> |
| Economic development - | | | | | |
| Salaries | 34,000 | 35,116 | 35,582 | (466) | 33,378 |
| Payroll taxes | 2,465 | 3,477 | 3,254 | 223 | 2,791 |
| Maintenance and supplies | 62,545 | 84,964 | 41,189 | 43,775 | 45,652 |
| Fuel | 54,000 | 39,081 | 36,863 | 2,218 | 38,038 |
| Utilities and telephone | 37,000 | 57,602 | 59,034 | (1,432) | 40,322 |
| Insurance | 1,535 | 7,924 | 60,903 | (52,979) | 102,455 |
| Hospitalization | 1,100 | 7,702 | 7,901 | (199) | 7,982 |
| Miscellaneous | <u>1,800</u> | <u>1,800</u> | <u>1,640</u> | <u>160</u> | <u>1,754</u> |
| Total economic development | <u>194,445</u> | <u>237,666</u> | <u>246,366</u> | <u>(8,700)</u> | <u>272,372</u> |

(continued)

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | Variance with Final Budget Positive (Negative) | 2016 Actual |
|-----------------------------|--------------------|--------------------|--------------------|---|--------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Debt service: | | | | | |
| Retirement of principal | - | - | 4,611 | (4,611) | 2,623 |
| Interest and fiscal charges | - | - | 826 | (826) | 548 |
| Total debt service | <u>-</u> | <u>-</u> | <u>5,437</u> | <u>(5,437)</u> | <u>3,171</u> |
| Capital outlay: | | | | | |
| General government | 150,000 | 50,000 | 22,682 | 27,318 | 28,668 |
| Public works | 200,000 | 70,000 | 38,824 | 31,176 | 39,554 |
| Economic development | - | - | 34,613 | (34,613) | 3,128 |
| Total capital outlay | <u>350,000</u> | <u>120,000</u> | <u>96,119</u> | <u>23,881</u> | <u>71,350</u> |
| Total expenditures | <u>\$2,534,697</u> | <u>\$2,501,915</u> | <u>\$2,552,534</u> | <u>\$ (50,619)</u> | <u>\$2,376,055</u> |

CITY OF LEESVILLE, LOUISIANA
Special Revenue Fund
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | Variance with Final Budget Positive (Negative) | 2016 Actual |
|--|-------------------|-------------------|-------------------|---|-------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Revenues: | | | | | |
| Taxes | \$ 3,000,000 | \$ 3,089,347 | \$ 2,847,687 | \$(241,660) | \$ 2,875,665 |
| Charges for services | 36,350 | 19,548 | 22,524 | 2,976 | 28,464 |
| Miscellaneous | 55,610 | 49,702 | 65,426 | 15,724 | 41,612 |
| Total revenues | <u>3,091,960</u> | <u>3,158,597</u> | <u>2,935,637</u> | <u>(222,960)</u> | <u>2,945,741</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government: | | | | | |
| Salaries and wages | 40,000 | 31,955 | 30,483 | 1,472 | - |
| Payroll taxes | 3,100 | 2,630 | 2,764 | (134) | 45 |
| Retirement contribution | 3,800 | 2,970 | 3,404 | (434) | - |
| Deferred compensation | 1,110 | 415 | 400 | 15 | - |
| Hospitalization | 10,000 | - | - | - | 14,827 |
| Collection fees | 55,400 | 54,385 | 53,376 | 1,009 | 49,950 |
| Park equipment | - | 2,250 | - | 2,250 | - |
| Miscellaneous | 15,270 | 12,355 | 11,748 | 607 | 8,589 |
| Total general government | <u>128,680</u> | <u>106,960</u> | <u>102,175</u> | <u>4,785</u> | <u>73,411</u> |
| Culture and recreation: | | | | | |
| Recreation department | 139,365 | 184,804 | 179,601 | 5,203 | 163,763 |
| Recreation complex | 49,305 | 42,061 | 44,129 | (2,068) | 45,081 |
| Neighborhood center | 138,218 | 132,831 | 138,331 | (5,500) | 189,444 |
| Leisure pool | 35,537 | 61,480 | 64,776 | (3,296) | 59,472 |
| Total culture and recreation | <u>362,425</u> | <u>421,176</u> | <u>426,837</u> | <u>(5,661)</u> | <u>457,760</u> |
| Capital outlay - | | | | | |
| Culture and recreation: | | | | | |
| Recreation department | 23,000 | 6,925 | 29,895 | (22,970) | 42,361 |
| Neighborhood center | 15,000 | 12,600 | - | 12,600 | - |
| Leisure pool | 2,000 | 891 | - | 891 | - |
| Total capital outlay | <u>40,000</u> | <u>20,416</u> | <u>29,895</u> | <u>(9,479)</u> | <u>42,361</u> |
| Total expenditures | <u>531,105</u> | <u>548,552</u> | <u>558,907</u> | <u>(10,355)</u> | <u>573,532</u> |
| Excess of revenues over expenditures | 2,560,855 | 2,610,045 | 2,376,730 | (233,315) | 2,372,209 |
| Other financing uses: | | | | | |
| Transfers out | (2,555,421) | (2,579,035) | (2,114,091) | 464,944 | (2,559,861) |
| Excess (deficiency) of revenues over expenditures and other uses | 5,434 | 31,010 | 262,639 | 231,629 | (187,652) |
| Fund balance, beginning | 378,932 | 378,932 | 378,932 | - | 566,584 |
| Fund balance, ending | <u>\$ 384,366</u> | <u>\$ 409,942</u> | <u>\$ 641,571</u> | <u>\$ 231,629</u> | <u>\$ 378,932</u> |

