

EISNER&ER

CITY OF MANDEVILLE,
LOUISIANA

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
AUGUST 31, 2024



CITY OF MANDEVILLE, LOUISIANA
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INDEPENDENT AUDITORS' REPORT

The Honorable Clay Madden, Mayor
and Members of the City Council
City of Mandeville, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mandeville, Louisiana (the City), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of August 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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 responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC and its subsidiary entities provide professional services. EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on pages 58 through 61, the schedule of changes in total other post employment benefit liability and related ratios on page 62, the schedule of proportionate share of the net pension liability on page 63, the schedule of employer contributions to each retirement system on page 64, and the notes to required supplementary information on page 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental



Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining non-major governmental fund financial statements, the schedule of compensation paid to City Council members, the schedule of compensation, benefits, other payments to the Mayor, the Justice System Funding Schedule – Collecting / Disbursing and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major governmental fund financial statements, the schedule of compensation paid to City Council members, the schedule of compensation, benefits, other payments to the Mayor, the Justice System Funding Schedule – Collecting / Disbursing and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, LA
June 13, 2025



EisnerAmper LLP
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REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2024

As management of the City of Mandeville, Louisiana (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City, for the fiscal year ended August 31, 2024. This management's discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. The MD&A is intended to provide readers with a broad overview of the City's finances and an analysis of the City's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial reporting, the information contained within the MD&A should be considered as only a part of a greater whole. We encourage readers to consider the information presented here in conjunction with the financial statements and with additional information presented in the required supplementary information (RSI) that is provided in addition to this MD&A.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources of the City at the close of the most recent fiscal year by \$135,118,379. This is comprised of \$86,078,931 in governmental activities and \$49,039,448 in business-type activities.
- The City's total net position increased by \$3,212,642. This is comprised of a \$5,686,151 increase from governmental activities and a \$2,473,509 decrease from business-type activities.
- The unrestricted portion of total net position totaled \$1,856,945. This is comprised of \$119,800 in governmental activities and \$1,737,145 in business-type activities. Unrestricted net position is available for use at the City's discretion.
- Approximately 64% of the City's total net position is comprised of its net investment in capital assets (e.g., land, buildings, equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending.
- Approximately 35% (\$47,095,907) of the City's net position is restricted by tax levies and DMV office operations and maintenance.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 12 and 13) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2024

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

- The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and cemetery. The business-type activities of the City include water and sewer services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's financing requirements.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2024

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for its five major funds: General Fund, Sales Tax Fund, Special Sales Tax Fund, District No. 3 Sales Tax Fund, and Street Construction Fund. Data from the other governmental funds are combined under the heading "Non-Major Governmental Funds."

- *Proprietary Fund* - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Departments. This fund is considered to be a major fund of the City.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information.

- A. Budgetary Comparison Schedules - The City adopts an annual appropriated budget for its General Fund and each major special revenue fund. A budgetary comparison statement has been provided for the General Fund and each major special revenue fund to demonstrate compliance with this budget.
- B. Schedule of Changes in Total Other Post Employment Benefit Liability and Related Ratios
- C. Schedule of Proportionate Share of the Net Pension Liability
- D. Schedule of Employer Contributions to Each Retirement System

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2024

Other Supplementary Information

- A. Combining Statements of the Non-Major Governmental Funds
- B. Schedule of Compensation Paid to City Council Members
- C. Schedule of Compensation, Benefits, and Other Payments to the Mayor
- D. Justice System Funding Schedule – Collecting / Disbursing
- E. Schedule of Expenditures of Federal Awards and related notes

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position is divided into three categories: net investment in capital assets, restricted, and unrestricted. The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$135,118,379 (total net position), of which \$1,856,945 is unrestricted net position.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's net investment in capital assets equals the capital assets balance at year end, less outstanding capital related debt.

An additional portion of the City's net position represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

	Summary Schedules of Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 66,075,234	\$ 63,524,278	\$ 4,988,825	\$ 9,883,136	\$ 71,064,059	\$ 73,407,414
Capital assets	38,960,310	38,558,502	47,302,303	47,317,630	86,262,613	85,876,132
Total assets	105,035,544	102,082,780	52,291,128	57,200,766	157,326,672	159,283,546
Deferred outflows of resources	4,142,629	7,969,010	415,870	836,177	4,558,499	8,805,187
Long-term liabilities	17,492,943	22,638,266	1,981,643	2,497,646	19,474,586	25,135,912
Other liabilities	2,742,668	5,897,008	1,545,384	3,895,773	4,288,052	9,792,781
Total liabilities	20,235,611	28,535,274	3,527,027	6,393,419	23,762,638	34,928,693
Deferred inflows of resources	2,863,631	1,123,736	140,523	130,567	3,004,154	1,254,303
Net position						
Net investment in capital assets	38,863,224	38,407,568	47,302,303	47,317,630	86,165,527	85,725,198
Restricted	47,095,907	41,848,210	-	-	47,095,907	41,848,210
Unrestricted	119,800	137,002	1,737,145	4,195,327	1,856,945	4,332,329
Total net position	\$ 86,078,931	\$ 80,392,780	\$ 49,039,448	\$ 51,512,957	\$ 135,118,379	\$ 131,905,737

