

TOWN OF LEONVILLE, LOUISIANA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

Independent Auditor's Report	Page 1-2
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	5
Statement of activities	6
FUND FINANCIAL STATEMENTS	
Balance sheet – governmental funds	8
Reconciliation of the governmental funds balance sheet to the statement of net position	9
Statement of revenues, expenditures, and changes in fund balances – governmental funds	10
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	11
Statement of net position – proprietary funds	12
Statement of revenues, expenses, and changes in fund net assets – proprietary funds	13
Statement of cash flows – proprietary funds	14-15
Notes to basic financial statements	16-42
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule:	
General fund	44-46
Schedule of Employer's Proportionate Share of Net Pension Liability	47
Schedule of Employer's Pension Contributions	48
Notes to Required Supplementary Information	49
OTHER SUPPLEMENTARY INFORMATION	
Schedule of operating revenues and expenses – proprietary fund	51
RELATED REPORTS	
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	53-54
Schedule of Findings and Responses	55-56
Status of Prior Years Findings	57-59
Schedule of Mayor and Alderman Compensation	60
Schedule of Rates and Accounts Receivable	61
Schedule of Insurance	62
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	63
Judicial System Funding Schedule – Collecting/Disbursing Entity	64

VIGE, TUJAGUE & NOEL
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

INDEPENDENT AUDITOR'S REPORT

The Honorable Nicholas Degueyter, Mayor,
and Members of the Board of Alderman
Town of Leonville, Louisiana

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 Town of Leonville, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town'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 Town of Leonville, Louisiana, as of June 30, 2021, 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 and pension schedules listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

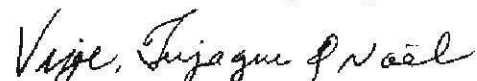
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Leonville, Louisiana's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying judicial system funding schedule, and the schedule of compensation, benefits, and other payments to agency head, and as listed in the table of contents, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, judicial system funding schedule and the schedule of compensation, benefits, and other payments to agency head 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, the combining and individual nonmajor fund financial statements, judicial system funding schedule and the schedule of compensation, benefits, and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of the Town of Leonville, 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 Town of Leonville, Louisiana's internal control over financial reporting and compliance.



Vigé, Tujague & Noël

Eunice, Louisiana

December 14, 2021

BASIC FINANCIAL STATEMENTS

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

TOWN OF LEONVILLE, LOUISIANA
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 104,895	\$ 1,029,812	\$ 1,134,707
Receivables, net	18,094	132,471	150,565
Unbilled receivables	-	54,642	54,642
Prepaid insurance	13,040	49,504	62,544
Unamortized revenue bond insurance	-	29,240	29,240
Other assets	-	156	156
Total current assets	<u>136,029</u>	<u>1,295,825</u>	<u>1,431,854</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	-	63,330	63,330
Capital assets, net	<u>1,657,694</u>	<u>11,072,405</u>	<u>12,730,099</u>
Total noncurrent assets	<u>1,657,694</u>	<u>11,135,735</u>	<u>12,793,429</u>
Total assets	<u>1,793,723</u>	<u>12,431,560</u>	<u>14,225,283</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>57,321</u>	<u>102,451</u>	<u>159,772</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	10,099	132,896	142,995
Compensated absences	4,522	9,784	14,306
Current portion of bonds payable	-	180,000	180,000
Total current liabilities	<u>14,621</u>	<u>322,680</u>	<u>337,301</u>
Noncurrent liabilities:			
Customers deposits payable	-	32,315	32,315
Revenue bonds payable	-	5,150,000	5,150,000
Unamortized revenue bond premium	-	430,986	430,986
Net pension liability	<u>239,897</u>	<u>386,820</u>	<u>626,717</u>
Total noncurrent liabilities	<u>239,897</u>	<u>6,000,121</u>	<u>6,240,018</u>
Total liabilities	<u>254,518</u>	<u>6,322,801</u>	<u>6,577,319</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>19,947</u>	<u>64,358</u>	<u>84,305</u>
NET POSITION			
Invested in capital assets, net of related debt	1,657,694	11,072,405	12,730,099
Restricted for debt service	-	63,330	63,330
Unrestricted	<u>(81,115)</u>	<u>(4,988,883)</u>	<u>(5,069,998)</u>
Total net position	<u>\$ 1,576,579</u>	<u>\$ 6,146,852</u>	<u>\$ 7,723,431</u>

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

TOWN OF LEONVILLE, LOUISIANA

Statement of Activities

For the Year Ended June 30, 2021

Activities	Expenses	Program Revenues			Net (Expenses) 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	\$ 69,583	\$ -	26,341	\$ -	\$ (43,242)	\$ -	\$ (43,242)
Public safety:							
Police	172,345	22,607	900	-	(148,838)	-	(148,838)
Streets	105,807	-	-	6,250	(99,557)	-	(99,557)
Total governmental activities	347,735	22,607	27,241	6,250	(291,637)	-	(291,637)
Business-type activities:							
Utility	1,792,138	1,660,201	-	-	-	(131,937)	(131,937)
Total business-type activities	1,792,138	1,660,201	-	-	-	(131,937)	(131,937)
Total	\$ 2,139,873	\$ 1,682,808	\$ 27,241	\$ 6,250	(291,637)	(131,937)	(423,574)
General revenues:							
Taxes -							
Franchise and chain store taxes					71,019	-	71,019
Licenses and permits					31,349	-	31,349
Intergovernmental					57,966	-	57,966
Interest and investment earnings					11	897	908
Nonemployer pension contributions					5,852	11,871	17,723
Miscellaneous					4,031	52,303	56,334
Capital contributions					-	43,830	43,830
Transfers					54,297	(54,297)	-
Total general revenues and transfers					224,525	54,604	279,129
Changes in net assets					(67,112)	(77,333)	(144,445)
Net position - June 30, 2020					1,643,691	6,224,185	7,867,876
Net position - June 30, 2021					\$ 1,576,579	\$ 6,146,852	\$ 7,723,431

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

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF LEONVILLE, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund
<hr/>	
ASSETS	
Cash	\$ 104,895
Receivables	
Franchise fees receivable	11,305
Grants receivable	900
Intergovernmental receivable	5,889
Prepaid insurance	13,040
Total assets	<u>\$ 136,029</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 6,200
Accrued liabilities	3,899
Total liabilities	<u>10,099</u>
 Fund balances:	
Unassigned	125,930
Total fund balance	<u>125,930</u>
 Total liabilities and fund balance	 <u>\$ 136,029</u>

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

TOWN OF LEONVILLE, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total fund balances for governmental funds at June 30, 2021		\$ 125,930
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	\$ 8,912	
Buildings, net of \$142,102 accumulated depreciation	57,720	
Infrastructure, net of \$440,334 accumulated depreciation	1,572,027	
Equipment & other, net of \$122,969 accumulated depreciation	<u>19,035</u>	1,657,694
Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds		(202,523)
Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Compensated absences		<u>(4,522)</u>
Total net position of governmental activities at June 30, 2021		<u><u>\$ 1,576,579</u></u>