CITY OF LEESVILLE, LOUISIANA
Special Revenue Fund
Public Safety Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | | |
|--------------------------|------------------|------------------|------------------|--|------------------|
| | Budget | | Actual | Variance with | 2016 Actual |
| | Original | Final | | Final Budget Positive (Negative) | |
| Revenues: | | | | | |
| Taxes | \$ 1,625,500 | \$ 1,446,864 | \$ 1,402,592 | \$ (44,272) | \$ 1,416,372 |
| Intergovernmental | 230,500 | 229,692 | 220,125 | (9,567) | 194,242 |
| Fines and forfeitures | 260,500 | 181,897 | 204,073 | 22,176 | 245,461 |
| Charges for services | 212,000 | 74,644 | 62,441 | (12,203) | 171,084 |
| Miscellaneous | 21,500 | 15,805 | 16,326 | 521 | 18,839 |
| Total revenues | <u>2,350,000</u> | <u>1,948,902</u> | <u>1,905,557</u> | <u>(43,345)</u> | <u>2,045,998</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General Government: | | | | | |
| Accounting and auditing | - | 8,466 | 6,490 | 1,976 | 6,390 |
| Public safety: | | | | | |
| Police - | | | | | |
| Salaries and wages | 1,512,890 | 1,618,293 | 1,618,239 | 54 | 1,478,152 |
| Payroll taxes | 103,000 | 114,715 | 119,892 | (5,177) | 110,199 |
| Retirement contribution | 197,000 | 264,900 | 277,320 | (12,420) | 203,882 |
| Deferred compensation | - | - | 120 | (120) | - |
| Hospitalization | 135,000 | 118,870 | 144,263 | (25,393) | 155,264 |
| Insurance | 220,200 | 209,585 | 209,870 | (285) | 214,881 |
| Telephone and utilities | 60,000 | 57,725 | 57,247 | 478 | 55,441 |
| Maintenance and supplies | 225,150 | 197,261 | 168,261 | 29,000 | 165,771 |
| Collection fee | 25,000 | 27,193 | 26,378 | 815 | 24,653 |
| Equipment lease | 55,000 | 40,481 | 45,129 | (4,648) | 46,568 |
| Prisoner expense | 120,000 | 122,648 | 142,520 | (19,872) | 131,226 |
| Miscellaneous | 91,450 | 49,604 | 62,667 | (13,063) | 60,415 |
| Total police | <u>2,744,690</u> | <u>2,821,275</u> | <u>2,871,906</u> | <u>(50,631)</u> | <u>2,646,452</u> |
| Fire - | | | | | |
| Salaries and wages | 613,000 | 651,875 | 626,986 | 24,889 | 574,207 |
| Payroll taxes | 38,000 | 45,700 | 47,538 | (1,838) | 37,306 |
| Retirement contribution | 88,000 | 90,000 | 93,917 | (3,917) | 94,929 |
| Hospitalization | 35,000 | 60,739 | 73,210 | (12,471) | 72,076 |
| Insurance | 80,230 | 92,026 | 90,848 | 1,178 | 83,370 |
| Telephone and utilities | 30,700 | 31,489 | 31,554 | (65) | 29,327 |
| Maintenance and supplies | 50,000 | 38,947 | 40,443 | (1,496) | 38,750 |
| Miscellaneous | 93,625 | 69,560 | 10,589 | 58,971 | 5,455 |
| Total fire | <u>1,028,555</u> | <u>1,080,336</u> | <u>1,015,085</u> | <u>65,251</u> | <u>935,420</u> |

(continued)

CITY OF LEESVILLE, LOUISIANA
Special Revenue Fund
Public Safety Special Revenue Fund

Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | Actual | Variance with Final Budget Positive (Negative) | 2016 Actual |
|--|---------------------|---------------------|----------------------|---|---------------------|
| | Budget | | | | |
| | Original | Final | | | |
| Expenditures (continued): | | | | | |
| City Court - | | | | | |
| Salaries and wages | 99,885 | 99,508 | 92,768 | 6,740 | 87,378 |
| Payroll taxes | 5,000 | 6,892 | 6,684 | 208 | 5,499 |
| Insurance | 200 | 353 | 348 | 5 | 406 |
| Miscellaneous | 12,000 | 3,500 | 3,500 | - | 13,500 |
| Utilities | 6,200 | 7,525 | 7,294 | 231 | 7,280 |
| Total city court | <u>123,285</u> | <u>117,778</u> | <u>110,594</u> | <u>7,184</u> | <u>114,063</u> |
| Debt service - | | | | | |
| Retirement of principal | - | - | 31,360 | (31,360) | 31,464 |
| Interest and fiscal charges | - | - | 23,618 | (23,618) | 23,515 |
| Total debt service | <u>-</u> | <u>-</u> | <u>54,978</u> | <u>(54,978)</u> | <u>54,979</u> |
| Capital outlay - | | | | | |
| Public safety: | | | | | |
| Police | 150,000 | 117,721 | 69,618 | 48,103 | 148,443 |
| Fire | 40,000 | 11,793 | 11,793 | - | 22,041 |
| Total capital outlay | <u>190,000</u> | <u>129,514</u> | <u>81,411</u> | <u>48,103</u> | <u>170,484</u> |
| Total expenditures | <u>4,086,530</u> | <u>4,157,369</u> | <u>4,140,464</u> | <u>16,905</u> | <u>3,927,788</u> |
| Deficiency of revenues over expenditures | (1,736,530) | (2,208,467) | (2,234,907) | (26,440) | (1,881,790) |
| Other financing sources (uses): | | | | | |
| Transfers in | <u>1,910,000</u> | <u>1,910,000</u> | <u>1,420,833</u> | <u>(489,167)</u> | <u>1,704,954</u> |
| Excess (deficiency) of revenues and other sources over expenditures | 173,470 | (298,467) | (814,074) | (515,607) | (176,836) |
| Fund balance (deficit), beginning | <u>(340,307)</u> | <u>(340,307)</u> | <u>(340,307)</u> | <u>-</u> | <u>(163,471)</u> |
| Fund balance (deficit), ending | <u>\$ (166,837)</u> | <u>\$ (638,774)</u> | <u>\$(1,154,381)</u> | <u>\$(515,607)</u> | <u>\$ (340,307)</u> |

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

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

Mainstreet Program Fund -

To account for the activity to foster economic development and stimulate cultural tourism throughout the City's downtown area.