The City's net position increased by \$3,212,642 during the current fiscal year.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2024

Governmental Activities

Governmental activities for the City include general government, public safety, public works, and cemetery. Sales and use taxes, property taxes, franchise taxes, licenses and permits, and fees and fines fund most of these governmental activities. Governmental activities net position increased by \$5,686,151, or 7.07%.

Summary Schedules of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 1,863,766	\$ 1,809,970	\$ 3,583,528	\$ 3,548,573	\$ 5,447,294	\$ 5,358,543
Grants and contributions	5,511,963	1,954,858	95,904	131,628	5,607,867	2,086,486
General revenues:						
Property taxes	2,140,507	2,067,666	-	-	2,140,507	2,067,666
Franchise taxes	1,014,489	1,144,853	-	-	1,014,489	1,144,853
Sales taxes	21,569,131	21,684,432	-	-	21,569,131	21,684,432
Licenses and permits	1,770,828	1,695,526	-	-	1,770,828	1,695,526
Fines and forfeits	517,015	429,140	-	-	517,015	429,140
Interest income	1,709,836	864,712	370,398	221,578	2,080,234	1,086,290
Other	290,564	201,954	127,005	138,243	417,569	340,197
Gain (loss) on asset disposal	-	28,162	-	(1,304,850)	-	(1,276,688)
Transfers	-	(1,367,015)	-	1,367,015	-	-
Total revenues	36,388,099	30,514,258	4,176,835	4,102,187	40,564,934	34,616,445
Expenses:						
General government	8,873,976	8,849,600	-	-	8,873,976	8,849,600
Public safety	11,454,470	11,922,558	-	-	11,454,470	11,922,558
Public works	10,309,485	12,312,578	-	-	10,309,485	12,312,578
Cemetery	56,564	48,971	-	-	56,564	48,971
Interest expense	7,453	10,527	-	-	7,453	10,527
Water	-	-	2,578,618	2,727,505	2,578,618	2,727,505
Sewer	-	-	4,071,726	6,530,358	4,071,726	6,530,358
Total expenses	30,701,948	33,143,416	6,650,344	9,257,863	37,352,292	42,401,279
Change in net position	5,686,151	(2,629,158)	(2,473,509)	(5,155,676)	3,212,642	(7,784,834)
Net position, beginning	80,392,780	83,021,938	51,512,957	56,668,633	131,905,737	139,690,571
Net position, ending	\$ 86,078,931	\$ 80,392,780	\$ 49,039,448	\$ 51,512,957	\$ 135,118,379	\$ 131,905,737

Key elements of the change in net position from governmental activities are as follows:

- Grants and contributions increased by \$3,557,105, or 181.96%, due to the recognition of State and Local Government Fiscal Recovery Funds (SLFRF) grant revenue deferred in prior year. Eligible expenditures under the grant were incurred in fiscal year 2024.
- Interest and investment earnings increased by \$845,124, or 97.73%, due to a higher return on investments and unrealized gains due to market value fluctuations.
- Public works expenses decreased by \$2,003,093 or 16.27%, due to increased salary and benefits expenses, additional repair and maintenance expenses and loss on disposal of assets on construction in progress projects where the City determined the project no longer met the criteria to be capitalized in fiscal year 2023. These increased expenses did not recur in fiscal year 2024.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2024

Business-Type Activities

Business-type activities net position decreased the by \$2,473,509, or 4.80%. Key elements of this decrease are as follows:

- Interest and investment earnings increased by \$148,820, or 67.16%, due to a higher return on investments and market value fluctuations.
- In fiscal year 2023, a loss on asset disposal was recognized of \$1,304,850 on construction in progress projects where the City determined the project no longer met the criteria to be capitalized. In fiscal year 2024, no losses on disposal of assets were incurred.
- Expenses decreased by \$2,607,519 or 28.17% due to additional expenditures for sludge removal and water and sewer system repairs throughout the city in fiscal year 2023.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of August 31, 2024, the City's governmental funds reported a combined ending fund balance of \$62,754,181, an increase of \$6,288,359 when compared to the prior year. Unassigned fund balance as of August 31, 2024 was \$15,630,725. The restricted fund balance in the amount of \$47,095,907 is primarily reserved to pay for public works projects that is restricted by voter proposition. Nonspendable fund balance for inventory is \$27,549.