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

TOWN OF LEONVILLE, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2021

Revenues:	
Licenses and permits	\$ 31,349
Franchise fees	71,019
Fines and forfeits	22,607
Intergovernmental	91,457
Miscellaneous	4,042
Total revenues	<u>220,474</u>
Expenditures:	
Current –	
General government	64,553
Public safety:	
Police	159,889
Streets and drainage	26,025
Capital outlay	10,969
Total expenditures	<u>261,436</u>
Excess (deficiency) of revenues over expenditures	<u>(40,962)</u>
Other financing sources (uses):	
Operating transfers in	<u>80,296</u>
Total other financing sources (uses)	<u>80,296</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	39,334
Fund balance, beginning	<u>86,596</u>
Fund balances, ending	<u><u>\$ 125,930</u></u>

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

TOWN OF LEONVILLE, 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, 2021

Total net changes in fund balances at June 30, 2021 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 39,334
--	-----------

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 10,969	
Depreciation expense for the year ended June 30, 2021	<u>(94,906)</u>	(83,937)

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

Compensated absences	(4,522)
----------------------	---------

Net effect of pension liability recognition	8,012
---	-------

Net effect of pension liability allocation	<u>(25,999)</u>
--	-----------------

Total changes in net position at June 30, 2021 per Statement of Activities	<u>\$ (67,112)</u>
--	--------------------

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

TOWN OF LEONVILLE, LOUISIANA
Proprietary Fund
Statement of Net Position
June 30, 2021

ASSETS	Utility Fund
Cash	\$ 1,029,812
Receivables:	
Accounts receivable	132,471
Unbilled receivables	54,642
Other receivables	156
Restricted assets	
Cash and cash equivalents	63,330
Prepaid insurance	49,504
Unamortized revenue bond insurance	29,240
Utility property plant and equipment	17,074,588
Accumulated depreciation	<u>(6,002,183)</u>
Total assets	<u>12,431,560</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>102,451</u>
LIABILITIES	
Current liabilities:	
Accounts payable	97,455
Accrued liabilities	22,116
Compensated absences	9,784
Accrued interest payable	13,325
Current portion of revenue bonds payable	<u>180,000</u>
Total current liabilities	<u>322,680</u>
Noncurrent liabilities:	
Payable from restricted assets-	
Customers' deposits	32,315
Revenue bonds payable	5,150,000
Unamortized bond premium	430,986
Net pension liability	<u>386,820</u>
Total noncurrent liabilities	<u>6,000,121</u>
Total liabilities	<u>6,322,801</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>64,358</u>
NET POSITION	
Investment in general fixed assets, net of related debt	5,742,405
Restricted for debt service/customer deposits	63,330
Unrestricted	<u>341,117</u>
Total net position	<u>\$ 6,146,852</u>

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

TOWN OF LEONVILLE, LOUISIANA
Proprietary Fund
Statement of Revenues, Expenses, and Changes
in Fund Net Position
For the Year Ended June 30, 2021

	<u>Utility Fund</u>
Operating revenues:	
Charges for services –	
Gas sales	\$ 78,535
Water sales	1,453,787
Sewer service charges	88,130
Penalties and late fees	39,749
Miscellaneous revenues	<u>52,303</u>
Total operating revenues	<u>1,712,504</u>
Operating expenses:	
Cost of sales and services	32,028
General and administrative	1,006,689
Depreciation	<u>366,968</u>
Total operating expenses	<u>1,405,685</u>
Operating income	<u>306,819</u>
Nonoperating revenues (expenses):	
Interest income	897
Interest expense	(223,248)
Revenue bond issuance costs	(163,205)
Nonemployer pension contributions	<u>11,871</u>
Total nonoperating revenues (expenses)	<u>(373,685)</u>
Income before contributions and transfers	<u>(66,866)</u>
Operating contributions and transfers:	
Capital contributions	43,830
Operating transfers in	25,999
Operating transfers out	<u>(80,296)</u>
Total operating contributions and transfers	<u>(10,467)</u>
Change in net position	(77,333)
Net position, beginning	<u>6,224,185</u>
Net position, ending	<u><u>\$ 6,146,852</u></u>

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

TOWN OF LEONVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Utility Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,685,901
Payments to suppliers	(480,473)
Payments to employees	(545,636)
Other receipts	<u>52,303</u>
Net cash provided (used) by operating activities	<u>712,095</u>
Cash flows from noncapital financing activities:	
Cash received from other funds	25,999
Nonemployer pension contributions	11,871
Cash paid to other funds	<u>(80,296)</u>
Net cash provided (used) by noncapital financing activities	<u>(42,426)</u>
Cash flows from capital and related financing activities:	
Principal paid on debt	(5,713,465)
Acquisition of debt	5,365,000
Interest paid on debt	(215,098)
Revenue bond issuance costs	(163,205)
Revenue bond insurance	(29,240)
Revenue bond premium	430,986
Proceeds from meter deposits (net)	3,828
Contributed capital	43,830
Acquisition of property, plant and equipment	<u>(116,995)</u>
Net cash provided (used) by capital and related financing activities	<u>(394,359)</u>
Cash flows from investing activities:	
Interest on investments	<u>897</u>
Net cash provided by investing activities	<u>897</u>
Net increase (decrease) in cash and cash equivalents	276,207
Cash and cash equivalents, beginning of period	<u>816,935</u>
Cash and cash equivalents, end of period	<u><u>\$ 1,093,142</u></u>

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

TOWN OF LEONVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2021

	<u>Utility Fund</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 306,819
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	366,968
Changes in current assets and liabilities:	
(Increase) decrease in accounts receivable	15,896
(Increase) decrease in unbilled receivables	5,858
(Increase) decrease in other receivables	(156)
(Increase) decrease in prepaid insurance	(6,274)
(Increase) decrease in due from others	4,102
Increase (decrease) in accounts payable	69,169
Increase (decrease) in accrued liabilities	323
Increase (decrease) in compensated absences	(5,309)
Increase (decrease) in net pension liability	<u>(45,301)</u>
Net cash provided (used) by operating activities	<u>\$ 712,095</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 – unrestricted	\$ 398,110
Cash – restricted	<u>418,825</u>
Total cash and cash equivalents	<u>816,935</u>
Cash and cash equivalents, end of period –	
Cash – unrestricted	1,029,812
Cash – restricted	<u>63,330</u>
Total cash and cash equivalents	<u>1,093,142</u>
Net increase (decrease)	<u>\$ 276,207</u>

Noncash Investing, Capital and Financing Activities

In 2021, Town of Leonville had \$6,136 of bond premium amortized within interest expense. This amount is included within the principal paid on water & sewer revenue refunding bonds, series 2021.