Debt Service Funds

Debt service funds are used to accumulate resources to be used to make debt service principal and interest payments on general obligation long-term debt.

Sales Tax Sinking Fund

To accumulate monies for payment of the \$1,344,000 Sales Tax Refunding Bonds, Series 2013. Debt service is financed by the collection of sales taxes.

2016 Certificates of Indebtedness Fund

To accumulate monies for payment of the \$2,000,000 Certificates of Indebtedness, Series 2016. Debt service is financed by the collection of ad valorem taxes.

2004 GOB Street Improvement Fund

To accumulate monies for payment of the \$1,800,000 General Obligation Bonds, Series 2004. Debt service is financed by the collection of ad valorem taxes.

Capital Projects Fund

Capital projects funds are used to accumulate resources to be used for the acquisition or construction of capital facilities.

Airport Construction Fund -

To account for improvements and rehabilitation costs associated with the City's airport which is funded by state and federal monies.

CITY OF LEESVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2017

| | Special Revenue | Debt Service | Capital Projects | Total |
|-------------------------------------|--------------------|-----------------|---------------------|------------|
| ASSETS | | | | |
| Cash and interest-bearing deposits | \$ 75,325 | \$ 585,982 | \$ 21,532 | \$ 682,839 |
| Receivables - | | | | |
| Due from other funds | - | 8,104 | - | 8,104 |
| Total assets | \$ 75,325 | \$ 594,086 | \$ 21,532 | \$ 690,943 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 184 | \$ - | \$ - | \$ 184 |
| Accrued liabilities | 439 | - | - | 439 |
| Total liabilities | 623 | - | - | 623 |
| Fund balances: | | | | |
| Restricted for debt service | - | 594,086 | - | 594,086 |
| Restricted for capital projects | - | - | 21,532 | 21,532 |
| Unassigned | 74,702 | - | - | 74,702 |
| Total fund balances | 74,702 | 594,086 | 21,532 | 690,320 |
| Total liabilities and fund balances | \$ 75,325 | \$ 594,086 | \$ 21,532 | \$ 690,943 |

CITY OF LEESVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2017

| | Special Revenue | Debt Service | Capital Projects | Total |
|---|--------------------|-----------------|---------------------|------------|
| Revenues: | | | | |
| Taxes | \$ - | \$ 410,906 | \$ - | \$ 410,906 |
| Intergovernmental | - | - | 19,707 | 19,707 |
| Miscellaneous | 600 | 597 | - | 1,197 |
| Total revenues | 600 | 411,503 | 19,707 | 431,810 |
| Expenditures: | | | | |
| Current - | | | | |
| Public works | 3,640 | - | - | 3,640 |
| Debt service | - | 612,248 | - | 612,248 |
| Capital outlay | - | - | 19,707 | 19,707 |
| Total expenditures | 3,640 | 612,248 | 19,707 | 635,595 |
| Deficiency of revenues over expenditures | (3,040) | (200,745) | - | (203,785) |
| Other financing sources (uses): | | | | |
| Transfers in | 43,184 | 207,708 | - | 250,892 |
| Excess of revenues and other sources over expenditures and other uses | 40,144 | 6,963 | - | 47,107 |
| Fund balances, beginning | 34,558 | 587,123 | 21,532 | 643,213 |
| Fund balances, ending | \$ 74,702 | \$ 594,086 | \$ 21,532 | \$ 690,320 |

NONMAJOR DEBT SERVICE FUNDS

CITY OF LEESVILLE, LOUISIANA
Nonmajor Debt Service Funds

Combining Balance Sheet
June 30, 2017

| | Sales Tax Sinking | 2016 Certificates of Indebtedness | 2004 GOB Street Improvements | Total |
|-------------------------------------|----------------------|---|------------------------------------|------------|
| ASSETS | | | | |
| Cash and interest-bearing deposits | \$ 345,904 | \$ - | \$ 240,078 | \$ 585,982 |
| Receivables - | | | | |
| Due from other funds | - | - | 8,104 | 8,104 |
| Total assets | \$ 345,904 | \$ - | \$ 248,182 | \$ 594,086 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | \$ - | \$ - | \$ - | \$ - |
| Fund balances: | | | | |
| Restricted for debt service | 345,904 | - | 248,182 | 594,086 |
| Total liabilities and fund balances | \$ 345,904 | \$ - | \$ 248,182 | \$ 594,086 |

CITY OF LEESVILLE, LOUISIANA
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2017

| | Sales Tax Sinking | 2016 Certificates of Indebtedness | 2004 GOB Street Improvements | Total |
|---|----------------------|---|------------------------------------|-------------------|
| Revenues: | | | | |
| Taxes | \$ - | \$ 238,631 | \$ 172,275 | \$ 410,906 |
| Miscellaneous | <u>444</u> | <u>-</u> | <u>153</u> | <u>597</u> |
| Total revenues | 444 | 238,631 | 172,428 | 411,503 |
| Expenditures: | | | | |
| Debt service | <u>205,126</u> | <u>238,631</u> | <u>168,491</u> | <u>612,248</u> |
| Excess (deficiency) of revenues over expenditures | (204,682) | - | 3,937 | (200,745) |
| Other financing sources (uses): | | | | |
| Transfers in | <u>207,708</u> | <u>-</u> | <u>-</u> | <u>207,708</u> |
| Excess of revenues and other sources over expenditures and other uses | 3,026 | - | 3,937 | 6,963 |
| Fund balances, beginning | <u>342,878</u> | <u>-</u> | <u>244,245</u> | <u>587,123</u> |
| Fund balances, ending | <u>\$ 345,904</u> | <u>\$ -</u> | <u>\$ 248,182</u> | <u>\$ 594,086</u> |