General Fund

The General Fund is the chief operating fund of the City. At August 31, 2024, the fund balance of the General Fund was \$15,806,004. The fund balance of the City's General Fund increased by \$1,075,221 for the year ended August 31, 2024. The increase is related to additional grant revenues from the SLFRF grant coupled with an overall net reduction in expenditures of \$279,549.

Sales Tax Fund

The Sales Tax Fund has a total fund balance of \$101,505. The fund balance of the Sales Tax Fund increased by \$30,605 for the year ended August 31, 2024. All revenues of the Sales Tax Fund are transferred out to the General Fund, Special Sales Tax Fund, District No. 3 Sales Tax Fund, and Street Construction Fund.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2024

Special Sales Tax Fund

The Special Sales Tax Fund has a total fund balance of \$10,997,330, all of which is restricted for public works projects special programs. The net increase in fund balance during the current year in the Special Sales Tax Fund was \$2,770,688. The City Administration is continuing the long-term planning to evaluate the needs for improvement that are necessary to the infrastructure to better serve and protect the citizens of the City of Mandeville.

District No. 3 Sales Tax Fund

The District No. 3 Sales Tax Fund has a total fund balance of \$12,096,431, which is restricted for projects that will benefit the current and former District No. 3 of St. Tammany Parish. The net increase in fund balance during the current year in the District No. 3 Sales Tax Fund was \$2,941,483.

Street Construction Fund

The Street Construction Fund has a total fund balance of \$23,202,620, all of which is restricted for capital improvements. The net decrease in fund balance during the current year in the Street Construction Fund was \$580,624.

Proprietary Fund

The City's Proprietary Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Proprietary Fund at the end of the year amounted to \$49,039,448 of which \$1,737,145 was unrestricted. The total decrease in net position was \$2,473,509 primarily as a result of water and sewer expenditures exceeding charges for services.

General Fund Budgetary Highlights

During the year, appropriations between the original and final amended budget increased by \$1,047,277. The increase is primarily due to an increase in general government and capital outlay expenditures. Projected revenues between the original and amended budget decreased by \$8,938,808, primarily as a result of a decline in projected intergovernmental revenues.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of August 31, 2024, was \$86,262,613 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, right of use leased assets, and water and sewer infrastructure.

Major capital asset additions during the current fiscal year included the following:

- Land purchases totaled \$722,575.
- Equipment, vehicles, buildings, and infrastructure placed in service at a cost of \$3,048,242.
- Construction in progress of the City was \$6,483,221 and consisted primarily of drainage and street projects.
- Additional information on the City's capital assets can be found in Note 6 of this report.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2024

Long-Term Bond Debt

At August 31, 2024, the City did not have any long-term bonded debt. The City recorded a lease liability as of August 31, 2024, of \$97,086.

Economic Factors and Next Year's Budget and Rate

Over the past four years, the City has completed many capital projects, including streets, drainage, bridges, infrastructure improvements, sewer and water, and system upgrades and land acquisition. Since August 31, 2010 to August 31, 2024, the City has increased its net capital assets from \$62.5 million to \$86.3 million.

The following factors were considered in preparing the City's budget for the 2025 fiscal year:

- The projects budget reflects priorities including lakefront seawall repairs, drainage upgrades, traffic safety improvements, implementation of the Recreation Master Plan, and design of a new Police Station Headquarters. These efforts are supported in part by state capital outlay funding and local revenue base.
- Sales tax projected for the year ended August 31, 2024, is \$22.1 million. The City's sales tax constitutes approximately 35% of the total governmental budget.
- Property tax revenue is projected at \$2.143 million based on the City Council's adopted rate of 8.21 mills.
- The City continues to budget conservatively in light of broader economic and demographic uncertainties. Financial projections incorporate available information and trends, but actual results may vary. The administration remains focused on fiscal responsibility, maintaining reserves, and delivering services efficiently.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Jessica Farno, Director of Finance
City of Mandeville
3101 E. Causeway Approach
Mandeville, Louisiana 70448

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF NET POSITION
AUGUST 31, 2024