In 2021, Town of Leonville had \$222 of bond insuance amortized within interest expense. This amount is included within the principal paid on water & sewer revenue refunding bonds, series 2021.

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

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accounting and reporting practices of the Town of Leonville conform to generally accepted accounting principles of the United States of America as applicable to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies:

A. Financial reporting Entity

The Town of Leonville was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Board consists of five elected members. The Mayor and Board are compensated for their services at an amount legally set by the Board annually.

This report includes all funds which are controlled by or dependent on the town executive and legislative branches (the Mayor and Board of Alderman). Control by or dependence on the Town was determined on the basis of financial accountability, budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The town has no component units or fiduciary funds.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the Town of Leonville, the primary government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town of Leonville are organized on the basis of funds each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The various funds are grouped in the financial statements in this report, into four generic fund types and two broad fund categories. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the Town are described below:

Governmental Fund –

General Fund

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

Proprietary Fund

Enterprise Fund

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges; or (b) where the governing body has decided the 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 Town of Leonville's enterprise fund is the utility fund. It accounts for the provision of water, gas, and sewer services to residents of the Town.

C. Measurement Focus/Basis of Accounting

Measurement focus is term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes are recognized as revenue in the year in which they are billed. Fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Available means collectible within the current period or soon enough thereafter to pay current liabilities, usually 60 days.

Those revenues susceptible to accrual are property taxes, grant revenues and interest revenue.

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned, and expenses are recognized when incurred.

Bad debts are written off when accounts became worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded when the transfers occur.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of indirect expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at their estimated fair value on the date donated. Estimated amounts are immaterial in relation to total fixed assets. The town maintains a threshold level of \$1000 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 position. 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:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

E. Budgets and Budgetary Accounting

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

1. The Mayor prepares a proposed, detailed line item, budget and submits it to the Board of Aldermen no later than 30 days prior to the beginning of each fiscal year. Revenues are budgeted by source. Expenditures are budgeted by department and class.
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.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Any budgetary revisions require the approval of the Mayor and Board of Aldermen.
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 of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year and June 30, 2021.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town as an extension of formal budgetary integration in the funds.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposit, interest – bearing demand, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the municipality may deposit funds in demand deposits, interest – bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. Interest-bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

I. Statement of Cash Flows

For purposes of the statement of cash flows, the Proprietary Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

J. Short Term Interfund Receivables / Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

L. Vacation and Sick Leave

Vacation and sick leave are recorded as expenditures of the period in which paid. The vacation policy was amended by ordinance #1-2019. Annual vacation is granted on January 1st of each year, ranging from one to five weeks, according to a years of service schedule. Any vacation hours, limited to 40, that are not used by December 31st of the year may be carried forward to the following year but must be taken by February 28th or the hours are lost. Unused vacation is payable at time of termination of employment. Compensated absences payable has been accrued for the unused vacation as of June 30, 2021.

Sick leave of 80 hours is granted on January 1st of each year to full time employees. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Therefore, no liability has been recorded in the financial statements at June 30, 2021.

M. Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits. At June 30, 2021, there was \$28,325 restricted for debt service and \$35,005 for utility meter deposits.

N. Long-term Debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable and Net Pension Liability.

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. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as incurred. The Town incurred bond issuance costs in the amount of \$163,205 during the year and is accounted for as an expense in the Utility Fund. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

O. Equity Classifications

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

- a. Invested in capital assets, net of related debt -- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

- b. Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental funds report aggregate amount for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the town council – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the town council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the town's “intent” to be used for specific purposes, but are neither restricted nor committed. The town council and town manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers the amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in its commitment or assignment actions.

P. Revenues, Expenditures, and Expenses

Operating (Nonoperating) Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

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

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.

Q. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The Town bases its allowance on prior experience and the amount trade receivables exceed meter deposits.

R. Revenue Restrictions

The Town 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 Restriction of Use</u>
Utility Fund Revenue	Debt Service and Utility Operations

S. Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. Deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

U. Subsequent Events

FASB issued SFAS No 165, Subsequent Events (ASC 855) establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We have evaluated events subsequent to the balance sheet through the date the financial statements were available to be issued.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

(2) Deposits with Financial Institutions

The cash and cash equivalents of the Town are subject to the following risk:

Custodial Credit Risk: Custodial credit risk, for deposits, is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

At June 30, 2021, the Town has cash and cash equivalents (book balances) totaling \$1,198,037 as follows:

Demand deposits	\$ 1,198,037
Other	-
Total	<u>\$ 1,198,037</u>

These deposits are stated at cost, which approximates market. Deposit balances (bank balances) at June 30, 2021, are secured as follows:

	<u>Regions Bank</u>	<u>Washington State Bank</u>	
	Interest <u>Bearing</u>	Interest <u>Bearing</u>	Non Interest <u>Bearing</u>
Bank balances	<u>\$ 16,144</u>	<u>\$1,075,045</u>	<u>\$ 97,415</u>
Federal deposit insurance	\$ 250,000	\$ 250,000	\$ 250,000
Pledged securities (Category 3)	-	854,291	-
Total	<u>250,000</u>	<u>1,104,291</u>	<u>250,000</u>
Excess/(Shortage)	<u>\$ 233,856</u>	<u>\$ 29,246</u>	<u>\$ 152,585</u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

(3) Restricted Assets

Restricted Assets were applicable to the following at June 30, 2021.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Proprietary Fund:	
Utility Fund	
Meter Deposits	\$ 35,005
Debt Service Fund	28,325
Total Restricted Assets	<u>\$ 63,330</u>

(4) Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,912	\$ -	\$ -	\$ 8,912
Other capital assets:				
Buildings	194,853	4,969	-	199,822
Infrastructure	2,006,361	6,000	-	2,012,361
Equipment	142,004	-	-	142,004
Totals	<u>2,352,130</u>	<u>10,969</u>	<u>-</u>	<u>2,363,099</u>
Less accumulated depreciation				
Buildings	136,513	5,589	-	142,102
Infrastructure	360,552	79,782	-	440,334
Equipment	113,434	9,535	-	122,969
Total accumulated depreciation	<u>610,499</u>	<u>94,906</u>	<u>-</u>	<u>705,405</u>
Governmental activities, capital assets, net	<u>\$ 1,741,631</u>	<u>\$ (83,937)</u>	<u>\$ -</u>	<u>\$ 1,657,694</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 74,860	\$ -	\$ -	\$ 74,860
Construction in progress	-	-	-	-
Other capital assets:				
Utility system and extensions	16,352,569	83,317	-	16,435,886
Machinery and equipment	530,164	33,678	-	563,842
Totals	<u>16,957,593</u>	<u>116,995</u>	<u>-</u>	<u>17,074,588</u>
Less accumulated depreciation				
Utility system and extensions	5,169,319	345,880	-	5,515,199
Machinery and equipment	465,896	21,088	-	486,984
Total accumulated depreciation	<u>5,635,215</u>	<u>366,968</u>	<u>-</u>	<u>6,002,183</u>
Business type activities, capital assets, net	<u>\$ 11,322,378</u>	<u>\$ (249,973)</u>	<u>\$ -</u>	<u>\$ 11,072,405</u>