CITY OF LEESVILLE, LOUISIANA

Comparative Statement of Position - Proprietary Funds
June 30, 2017

| | Business -Type Activities - Enterprise Funds | | | | | |
|--|--|----------------------|---------------------|---------------------|----------------------|----------------------|
| | Sewer | | Water | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and interest-bearing deposits | \$ 100,575 | \$ 64,541 | \$ - | \$ - | \$ 100,575 | \$ 64,541 |
| Receivables: | | | | | | |
| Accounts, net | 134,381 | 133,182 | 231,746 | 236,666 | 366,127 | 369,848 |
| Due from other funds | 450,410 | 285,664 | 1,022,678 | 1,397,666 | 1,473,088 | 1,683,330 |
| Due from other governmental agencies | - | - | 2,086,779 | 2,178,410 | 2,086,779 | 2,178,410 |
| Prepaid items | 5,167 | 5,116 | 5,167 | 5,116 | 10,334 | 10,232 |
| Total current assets | <u>690,533</u> | <u>488,503</u> | <u>3,346,370</u> | <u>3,817,858</u> | <u>4,036,903</u> | <u>4,306,361</u> |
| Noncurrent assets: | | | | | | |
| Restricted assets - | | | | | | |
| Cash and interest-bearing deposits | - | - | 1,254,213 | 941,955 | 1,254,213 | 941,955 |
| Land and construction in progress | 119,876 | 119,876 | 107,816 | 2,765,672 | 227,692 | 2,885,548 |
| Capital assets, net of accumulated depreciation | 9,924,513 | 10,347,756 | 6,542,905 | 3,640,190 | 16,467,418 | 13,987,946 |
| Total noncurrent assets | <u>10,044,389</u> | <u>10,467,632</u> | <u>7,904,934</u> | <u>7,347,817</u> | <u>17,949,323</u> | <u>17,815,449</u> |
| Total assets | <u>10,734,922</u> | <u>10,956,135</u> | <u>11,251,304</u> | <u>11,165,675</u> | <u>21,986,226</u> | <u>22,121,810</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred outflows of resources related to pensions | <u>192,975</u> | <u>193,167</u> | <u>158,009</u> | <u>164,056</u> | <u>350,984</u> | <u>357,223</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts and other payables | 18,647 | 33,754 | 45,198 | 59,528 | 63,845 | 93,282 |
| Due to other funds | 25,346 | - | - | - | 25,346 | - |
| Revenue bonds | - | - | 250,000 | 240,000 | 250,000 | 240,000 |
| Capital lease | 4,812 | 4,612 | 4,812 | 4,612 | 9,624 | 9,224 |
| Note payable | - | - | 50,217 | - | 50,217 | - |
| Accrued interest payable | 51 | 67 | 14,150 | 16,001 | 14,201 | 16,068 |
| Total current liabilities | <u>48,856</u> | <u>38,433</u> | <u>364,377</u> | <u>320,141</u> | <u>413,233</u> | <u>358,574</u> |
| Noncurrent liabilities: | | | | | | |
| Customer deposits payable | - | - | 221,409 | 226,331 | 221,409 | 226,331 |
| Compensated absences payable | 28,950 | 28,396 | 10,183 | 12,588 | 39,133 | 40,984 |
| OPEB obligation payable | 175,769 | 331,060 | 395,480 | 264,848 | 571,249 | 595,908 |
| Net pension liability | 333,014 | 260,680 | 281,979 | 224,944 | 614,993 | 485,624 |
| Revenue bonds payable | - | - | 4,448,534 | 4,610,523 | 4,448,534 | 4,610,523 |
| Capital lease | 12,022 | 16,832 | 12,022 | 16,832 | 24,044 | 33,664 |
| Note payable | - | - | 186,101 | 236,318 | 186,101 | 236,318 |
| Total noncurrent liabilities | <u>549,755</u> | <u>636,968</u> | <u>5,555,708</u> | <u>5,592,384</u> | <u>6,105,463</u> | <u>6,229,352</u> |
| Total liabilities | <u>598,611</u> | <u>675,401</u> | <u>5,920,085</u> | <u>5,912,525</u> | <u>6,518,696</u> | <u>6,587,926</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows of resources related to pensions | <u>5,504</u> | <u>176,000</u> | <u>4,537</u> | <u>157,176</u> | <u>10,041</u> | <u>333,176</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 10,027,504 | 10,455,345 | 2,767,906 | 2,006,424 | 12,795,410 | 12,461,769 |
| Unrestricted (deficit) | 296,278 | (157,444) | 2,716,785 | 3,253,606 | 3,013,063 | 3,096,162 |
| Total net position | <u>\$ 10,323,782</u> | <u>\$ 10,297,901</u> | <u>\$ 5,484,691</u> | <u>\$ 5,260,030</u> | <u>\$ 15,808,473</u> | <u>\$ 15,557,931</u> |