Depreciation expense was charged to governmental activities as follows:

General governmental	\$ 5,589
Police	9,535
Streets	79,782
Total depreciation expense	<u>\$ 94,906</u>

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

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

Gas	\$ 16,462
Water	205,608
Sewer	144,898
Total depreciation expense	<u>\$ 366,968</u>

(5) Changes in Long-Term Debt

The following is a summary of debt transactions in the proprietary fund of the Town of Leonville, Louisiana for the year ended June 30, 2021:

	Payable at July 1, 2020	Additions	Retirements	Payable at June 30, 2021
Revenue bonds payable	\$ 888,941	\$ -	\$ (888,941)	\$ -
Notes payable	4,789,524	-	(4,789,524)	-
Water & sewer revenue refunding bonds, series 2021	-	5,365,000	(35,000)	5,330,000
	<u>\$ 5,678,465</u>	<u>\$ 5,365,000</u>	<u>\$ (5,713,465)</u>	<u>\$ 5,330,000</u>
Add: Unamortized premium on bond issue				430,986
Total reported on statement of net position				<u>\$ 5,760,986</u>

Revenue bonds payable at June 30, 2021 is comprised of the following individual issues:

\$1,104,000 Sewer Revenue Bond Payable dated 01/05/01; due in monthly installments of \$5,012.16, which includes interest at 4.5% per annum, maturing on 01/05/41, secured by sewer revenues. This bond was refunded with proceeds of the Water and Sewer Revenue Refunding Bonds, Series 2021	\$ -
\$116,000 Sewer Revenue Bond Payable dated 01/05/01; due in monthly installments of \$526.64, which includes interest at 4.5% per annum, maturing on 01/05/41, secured by sewer revenues. This bond was refunded with proceeds of the Water and Sewer Revenue Refunding Bonds, Series 2021	-
\$5,365,000 par value, Water and Sewer Revenue Refunding Bonds, Series 2021, with an issuance date of April 28, 2021. Amount due in annual payments on June 1st of each year with interest payments due on June 1st and December 1st of each year, with a coupon rate of 3%. Bonds were sold at a premium of \$437,122 resulting in an effective rate of 2.325%. The payment of principal or interest on the Bonds will not be guaranteed, in whole or in part, by the United States, or any agency or instrumentality thereof. The Town has purchased a municipal bond insurance policy in the amount of \$29,462 which is amortized over the life of the Bonds.	5,330,000
Total Revenue Bonds Payable	5,330,000
Less Current Portion	180,000
Revenue Bonds Payable	<u>\$ 5,150,000</u>

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Notes payable at June 30, 2021 is comprised of the following individual issues:

\$4,839,000 Water Notes Payable dated 10/16/14; due in monthly installments of \$21,582, which includes interest at 4.375% per annum, maturing on 10/16/54, secured by a lien of first priority and water revenues. This note was refunded with proceeds of the Water and Sewer Revenue Refunding Bonds, Series 2021	\$ -
\$260,000 Water Notes Payable dated 10/16/14; due in monthly installments of \$871, which includes interest at 2.5% per annum, maturing on 10/16/54, secured by a lien of first priority and water revenues. This note was refunded with proceeds of the Water and Sewer Revenue Refunding Bonds, Series 2021	-
Total Notes Payable	-
Less Current Portion	-
Notes Payable	\$ -

Sewer and Water Debt Reserve Requirements

The debt reserve requirements are no longer required on the refunded notes and bonds. The amounts that were previously restricted have been reclassified to non-restricted cash balances as of April 28, 2021, the date of the refunding.

Water and Sewer Revenue Refunding Bonds, Series 2021

All payments of principal of and interest in the Bonds are to be made from a debt service fund established by the Town, the "Bond Fund". The Bond Fund serves as a debt service fund for the payment of principal and interest on the bonds. Amounts deposited into the bond Fund which are required to pay a portion of the next maturing principal of and next due interest on the Bonds are expected to be deposited monthly (but not more than one (1) year prior to such payment). All such amounts together with investment income thereon will be used to pay such principal and interest within thirteen (13) months from the date of receipt. The balance in the Bond Fund at year end amounted to \$28,325 and followed the Bond instrument.

The annual requirements to amortize all Water and Sewer Revenue Refunding Bonds, Series 2021 are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
2022	339,900	180,000	159,900
2023	339,500	185,000	154,500
2024	338,950	190,000	148,950
2025	338,250	195,000	143,250
2026	342,400	205,000	137,400
2027-2031	1,701,600	1,110,000	591,600
2032-2036	1,695,200	1,280,000	415,200
2037-2041	1,671,200	1,460,000	211,200
2042-2043	548,700	525,000	23,700
	\$ 7,315,700	\$ 5,330,000	\$ 1,985,700

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Interest expense totaled \$223,248 and is included in business type activities as an expense. Interest expense has been reduced by bond premium amortization of \$6,136 for the year.

(6) Utility Customer Deposits

The accounts of the Town include a liability for utility customer deposits of \$32,315. As of June 30, 2021, the Town has a meter deposit account with a balance of \$35,005 specifically set aside for customer meter deposits.

(7) Pension Plans

Plan Descriptions

In addition to the federal social security system, substantially all employees of the Town of Leonville are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual, publicly-available financial reports that include financial statements and required supplementary information for the systems. The report for MERS may be obtained at www.mersla.com and www.lampers.org, respectively.

Plan Description- MERS

The Municipal Employees' Retirement System of Louisiana (System) was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, and cities within the state, which did not have their own retirement system and which elected to become members of the System.

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are elected to office in accordance with the Louisiana Election Code, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are not elected officials; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana; the commissioner of administration, who shall be a nonvoting member; and the State Treasurer, who shall be a nonvoting member.

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S.11:1731 of the Louisiana Revised Statutes (LRS).

Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System of Louisiana, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Eligibility Requirements:

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any Person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

Benefits Provided:

Retirement Benefits- MERS

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing they meet one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years of creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if they meet one of the following requirements:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual sick leave.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Final compensation is the employee's average salary over the 36 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system on or before June 30, 2006. Final compensation is the employee's average salary over the 60 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system after June 30, 2006. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Deferred Retirement Options

In lieu of terminating employment and accepting a service retirement allowance, any member of MERS who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. A MERS member may participate in DROP only once. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment, are credited to the MERS member's individual DROP account. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the member may receive a lump sum from the account, or a true annuity based on the account balance. If employment is not terminated at the end of the three year DROP participation period, payments into the DROP account cease and the person resumes active contributing membership in MERS.