CITY OF LEESVILLE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2017

| | Business -Type Activities - Enterprise Funds | | | | | |
|--|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Sewer | | Water | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Operating revenues: | | | | | | |
| Charges for services | \$ 812,091 | \$ 916,397 | \$ 1,516,083 | \$ 1,642,320 | \$ 2,328,174 | \$ 2,558,717 |
| Miscellaneous | - | 1,313 | 4,057 | 21 | 4,057 | 1,334 |
| Total operating revenues | <u>812,091</u> | <u>917,710</u> | <u>1,520,140</u> | <u>1,642,341</u> | <u>2,332,231</u> | <u>2,560,051</u> |
| Operating expenses: | | | | | | |
| Salaries | 311,116 | 341,566 | 270,013 | 269,896 | 581,129 | 611,462 |
| Employee benefits | 24,908 | 26,855 | 24,820 | 22,628 | 49,728 | 49,483 |
| OPEB expense | (155,291) | 26,856 | 130,632 | 21,485 | (24,659) | 48,341 |
| Pension expense (benefit) | (56,278) | (76,384) | (56,612) | (73,604) | (112,890) | (149,988) |
| Operating supplies | 27,560 | 38,802 | 119,460 | 108,087 | 147,020 | 146,889 |
| Vehicle expense | 9,832 | 16,074 | 29,501 | 21,036 | 39,333 | 37,110 |
| Utilities and communications | 119,045 | 129,950 | 140,347 | 145,300 | 259,392 | 275,250 |
| Insurance | 80,538 | 76,393 | 129,527 | 119,758 | 210,065 | 196,151 |
| Legal and other professional | 11,185 | 10,230 | - | - | 11,185 | 10,230 |
| Repairs and maintenance | 78,135 | 102,452 | 54,189 | 63,664 | 132,324 | 166,116 |
| Bad debt | 30,738 | 19,424 | 64,674 | 37,383 | 95,412 | 56,807 |
| Miscellaneous | 47,606 | 47,921 | 13,390 | 27,524 | 60,996 | 75,445 |
| Depreciation | 421,507 | 367,136 | 254,608 | 261,491 | 676,115 | 628,627 |
| Total operating expenses | <u>950,601</u> | <u>1,127,275</u> | <u>1,174,549</u> | <u>1,024,648</u> | <u>2,125,150</u> | <u>2,151,923</u> |
| Operating income (loss) | <u>(138,510)</u> | <u>(209,565)</u> | <u>345,591</u> | <u>617,693</u> | <u>207,081</u> | <u>408,128</u> |
| Nonoperating revenues (expenses): | | | | | | |
| Interest income | 254 | 254 | 815 | 458 | 1,069 | 712 |
| Ad valorem taxes | 119,100 | 324,433 | - | - | 119,100 | 324,433 |
| Insurance proceeds | (1,737) | - | 505 | 13,381 | (1,232) | 13,381 |
| Nonemployer pension contribution | 9,181 | 8,775 | 7,255 | 7,076 | 16,436 | 15,851 |
| Interest expense | (810) | (615) | (86,679) | (86,095) | (87,489) | (86,710) |
| Total nonoperating revenues (expenses) | <u>125,988</u> | <u>332,847</u> | <u>(78,104)</u> | <u>(65,180)</u> | <u>47,884</u> | <u>267,667</u> |
| Income (loss) before contributions and transfers | (12,522) | 123,282 | 267,487 | 552,513 | 254,965 | 675,795 |
| Contributions | - | 319,471 | 290,539 | 117,948 | 290,539 | 437,419 |
| Transfers in (out) | <u>38,403</u> | <u>(16,727)</u> | <u>(333,365)</u> | <u>(352,905)</u> | <u>(294,962)</u> | <u>(369,632)</u> |
| Change in net position | 25,881 | 426,026 | 224,661 | 317,556 | 250,542 | 743,582 |
| Net position, beginning | <u>10,297,901</u> | <u>9,871,875</u> | <u>5,260,030</u> | <u>4,942,474</u> | <u>15,557,931</u> | <u>14,814,349</u> |
| Net position, ending | <u>\$10,323,782</u> | <u>\$10,297,901</u> | <u>\$ 5,484,691</u> | <u>\$ 5,260,030</u> | <u>\$15,808,473</u> | <u>\$15,557,931</u> |

**INTERNAL CONTROL, COMPLIANCE
AND OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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Conrad O. Chapman, CPA* 2006

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

The Honorable Rick Allen, Mayor
and Members of the City Council
City of Leesville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leesville, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Leesville, Louisiana's basic financial statements and have issued our report thereon dated December 15, 2017.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying summary schedule of current and prior year audit findings and corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2017-001, 2017-002, and 2017-005 to be material weaknesses.

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 consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2017-003 and 2017-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Leesville, Louisiana'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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2017-006, 2016-007, 2017-008, 2016-009, and 2017-010.

City of Leesville, Louisiana's Response to Findings

The City of Leesville, Louisiana's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings. The City of Leesville, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 15, 2017

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2017

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Plan | Name of Contact Person | Anticipated Date of Completion |
|----------------------------|--|---|-------------------------|--|---------------------------------|--------------------------------|
| CURRENT YEAR (06/30/17) -- | | | | | | |
| <u>Internal Control:</u> | | | | | | |
| 2017-001 | Unknown | The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. | | The City has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation. | Rick Allen, Mayor | N/A |
| 2017-002 | 2014 | The City did not complete bank reconciliations timely for its operating cash account during the fiscal year. Timely reconciling all bank accounts is a key component of good controls over cash. Reconciling the bank balance with the book balance (general ledger) is necessary to ensure that (1) all receipts and disbursements are recorded (an essential process in ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance. State law [Louisiana Revised Statute (R.S.) 10:4-406(d) (2)] allows a municipality 30 days to examine bank statements and cancelled checks for unauthorized signatures or alterations. After 30 days, the municipality is precluded from asserting a claim against the bank for unauthorized signatures or alterations. We recommend that written bank reconciliations be prepared within 30 days of receipt of bank statements by an employee who does not have responsibility/authority to (1) sign checks; or (2) receive and deposit cash; or (3) authorize disbursements. The monthly bank reconciliations should be properly completed, dated, and signed by both the preparer and reviewer/approver and be maintained on file for subsequent review and audit. | | The City now has procedures in place to ensure that all cash accounts are reconciled on a monthly basis; however, due to two computer crashes which occurred during the fiscal year, the bank accounts were not reconciled timely. | Patti Lamey, City Administrator | 6/30/2018 |

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2017

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Plan | Name of Contact Person | Anticipated Date of Completion |
|----------------------------|--|--|-------------------------|---|---------------------------------|--------------------------------|
| CURRENT YEAR (06/30/17) -- | | | | | | |
| <u>Internal Control:</u> | | | | | | |
| 2017-003 | 2015 | The City did not have proper controls of the maintenance of personnel files. Ten percent of personnel files tested did not contain the proper documentation to support deduction amounts withheld from employees' payroll check. Fifty-three percent of files tested did not contain a current I-9 form, and six percent of files tested did not have documentation of the current approved pay rates for the 2016 - 2017 fiscal year. Also no personnel file was found for one of the employees selected for testing. Procedures should be implemented to ensure that personnel files are current and complete for all employees. | | The City will establish policies and procedures to ensure personnel files are complete and contain all required current information. | Patti Lamey, City Administrator | 6/30/2018 |
| 2017-004 | 2016 | The City is not consistently adhering to its cutoff policy. The policy states that a utility customer will be cut off on or after the 20th of each month when the delinquent balance on the 20th of the month totals \$75 or greater. During the year ended June 30, 2017, a city employee with a delinquent balance in an amount greater than \$75 had not been cut off. Also late charges were not consistently applied to the delinquent accounts of one city official and two employees during the year. | | The City currently has policies and procedures to ensure that the City's cutoff policy is consistently adhered to; however, due to computer failures during the fiscal year, the utility billing was not completed in a timely manner which resulted in a deviation from normal policy. | Patti Lamey, City Administrator | 6/30/2018 |