Disability Benefits

A member of MERS Plan B is eligible to retire and receive a disability benefit if he or she has at least 10 years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. The monthly maximum retirement benefit under Plan B of MERS is the lesser of an amount equal to two percent of member's final compensation multiplied by years of service (not less than 30% of member's final compensation) or an amount equal to what the member's normal retirement benefit would be based on final compensation at time of disability, but assuming continuous service until member's earliest normal retirement age.

Survivor's Benefit

The surviving spouse (defined as someone married to the deceased member for at least 12 months immediately preceding the member's death) of a MERS Plan B member (not eligible for retirement at the time of death) will receive a survivor benefit, provided that the member had 5 or more years of creditable service. The surviving spouse will be paid either a monthly benefit equal to 30% of member's final compensation, payable when surviving spouse attains the age of 60 or becomes disabled, or a monthly benefit equal to actuarial equivalent of the benefit described previously (not less than 15% of member's final compensation), payable upon the death of the member. A MERS Plan B member who is eligible for normal retirement at the time of death will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse upon the date of death. Benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Cost of Living Increases

MERS is authorized under state law to grant an annual cost of living adjustment to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit and may only be granted if sufficient funds are available. The cost of living increase must be paid from investment income in excess of normal requirements.

Contributions:

The MERS employer contribution rates are established annually under La R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. For the year ending June 30, 2021 the employer contribution rate for MERS Plan B was 15.5%. Employer contributions to MERS was \$52,116, for the year ended June 30, 2021. Employees participating in MERS are required to contribute 5.00%.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. MERS receives ad valorem taxes and state revenue sharing funds. The Town of Leonville recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2021, the Town of Leonville recognized revenue as a result of support received from non-employer contributing entities of \$12,764 for its participation in MERS.

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

At June 30, 2021, the Town of Leonville reported a liability for MERS of \$415,935, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Town of Leonville's proportion of the net pension liability for the retirement system was based on a projection of the Town of Leonville's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Town of Leonville's proportion for MERS was 0.458975%. This reflects a decrease for MERS 0.0537985% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town of Leonville recognized pension expense, for which there were no forfeitures, as follows:

	<u>Pension Expense</u>	<u>Net Pension Liability</u>
MERS	\$ 44,125	\$ 415,935

At June 30, 2020, the Town of Leonville reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (6,997)
Changes in assumptions	12,890	-
Net difference between projected and actual earnings on pension plan investments	45,156	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(62,205)
Employer contributions subsequent to measurement date	52,116	-
Total	<u>\$ 110,162</u>	<u>\$ (69,202)</u>

During the year ended June 30, 2020, employer contributions totaling \$52,116 were made subsequent to the measurement date for MERS. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Year Ended June 30:	MERS
2021	\$ (22,315)
2022	(18,012)
2023	10,288
2024	6,014
Total	<u>\$ (24,025)</u>

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of MERS employers as of June 30, 2021 are as follows:

	2020 MERS Plan B	2021 MERS Plan B
Total Pension Liability	\$ 1,516,425	\$ 1,232,791
Plan Fiduciary Net Position	(1,008,424)	(816,856)
Total Net Pension Liability	<u>\$ 508,001</u>	<u>\$ 415,935</u>
Plan Fiduciary Net Position % of Total Pension Liability	66.14%	66.26%

The Town of Leonville's allocation is 0.458975% of the Total Net Pension Liability for MERS.

The total pension liabilities for MERS in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	MERS
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years for Plan B
Investment rate of return	6.950%, net of investment expense
Inflation rate	2.500%
Projected salary increases	
1 to 4 years of service	7.40%
more than 4 years of service	4.90%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 6.950% for the year ended June 30, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Equity	53%	2.33%
Fixed Income	38%	1.67%
Alternatives	9%	0.40%
Total	100%	4.40%
Inflation		2.60%
Expected Nominal Return		7.00%

Discount Rates

The discount rate used to measure the total pension liability for MERS was 6.950%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the actuary. Based on those assumptions, the net position of MERS was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the Town of Leonville's proportionate share of the net pension liability using the discount rate of 6.950% for MERS, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.950% for MERS) or one percentage-point higher (7.950% for MERS) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
MERS	\$ 553,687	\$ 415,935	\$ 299,378

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Changes in Pension Liability

The changes in the net pension liability for the year ended June 30, 2020 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension benefit using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflows of resources as of June 30, 2020 in the amount of \$6,997.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources as of June 30, 2020 in the amount of \$45,156.

Changes in Proportion:

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Municipal Police Employees' Retirement System

Plan Description

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:221111:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan

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

Funding Policy – State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The Town is required to contribute 32.25 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the evaluation for the prior fiscal year.

The Town's contributions to the System for the year ended June 30, 2021 was \$18,471, equal to the required contributions for the year.

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

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

At June 30, 2020, the Town reported a liability of \$210,782 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

participating employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.022752%, which was a decrease of 0.001633% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$16,871.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue. The Town recognized \$4,959 of non-employer contribution revenue.

At June 30, 2021, the Town 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	\$ -	\$ (8,283)
Changes in assumptions	4,997	(5,189)
Net difference between projected and actual earnings on pension plan investments	25,227	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	915	(1,631)
Employer contributions subsequent to measurement date	18,471	-
Total	<u>\$ 49,610</u>	<u>\$ (15,103)</u>

The Town reported a total of \$18,471 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended June 30, 2021.

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

Year Ended June 30:	MPERS
2021	\$ (13,461)
2022	(3,365)
2023	(10,096)
2024	(4,428)
Total	<u>\$ (31,350)</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

The components of the net pension liability of the Town as of June 30, 2020 are as follows:

	2020	2019
Total Pension Liability	\$ 723,735	\$ 763,847
Plan Fiduciary Net Position	(512,953)	(542,390)
Total Collective Net Pension Liability	<u>\$ 210,782</u>	<u>\$ 221,457</u>
Plan Fiduciary Net Position % of Total Pension Liability	70.86%	71.13%

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation, and were based on the results of an actuarial

experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020	
Actuarial cost method	Entry Age Normal Cost	
Expected remaining service lives	2019 - 4 years	
	2018 - 4 years	
	2017 - 4 years	
	2016 - 4 years	
Investment rate of return	6.950%, net of investment expense	
Inflation rate	2.500%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.	
	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.	
	RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.	

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

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

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternative	18.00%	1.02%
Totals	100%	4.64%
Inflation		<u>2.55%</u>
Expected Nominal Return		<u>7.19%</u>

The discount rate used to measure the total pension liability was 6.950%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.950%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.950% or one percentage point higher 7.950% than the current rate as of June 30, 2020.

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
Net Pension Liability	\$ 308,562	\$ 221,457	\$ 148,384

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2020 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in deferred inflows of resources as of June 30, 2020 in the amount of \$8,283.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources as of June 30, 2020 in the amount of \$0.