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2017

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Plan | Name of Contact Person | Anticipated Date of Completion |
|--------------------------|--|--|--|---|---------------------------------|--------------------------------|
| <u>Internal Control:</u> | | | | | | |
| 2017-005 | 2016 | During the period from approximately July 13, 2014 through January 22, 2017, an employee of the City charged with processing payroll attempted to commit payroll fraud by manipulating deductions to her pay in an effort to increase net pay. This payroll manipulation was not timely detected due to inadequate controls over the review and supervision of the payroll process. The employee would increase deductions periodically in an effort to "pay back" the skipped deductions from prior payroll periods. This manipulation of deductions resulted in the City deducting an excess of what was owed by the employee. The City Police Department, the District Attorney, and the Legislative Auditor's office were notified when the payroll irregularities were discovered and an internal investigation was initiated. Disciplinary action was taken and the employee resigned her employment on February 3, 2017. No restitution has been made because the City was not out any funds. | The City took appropriate action to report the activity, initiate an investigation, and will establish policies and procedures to ensure that payroll deductions are being made appropriately. | | Patti Lamey, City Administrator | 6/30/2018 |
| <u>Compliance:</u> | | | | | | |
| 2017-006 | 2016 | The City did not comply with the sinking fund deposit requirements for the Certificates of Indebtedness, Series 2016. The certificates require that tax collections be transferred into a separate sinking fund account up to the amount necessary to meet current debt service requirements. The City set up a separate sinking fund account for these certificates but did not utilize it. It is recommended that the City fully comply with the sinking fund deposit requirements by making deposits into the separate sinking fund account as required. | | The City will fully comply with the sinking fund requirements of the Certificates of Indebtedness, Series 2016. | Patti Lamey, City Administrator | 6/30/2018 |

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2017

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Plan | Name of Contact Person | Anticipated Date of Completion |
|----------------------------|--|---|-------------------------|---|---------------------------------|--------------------------------|
| CURRENT YEAR (06/30/17) -- | | | | | | |
| <u>Compliance:</u> | | | | | | |
| 2017-007 | 2017 | During the year the City was assessed penalties and interest totaling \$9,960 for the late filing of 2013 W-2's. | | The City is currently adhering to the required policies and procedures. The assessed penalties and interest charged during the fiscal year was due to actions from a prior year not under the current administration. | Patti Lamey, City Administrator | 6/30/2018 |
| 2017-008 | 2015 | The City did not comply with the provisions of LSA-RS 39:1305(E) with respect to the Public Safety Special Revenue Fund. This statute states that when preparing and/or amending budgets, the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year. The original proposed budget and the amended budget adopted for the Public Safety Special Revenue Fund proposed expenditures exceeding estimated funds available for the ensuing fiscal year by \$166,837 and \$638,774, respectively. | | The City will adhere to the provisions of LSA-RS 39:1305(E) by adopting budgets in which the proposed expenditures do not exceed the total of estimated funds available for the ensuing year. | Patti Lamey, City Administrator | 6/30/2018 |
| 2017-009 | 2016 | LSA-RS 39:1305(B) requires that the proposed budget be made available for public inspection not later than 15 days prior to the beginning of each fiscal year. LSA-RS 39:1306(D) requires notice of the public hearing to be published at least 10 days prior to the hearing and may be published in the same advertisement as the availability of the proposed budget. The notice of public hearing for the proposed fiscal year 2017 operating budget was published 3 days prior to the public hearing instead of the prescribed 10 days. No notice was published of a public hearing for the proposed fiscal year 2017 amended budget. | | The City will adhere to the provisions of LSA-RS 39:1305(B) and LSA-RS 39:1306(D) when adopting and amending budgets. | Patti Lamey, City Administrator | 6/30/2018 |

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2017

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Plan | Name of Contact Person | Anticipated Date of Completion |
|-----------------------------------|--|--|-------------------------|--|---------------------------------|--------------------------------|
| <u>CURRENT YEAR (06/30/17) --</u> | | | | | | |
| <u>Compliance:</u> | | | | | | |
| 2017-010 | 2016 | The City did not amend the General and Sales Tax Special Revenue Funds' budgets in accordance with LSA-RS 39:1311(A)(1) & (2) that states when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted amounts by five percent or more, the budget must be amended. Total revenues failed to meet budgeted revenues in the General Fund by 13.5% or \$225,212. Total revenues failed to meet budgeted revenues in the Sales Tax Fund by 7.1% or \$222,960. | | The City will adhere to the provisions of LSA-RS 39:1311(A)(1) & (2) by monitoring its financial statements closely and amending the budget when actual revenues fail to meet projected revenue amounts by five percent or more. | Patti Lamey, City Administrator | 6/30/2018 |
| <u>Management Letter:</u> | | | | | | |
| 2017-011 | Unknown | The Public Safety fund experienced a deficit during the current year of \$814,074 increasing its fund balance deficit to \$1,154,381. The City should evaluate operations to determine methods to increase revenues and/or reduce expenditures in order to operate at a surplus. | | The City will evaluate operations to determine methods to increase revenues and/or reduce expenditures in order to operate at a surplus. | Patti Lamey, City Administrator | 6/30/2018 |
| 2017-012 | Unknown | The Sewer Enterprise Fund experienced an operating loss of \$138,510 during the current year. The City should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus. | | The City will evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus. | Patti Lamey, City Administrator | 6/30/2018 |
| 2017-013 | 2017 | During the year, the City experienced two computer system crashes in which substantial data was lost resulting from a failure of the backup system. This lost data was re-entered by City personnel from hard copy reports. It is recommended that Management evaluate computer backup systems to ensure these systems are functioning properly and that all data of the City is safeguarded. | | During the fiscal year, the backup system in place failed. This failure was identified as a result of two system crashes. The City has evaluated computer operations and has implemented two independent backup systems as well as a process for maintaining hard copy documents to ensure that the City's data is safeguarded at all times. | Patti Lamey, City Administrator | 6/30/2018 |

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2017

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Plan | Name of Contact Person | Anticipated Date of Completion |
|--------------------------|--|---|-------------------------|-----------------------------------|------------------------|--------------------------------|
| PRIOR YEAR (06/30/16) -- | | | | | | |
| <u>Internal Control:</u> | | | | | | |
| 2016-001 | Unknown | The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. | No | See current year finding 2017-001 | | |
| 2016-002 | 2014 | The City did not prepare bank reconciliations for its operating cash account during the fiscal year. Timely reconciling all bank accounts is a key component of good controls over cash. Reconciling the bank balance with the book balance (general ledger) is necessary to ensure that (1) all receipts and disbursements are recorded (an essential process in ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance. State law [Louisiana Revised Statute (R.S.) 10:4-406(d) (2)] allows a municipality 30 days to examine bank statements and cancelled checks for unauthorized signatures or alterations. After 30 days, the municipality is precluded from asserting a claim against the bank for unauthorized signatures or alterations. We recommend that written bank reconciliations be prepared within 30 days of receipt of bank statements by an employee who does not have responsibility/authority to (1) sign checks; or (2) receive and deposit cash; or (3) authorize disbursements. The monthly bank reconciliations should be properly completed, dated, and signed by both the preparer and reviewer/approver and be maintained on file for subsequent review and audit. | Partial | See current year finding 2017-002 | | |

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2017

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Plan | Name of Contact Person | Anticipated Date of Completion |
|---------------------------------|---|---|-------------------------------|-----------------------------------|---------------------------|--------------------------------------|
| <u>PRIOR YEAR (06/30/16) --</u> | | | | | | |
| <u>Internal Control:</u> | | | | | | |
| 2016-003 | 2015 | The City did not have proper controls of the maintenance of personnel files. Thirty percent of personnel files tested did not contain the proper documentation to support deduction amounts withheld from employees' payroll check. Three percent of files tested did not contain a current I-9 form, and ten percent of files tested did not have documentation of the current approved pay rates for the 2015 - 2016 fiscal year. Procedures should be implemented to ensure that personnel files are current and complete for all employees. | No | See current year finding 2017-003 | | |
| 2016-004 | 2016 | The City is not consistently adhering to its cutoff policy. The policy states that a utility customer will be cut off on or after the 20th of each month when the delinquent balance on the 20th of the month totals \$75 or greater. At June 30, 2016, a town official and a city employee with delinquent balances in amounts greater than \$75 had not been cut off. | No | See current year finding 2017-004 | | |
| <u>Compliance:</u> | | | | | | |
| 2016-005 | 2015 | The City did not comply with the sinking, reserve, and depreciation and contingency fund deposit requirements for the Public Improvement Bonds, Series 2013. The bond issue requires that amounts be transferred monthly into separate accounts. The required transfers were not made in full to these accounts for the fiscal year ended June 30, 2016. It is recommended that the City fully comply with the sinking, reserve, and depreciation and contingency fund deposit requirements by making transfers monthly as required by the bond covenant. | Yes | | | |

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2017

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Plan | Name of Contact Person | Anticipated Date of Completion |
|--------------------------|--|--|-------------------------|-----------------------------------|------------------------|--------------------------------|
| PRIOR YEAR (06/30/16) -- | | | | | | |
| <u>Compliance:</u> | | | | | | |
| 2016-006 | 2016 | The City did not comply with the sinking fund deposit requirements for the Certificates of Indebtedness, Series 2016. The certificates require that tax collections be transferred into a separate sinking fund account up to the amount necessary to meet current debt service requirements. The City has not set up a separate sinking fund account for these certificates. It is recommended that the City fully comply with the sinking fund deposit requirements by setting up a separate account and making deposits as required. | No | See current year finding 2017-006 | | |
| 2016-007 | 2016 | During the year the City incurred payroll tax penalties totaling \$3,108 for the late payment of federal withholding taxes during the 3rd quarter of 2015. | Yes | | | |
| 2016-008 | 2016 | LSA-RS 39:1305(B) requires that the proposed budget be made available for public inspection not later than 15 days prior to the beginning of each fiscal year. LSA-RS 39:1306(D) requires notice of the public hearing to be published at least 10 days prior to the hearing and may be published in the same advertisement as the availability of the proposed budget. The City did not advertise the introduction and adoption of the proposed fiscal year 2016 operating budget within the prescribed time. This notice was published 19 days after the beginning the fiscal year. No notice was published of a public hearing for the proposed fiscal year 2016 operating budget. The notice of public hearing for the amended fiscal year 2016 operating budget was published 3 days prior to the public hearing instead of the prescribed 10 days. | No | See current year finding 2017-009 | | |