Changes of Assumptions or Other Inputs:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources and deferred inflows of resources as of June 30, 2020 in the amounts of:

	Deferred Outflows	Deferred Inflows
2017	\$ 16,720	\$ -
2018	13,344	-
2019	12,410	-
2020	4,997	5,189

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

(8) Compensation of Town Officials

A detail of compensation paid to the mayor and Board of Alderman for the year ended June 30, 2021, follows:

Nicholas Degueyter, Mayor	12,000
Kerry Willingham	3,600
Brandon C. Herpin	3,600
Kirk Stelly	3,600
Bernita Kennerson	3,600
Billy Lanclos	3,600

(9) Federally Assisted Funds

The Town participated in federally assisted programs. These programs are audited in accordance with Government Auditing Standards.

(10) Concentration of Risks

Concentration of risks with respect to the Town is subject to the conditions of the limited geographical area of the town.

(11) Estimates

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

(12) Interfund Activities

Transfers to/from other funds at June 30, 2021, consist of the following:

From the Utility Fund to the General Fund for operations	\$ 80,296
Total	<u>\$ 80,296</u>

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt services from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

(13) Recently Issued and Adopted Accounting Pronouncements

The Government Accounting Standards Board (GASB) has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, "Leases" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements (Continued)

principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal year 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

(14) On-Behalf Payments

The Town received on-behalf payments from the State of Louisiana, in the amount of \$12,000, in the form of police supplemental pay.

(15) Evaluation of Subsequent Events

The Town has evaluated subsequent events through December 14, 2021, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEONVILLE, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2021

	Budget			Variance –
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Licenses and permits	\$ 28,800	\$ 29,167	\$ 31,349	\$ 2,182
Franchise fees	67,500	70,651	71,019	368
Fines and forfeits	33,000	23,500	22,607	(893)
Intergovernmental	45,150	94,742	91,457	(3,285)
Miscellaneous	2,430	4,041	4,042	1
Total revenues	<u>176,880</u>	<u>222,101</u>	<u>220,474</u>	<u>(1,627)</u>
Expenditures:				
Current –				
General government	66,227	66,474	64,553	1,921
Public safety:				
Police	155,800	159,687	159,889	(202)
Streets and drainage	11,200	25,649	26,025	(376)
Capital outlay	-	21,344	10,969	10,375
Total expenditures	<u>233,227</u>	<u>273,154</u>	<u>261,436</u>	<u>11,718</u>
Excess (deficiency) of revenues over expenditures	<u>(56,347)</u>	<u>(51,053)</u>	<u>(40,962)</u>	<u>10,091</u>
Other financing sources (uses):				
Operating transfers in	78,000	80,296	80,296	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>78,000</u>	<u>80,296</u>	<u>80,296</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>21,653</u>	<u>29,243</u>	<u>39,334</u>	<u>10,091</u>
Fund balances, beginning	<u>86,596</u>	<u>86,596</u>	<u>86,596</u>	<u>-</u>
Fund balances, ending	<u>\$ 108,249</u>	<u>\$ 115,839</u>	<u>\$ 125,930</u>	<u>\$ 10,091</u>

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
General Fund
Budgetary Comparison Schedule of Revenues
Year Ended June 30, 2021

	Budget			Variance –
	Original	Final	Actual	Favorable (Unfavorable)
Licenses and permits	\$ 28,800	\$ 29,167	\$ 31,349	\$ 2,182
Franchise fees	67,500	70,651	71,019	368
Fines and forfeits	33,000	23,500	22,607	(893)
Intergovernmental:				
State of Louisiana -				
Beer tax	1,650	1,884	1,798	(86)
Casino tax	22,000	28,404	27,994	(410)
On behalf payments	12,000	12,000	12,000	-
Grant revenue	5,000	36,280	33,491	(2,789)
Local Governments -				
Payments in lieu of taxes	2,100	2,139	2,139	-
St. Landry Parish Solid Waste	-	11,485	11,485	-
Sewer District #1	2,400	2,550	2,550	-
Total intergovernmental	45,150	94,742	91,457	(3,285)
Miscellaneous	2,430	4,041	4,042	1
Total revenues	<u>\$ 176,880</u>	<u>\$ 222,101</u>	<u>\$ 220,474</u>	<u>\$ (1,627)</u>

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
General Fund
Budgetary Comparison Schedule of Expenditures
Year Ended June 30, 2021

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
General government:				
Salaries	\$ 31,835	\$ 31,848	\$ 31,849	\$ (1)
Payroll taxes	2,700	2,870	2,547	323
Retirement and employee benefits	52	50	57	(7)
Accounting	2,600	4,735	4,750	(15)
Advertising	150	-	-	-
Due and subscriptions	450	331	331	-
Utilities	2,500	2,504	2,658	(154)
Insurance	12,300	14,802	12,321	2,481
Supplies	3,100	2,384	2,449	(65)
Telephone	3,440	3,495	3,208	287
Miscellaneous	7,100	3,455	4,383	(928)
Total general government	66,227	66,474	64,553	1,921
Public safety:				
Police department -				
Salaries	107,500	107,227	103,193	4,034
Payroll taxes	5,200	3,862	4,245	(383)
Retirement and employee	22,000	22,190	21,715	475
Automobile expense	1,400	12,281	13,788	(1,507)
Supplies	1,200	69	777	(708)
Uniforms	1,000	298	321	(23)
Insurance	14,500	11,463	13,573	(2,110)
Miscellaneous	3,000	2,297	2,277	20
Total police department	155,800	159,687	159,889	(202)
Streets and drainage:				
Street materials	200	13,886	14,202	(316)
Street lighting	11,000	11,763	11,823	(60)
Miscellaneous	-	-	-	-
Total streets and drainage	11,200	25,649	26,025	(376)
Capital outlay:				
Equipment & buildings	-	21,344	10,969	10,375
Total expenditures	\$ 233,227	\$ 273,154	\$ 261,436	\$ 11,718

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability
Year Ended June 30, 2021

		Employer Proportionate Share 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 It's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	Fiscal Year					
MERS	2015	0.592369	\$ 238,144	\$ 490,736	48.52%	76.94%
MERS	2016	0.619489	421,034	429,920	98.06%	68.71%
MERS	2017	0.584307	484,337	449,248	107.81%	63.33%
MERS	2018	0.605243	523,676	457,662	114.42%	63.49%
MERS	2019	0.617622	522,404	443,912	117.68%	65.60%
MERS	2020	0.580696	508,001	355,690	142.82%	66.14%
MERS	2021	0.458975	415,935	336,232	123.70%	66.14%
MPERS	2015	0.03866	\$ 278,115	\$ 73,615	377.80%	75.10%
MPERS	2016	0.028543	223,605	70,990	315.98%	70.73%
MPERS	2017	0.025343	237,535	80,350	295.63%	66.04%
MPERS	2018	0.026915	234,979	71,278	329.67%	70.08%
MPERS	2019	0.024153	204,191	76,399	267.27%	71.88%
MPERS	2020	0.024385	221,457	74,319	297.98%	71.13%
MPERS	2021	0.022752	210,782	54,728	385.14%	70.86%

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.

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
Schedule of Employer's Pension Contribution
Year Ended June 30, 2021

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percent of Covered Employee Payroll
MERS	2015	\$ 46,620	\$ 46,620	\$ -	\$ 490,736	9.50%
MERS	2016	40,782	40,782	-	429,290	9.50%
MERS	2017	49,417	49,417	-	449,248	11.00%
MERS	2018	60,646	60,646	-	457,662	13.25%
MERS	2019	62,148	62,148	-	443,912	14.00%
MERS	2020	49,796	49,796	-	355,690	14.00%
MERS	2021	52,116	52,116	-	336,232	15.50%
MPERS	2015	\$ 23,816	\$ 23,816	\$ -	\$ 73,615	31.50%
MPERS	2016	20,942	20,942	-	70,990	29.50%
MPERS	2017	25,511	25,511	-	80,350	31.75%
MPERS	2018	21,918	21,918	-	71,278	30.75%
MPERS	2019	24,639	24,639	-	76,399	32.25%
MPERS	2020	24,154	24,154	-	74,319	32.50%
MPERS	2021	18,471	18,471	-	54,728	33.75%

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

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
Notes to Required Supplementary Information

Note 1. Legal Compliance - Budgets

- A. The Town follows these procedures in establishing the budgetary data reflected in these financial statements:
1. The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than 30 days prior to the beginning of each fiscal year. Revenues are budgeted by source. Expenditures are budgeted by department and class.
 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 through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
 5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
 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 of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year and June 30, 2021.

Note 2. Pension Plan – Changes of Assumptions

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. There were no changes of benefit terms for the year ended June 30, 2021.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LEONVILLE, LOUISIANA
Proprietary Fund
Schedule of Operating Expenses
Year Ended June 30, 2021

	<u>Utility Fund</u>
Operating expenses:	
Salaries	\$ 407,086
Payroll taxes	31,152
Retirement and employee benefits	57,111
Gas purchases	32,028
Chemicals	73,981
Insurance	83,579
Accounting and auditing	17,270
Engineering fees	1,130
Office supplies	6,968
Computer expense	10,939
Repairs and maintenance	130,592
Auto expenses and travel	34,428
Utilities	85,427
Telephone	12,300
Uniforms	7,504
Miscellaneous	47,222
Depreciation	<u>366,968</u>
Total operating expenses	<u>\$ 1,405,685</u>

COMPLIANCE, INTERNAL CONTROL
AND
OTHER INFORMATION

VIGE, TUJAGUE & NOEL
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2nd STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

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 Nicholas Degueyter, Mayor,
and Members of the Board of Alderman
Town of Leonville, 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 Town of Leonville, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Leonville, Louisiana's basic financial statements and have issued our report thereon dated December 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Leonville, 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 Town of Leonville, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Leonville, Louisiana's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item #2021-001, which is consider to be a significant deficiency.

Compliance and Other Matters

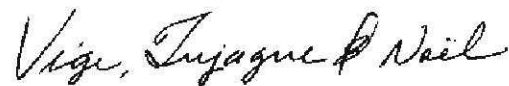
As part of obtaining reasonable assurance about whether Town of Leonville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items #2021-001.

Town of Leonville, Louisiana's Response to Findings

Town of Leonville, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Leonville, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Vige, Tujague & Noël, CPA's
Eunice, Louisiana
December 14, 2021

TOWN OF LEONVILLE, LOUISIANA

Schedule of Findings and Responses
Year Ended June 30, 2021

We have audited the financial statements of Town of Leonville as of and for the year ended June 30, 2021, and have issued our report thereon dated December 14, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2021, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

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

Internal Control

Material Weaknesses ☐ Yes ☒ No Significant Deficiencies ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statement ☐ Yes ☒ No

b. Federal Awards

None reported.

Section II. Financial Statement Findings

#2021-001 – Segregation of Accounting Functions

Condition: The Town of Leonville did not have adequate segregation of functions within the accounting system.

Criteria: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU314.43 defines internal control as follows:

“Internal Control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT501.03 states:

“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

TOWN OF LEONVILLE, LOUISIANA
Schedule of Findings and Responses (continued)
Year Ended June 30, 2021

Cause: The cause of the condition is the fact that the Town does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

Effect: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

Recommendation: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: It is not cost effective to achieve complete segregation of duties within the accounting function. No corrective action is considered necessary.

Section III. Summary of Other Audit Results

1. The auditor's report expresses an unmodified opinion of the financial statements of Town of Leonville, Louisiana.

TOWN OF LEONVILLE, LOUISIANA
Status of Prior Audit Findings
Year Ended June 30, 2021

#2020-001 – Segregation of Accounting Functions

Condition:	The Town of Leonville did not have adequate segregation of functions within the accounting system.
Criteria:	<p>SAS109, <i>Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement</i>, AU314.43 defines internal control as follows:</p> <p>“Internal Control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”</p> <p>Additionally, Statements on Standards for Attestation Engagements (SSAE) AT501.03 states:</p> <p>“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”</p>
Cause:	The cause of the condition is the fact that the Town does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.
Effect:	Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.
Recommendation:	Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.
Response:	It is not cost effective to achieve complete segregation of duties within the accounting function. No corrective action is considered necessary.
Status:	This finding has been repeated.

#2020-002 – Insufficient Collateralization of Deposits

Condition:	Bank account balances at June 30, 2020 exceeded FDIC Insurance and pledged securities from B1 Bank by \$6,780.
Criteria:	Under state law, bank deposit 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 time equal or exceed the amount on deposit with the fiscal agent. These securities are

TOWN OF LEONVILLE, LOUISIANA
Status of Prior Audit Findings (continued)
Year Ended June 30, 2021

held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

Cause: The Bank monitors the account balances at the beginning of each month to determine when more security pledges are necessary.

Effect: At June 30, 2020, the Town had interest bearing cash in bank in the amount of \$865,201 and the insurance and security pledges of \$858,421, resulting in a shortage of pledges in the amount of \$6,780.

Recommendation: We recommend that the Town monitor the security pledges at the end of each month to ensure that they have adequate coverage.

Response: Management understands this finding and agrees with the recommendation.

Status: This finding has been cleared.

#2020-003 – Sales Tax Reporting and Collection – Gas Fund

Condition: Sales tax calculation for taxable sales of Gas were incorrectly calculated at a rate of 3% when the rate should be 2% and sales tax reports were incorrectly prepared.