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2017

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Plan | Name of Contact Person | Anticipated Date of Completion |
|---------------------------------|--|--|-------------------------|-----------------------------------|------------------------|--------------------------------|
| <u>PRIOR YEAR (06/30/16) --</u> | | | | | | |
| <u>Compliance:</u> | | | | | | |
| 2016-009 | 2016 | The City did not amend the General, Sales Tax Special Revenue, and Public Safety Special Revenue Funds' budgets in accordance with LSA-RS 39:1311(A)(1) & (2) that states when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted amounts by five percent or more, the budget must be amended. Total revenues failed to meet budgeted revenues in the General Fund by 9.1% or \$167,218. Total revenues failed to meet budgeted revenues in the Sales Tax Fund by 5.4% or \$168,394. Total revenues failed to meet budgeted revenues in the Public Safety Fund by 12.4% or \$289,966. | No | See current year finding 2017-010 | | |
| 2016-010 | 2015 | The City did not comply with the provisions of LSA-RS 39:1305(E) with respect to the Public Safety Special Revenue Fund. This statute states that when preparing and/or amending budgets, the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year. The original proposed budget adopted for the Public Safety Special Revenue Fund proposed expenditures exceeding estimated funds available for the ensuing fiscal year by \$160,326. | No | See current year finding 2017-008 | | |
| <u>Management Letter:</u> | | | | | | |
| 2016-011 | 2016 | During the year numerous journal entries were recorded on the City's books in an attempt to adjust budget amounts. These journal entries were inappropriate in nature as they did not reflect an adjustment of actual transactions. It is recommended that management ensure all journal entries recorded properly account for existing funds and actual transactions of the City. | Yes | | | |

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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Retired:
Conrad O. Chapman, CPA* 2006

MANAGEMENT LETTER

The Honorable Rick Allen, Mayor
and Members of the City Council
City of Leesville, Louisiana

We have completed our audit of the basic financial statements of the City of Leesville, Louisiana for the year ended June 30, 2017, and submit the following recommendations for your consideration:

- (1) The Public Safety Fund experienced a deficit during the current year of \$814,074 increasing its fund balance deficit to \$1,154,381. The City should evaluate operations to determine methods to increase revenues and/or reduce expenditures in order to operate at a surplus.
- (2) The Sewer Enterprise Fund experienced an operating loss of \$138,510 during the current year. The City should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.
- (3) During the year, the City experienced two computer system crashes in which substantial data was lost resulting from a failure of the backup system. This lost data was re-entered by City personnel from hard copy reports. It is recommended that management evaluate computer backup systems to ensure these systems are functioning properly and that all data of the City is safeguarded.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 15, 2017

City of Leesville, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Year Ended June 30, 2017

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Rick Allen, Mayor
and Members of the City Council
City of Leesville, Louisiana and the
Louisiana Legislative Auditor

Retired

Conrad O. Chapman, CPA* 2006

We have performed the procedures enumerated below, which were agreed to by the management of the City of Leesville (City) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the City's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the City is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

The City did not have written policies and procedures to address the functions noted above.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

d) ***Receipts***, including receiving, recording, and preparing deposits.

Written policies and procedures were obtained and address receiving and recording receipts but do not address the preparation of deposits.

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

Written policies and procedures were obtained and address payroll processing and reviewing and approving attendance but do not address reviewing and approving leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The City did not have written policies and procedures to address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

Written policies and procedures were obtained and address documentation requirements, required approvers and monitoring card usage but do not address how cards are to be controlled or allowable business uses.

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

Written policies and procedures were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The City did not have written policies and procedures to address the functions noted above.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained and address debt reserve requirements but do not address debt issuance approval, EMMA reporting requirements or debt service requirements.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met at least monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Obtained and reviewed minutes of the council for the fiscal period noting that the minutes included or referenced monthly budget-to-actual comparisons for the major funds for any of the 12 months examined.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Review of budget to actual comparisons did not disclose deficit spending during the fiscal period.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Obtained and reviewed the minutes of the council for the fiscal period noting that minutes referenced or included non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts from management and management's representation that listing is complete.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and bank reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Obtained bank statements and reconciliations for all months in the fiscal period noting evidence of management review present for all months for each of the 5 accounts selected, but did not indicate a date of review.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Obtained bank statements and reconciliations for all months in the fiscal period noting there were no items outstanding for more than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of cash collection locations and management's representation that listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

For 2 of the selected locations, the person responsible for collecting cash deposits and records the receipts, but does not reconcile the bank statement.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

For all selected locations, there is a formal process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The highest (dollar) week of cash collections for each location was obtained along with collection documentation, deposit slips, and bank statements. There were no exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

All selected locations collections were completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

In all locations, there is a process specifically defined to determine the completeness of all collections by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

There were no exceptions noted.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

1 of the 25 transactions selected were approved by a person who initiated the purchase.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

There were no exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The City did not have written policies and procedures to address the functions noted above.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The City did not have written policies and procedures to address the functions noted above.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Inquiry of management indicated that unused check stock is maintained in a locked location. It was noted that persons with signatory authority have system access to print checks, but that all checks require two original signatures.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

There were no exceptions noted.

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

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

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Monthly statements were obtained and address the functions noted above.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges and/or late fees assessed on any of the cards selected.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Of the ten cards selected, three cards had transactions that did not have an original itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Of the ten cards tested, one credit card had transactions for which no business/public purpose was documented.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

All credit cards selected for testing had other documentation that was required.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

There were no exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Of the ten cards tested, one credit card had transactions that did not have documentation of business/public purpose.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete were obtained.

- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The City's travel and expense reimbursements are restricted to the State of Louisiana Department of Administration's 2016-2017 Travel Guide. No amounts exceeded GSA rates.

- 19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions were noted.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions were noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions were noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions were noted.

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All three employees selected did not have review and approval of each expense by someone other than the person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions were noted.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

There were no instances of noncompliance noted.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

There were no instances of noncompliance noted

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No amendments were made to contracts during the fiscal year.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

There were no instances of noncompliance noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Supporting documentation for council approval could not be provided for one of the selected contracts.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions were noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions were noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

All selected employees had daily attendance and leave documented.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

4 of the 25 selected employees did not have supervisor approval of attendance or sick leave.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions were noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions were noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

One tax deposit during the 4th quarter of 2016 was a day late, and 3rd quarter form 941 of 2016 was not filed on time. Three MERS retirement payments, and one MPERS monthly payments were not submitted by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Of the 5 employees selected, we could not determine if 2 of the employees completed ethics training.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No debt was issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

All scheduled debt service payments were made and debt reserves were maintained as required by debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

No exceptions were noted.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The entity has the required notices posted on its premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were noted.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the City of Leesville and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 15, 2017