Criteria: Sales taxes due to the State of Louisiana for the sale of gas for non-residential usage is taxed at a rate of 2% of sales.

Cause: Sales tax rate was incorrectly being charged at a rate of 3% on sales of gas for non-residential usage and sales tax reports were incorrectly prepared.

Effect: Sales taxes of \$62 were over collected on sales of non-residential gas sales for the year, however all of the sales taxes collected were remitted to the State of Louisiana.

Recommendation: Sales tax rates should be reviewed and checked to the stated rates charged by each taxing jurisdiction on a regular basis and sales tax reports should be filed correctly on a monthly basis.

Response: Management agrees with and understands the finding and will implement procedures to verify tax rates and file the necessary reports correctly.

Status: This finding has been cleared.

TOWN OF LEONVILLE, LOUISIANA
Status of Prior Audit Findings (continued)
Year Ended June 30, 2021

#2020-004 – Sales Tax Collections – Water Fund Commercial Accounts

Condition:	The Town has two commercial trailer parks and three RV parks that were not charged sales taxes on water sales.
Criteria:	The State of Louisiana requires that commercial enterprises such as Trailer Parks and RV Parks, where the enterprise is billed and pays for the water usage, are subject to sales taxes on water purchases.
Cause:	The Town classified these accounts as sales of residential water.
Effect:	Sales taxes were not charged or remitted for these accounts. The calculated amount not collected or remitted for the fiscal year ending June 30, 2020 amounted to \$1,362 and the period of July 2020 through time of discovery amounted to \$542.
Recommendation:	We recommend that the correct classification be applied to these accounts and sales taxes should be collected and remitted to the State of Louisiana. Sales Tax Returns should be amended with remittance of the taxes due.
Response:	Management agrees with and understands the finding and will implement the correct classification to these accounts with collection and remittance of sales tax.
Status:	This finding has been cleared.

TOWN OF LEONVILLE, LOUISIANA
Schedule of Mayor and Alderman
Year Ended June 30, 2021

<u>Name</u>	<u>Office and Term</u>	<u>Compensation</u>
Nicholas Degueyter P.O. Box 442 Leonville, LA 70551 337-879-7026	Mayor December 31, 2022	\$ 12,000
Kerry Willingham P.O. Box 162 Leonville, LA 70551 337-879-2287	Alderman December 31, 2022	3,600
Brandon C. Herpin P.O. Box 375 Leonville, LA 70551 337-879-9507	Alderman December 31, 2022	3,600
Kirk Stelly P.O. Box 573 Leonville, LA 70551 337-879-2497	Alderman December 31, 2022	3,600
Benita Kennerson P.O. Box 354 Leonville, LA 70551 337-879-3236	Alderman December 31, 2022	3,600
Billy Lanclos P.O. Box 313 Leonville, LA 70551 337-945-0586	Alderman December 31, 2022	3,600
		<hr/> \$ 30,000 <hr/>

TOWN OF LEONVILLE, LOUISIANA
Schedule of Rates and Accounts Receivable
Year Ended June 30, 2021

The aging of accounts receivable for the Utility Fund includes the water system, gas system and sewer system as of June 30, 2021 is as follows:

Amounts Receivable (Water, Gas and Sewer)

<u>Days</u>	<u>Amounts</u>
Unbilled	<u>\$ 54,642</u>
0-30	\$ 125,249
31-60	3,216
61-90	1,120
Over - 90	<u>2,886</u>
	<u>\$ 132,471</u>

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>
Residential Users -	339	2,836	475
Commercial Users -	18	31	-
Small Business Users -	-	112	-

As of July 1, 2020 to current, the sewer rates were as follows (rate on actual water usage):

Residential \$10.50 for the first 2,000 gallons
\$ 1.50 per thousand or part thereof over 2,000 gallons and under 10,000 gallons

Commercial \$10.50 for the first 2,000 gallons
\$ 1.50 per thousand or part thereof over 2,000 gallons

Low Pressure Grinder Pump Rates \$9.50 for the first 2,000 gallons
\$1.50 per thousand or part thereof over 2,000 gallons

Customers with no water meters will be billed using current rates based on 7,000 gallons

Customers with more than one sewer service and only one water meter shall be billed at the following rates for each sewer service:

\$10.50 for the first 2,000 gallons
\$ 1.50 per thousand or part thereof over 2,000 gallons

As of July 1, 2020 to current, the water rates were as follows:

Residential \$26.60 for the first 2,000 gallons
\$ 3.30 per thousand thereafter

Small Business \$26.60 for the first 2,000 gallons
\$ 3.30 per thousand thereafter

Commercial \$79.63 for the first 25,000 gallons
\$ 3.30 per thousand or part thereof over 25,000 gallons

TOWN OF LEONVILLE, LOUISIANA
Schedule of Insurance
Year Ended June 30, 2021

<u>Company</u>	<u>Policy Type</u>	<u>Policy Period</u>	<u>Coverage</u>
LA Municipal Risk Management Agency	General Liability	12/19/20 - 12/19/21	\$ 500,000
	Law Enforcement		500,000
	Automobile Liability		500,000
	Errors and Omissions		500,000
LWCC	Workers Compensation	01/01/21 - 01/01/22	Legal limits
AmGuard	Commercial Property	03/15/21 - 03/15/22	2,342,378
Lloyds of London	Auto Physical Damage	12/19/20 - 12/19/21	224,897
Hartford Fire Insurance Co.	Employee Theft	02/25/21 - 02/25/22	1,004,250
Hartford Steam Boiler Co.	Boiler & Machinery	02/13/21 - 02/13/22	2,638,416
Build America Mutual Assurance Co.	Municipal Bond Insurance	04/28/21 - 06/30/43	Balance of bonds

TOWN OF LEONVILLE, LOUISIANA
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
Year Ended June 30, 2021

Nicholas Degueyter, Mayor
Period: 12 Months

Salary	\$12,000
Travel	403

TOWN OF LEONVILLE, LOUISIANA
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
Cash Basis Presentation
Year Ended June 30, 2021

	First Six Month Period Ended 12/31/20	Second Six Month Period Ended 06/30/21
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	11,437	10,563
Service/Collection Fees	414	360
Subtotal Collections	11,851	10,923
Less: Disbursements To Governments & Nonprofits:		
Louisiana Commission on Law Enforcement, Criminal Court Costs/Fees	160	142
Louisiana Supreme Court, CMIS Collections	80	71
St. Landry Parish Crime Stoppers	160	142
Louisiana Supreme Court, Judicial College Collections	-	4
La Dept. of Health & Hospitals, Court Costs/fees	-	5
Less: Amounts Retained by Collecting Agency		
Self-Disbursed Town of Leonville, Criminal Court Cost/Fees	11,037	10,199
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Payments to 3rd Party Collection/Processing Agencies	414	360
Subtotal Disbursements/Retainage	11,851	10,923
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ -	\$ -