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 25,561,944	\$ 2,746,442	\$ 28,308,386
Investments	33,068,176	5,842,344	38,910,520
Accounts receivable (net)	2,623,455	483,792	3,107,247
Internal balances	4,794,110	(4,794,110)	-
Inventory	27,549	710,357	737,906
Capital assets, net	38,960,310	47,302,303	86,262,613
TOTAL ASSETS	105,035,544	52,291,128	157,326,672
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred amounts related to net pension liability	2,803,076	215,707	3,018,783
Deferred amounts related to post employment liability	1,339,553	200,163	1,539,716
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,142,629	415,870	4,558,499
<u>LIABILITIES:</u>			
Accounts payable	2,742,668	1,214,133	3,956,801
Customer deposits	-	331,251	331,251
Long-term liabilities:			
Due within one year	375,862	41,572	417,434
Due beyond one year	73,164	-	73,164
Total other post-employment benefit (OPEB) liability			
Due within one year	402,810	60,190	463,000
Due beyond one year	3,536,988	528,515	4,065,503
Net pension liability	13,104,119	1,351,366	14,455,485
TOTAL LIABILITIES	20,235,611	3,527,027	23,762,638
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred amounts related to lessor leases	131,902	-	131,902
Deferred amounts related to net pension liability	2,152,348	53,949	2,206,297
Deferred amounts related to total OPEB liability	579,381	86,574	665,955
TOTAL DEFERRED INFLOWS OF RESOURCES	2,863,631	140,523	3,004,154
<u>NET POSITION:</u>			
Net investment in capital assets	38,863,224	47,302,303	86,165,527
Restricted for:			
DMV Operations	147,730	-	147,730
Debt service	472,117	-	472,117
Capital projects	23,202,620	-	23,202,620
Special programs	23,273,440	-	23,273,440
Unrestricted	119,800	1,737,145	1,856,945
TOTAL NET POSITION	\$ 86,078,931	\$ 49,039,448	\$ 135,118,379

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

Primary Government						
Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government						
Governmental:						
General government	\$ 8,873,976	\$ 1,130,078	\$ 1,258,521	\$ (6,485,377)	\$ -	\$ (6,485,377)
Public safety	11,454,470	719,153	1,147,978	(9,587,339)	-	(9,587,339)
Public works	10,309,485	-	3,105,464	(7,204,021)	-	(7,204,021)
Cemetery	56,564	14,535	-	(42,029)	-	(42,029)
Interest expense	7,453	-	-	(7,453)	-	(7,453)
Total governmental activities	30,701,948	1,863,766	5,511,963	(23,326,219)	-	(23,326,219)
Business-type:						
Water	2,578,618	1,439,474	22,383	-	(1,116,761)	(1,116,761)
Sewer	4,071,726	2,144,054	73,521	-	(1,854,151)	(1,854,151)
Total business-type activities	6,650,344	3,583,528	95,904	-	(2,970,912)	(2,970,912)
Total primary government	\$ 37,352,292	\$ 5,447,294	\$ 5,607,867	(23,326,219)	(2,970,912)	\$ (26,297,131)
General revenues:						
Property taxes				2,140,507	-	2,140,507
Franchise taxes				1,014,489	-	1,014,489
Sales taxes				21,569,131	-	21,569,131
Licenses and permits				1,770,828	-	1,770,828
Fines and forfeits				517,015	-	517,015
Interest income (loss) and fair value changes				1,709,836	370,398	2,080,234
Other				290,564	127,005	417,569
Total general revenues				29,012,370	497,403	29,509,773
Change in net position				5,686,151	(2,473,509)	3,212,642
Net position, August 31, 2023				80,392,780	51,512,957	131,905,737
Net position, August 31, 2024				\$ 86,078,931	\$ 49,039,448	\$ 135,118,379

The accompanying notes are an integral part of this statement.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

CITY OF MANDEVILLE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2024

	<u>Special Revenue Funds</u>				<u>Capital Projects Fund</u>		
	<u>General</u>	<u>Sales Tax Fund</u>	<u>Special Sales Tax Fund</u>	<u>District No. 3 Sales Tax Fund</u>	<u>Street Construction Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Cash and cash equivalents	\$ 2,699,238	\$ 1,857,071	\$ 3,018,556	\$ 12,370,207	\$ 5,597,245	\$ 19,627	\$ 25,561,944
Investments	12,489,384	107,305	10,248,311	-	9,342,092	881,084	33,068,176
Accounts receivable, net	904,170	1,674,000	-	-	-	45,285	2,623,455
Due from other funds	9,821,707	-	578,126	479,498	9,049,467	-	19,928,798
Inventory	27,549	-	-	-	-	-	27,549
TOTAL ASSETS	<u>\$ 25,942,048</u>	<u>\$ 3,638,376</u>	<u>\$ 13,844,993</u>	<u>\$ 12,849,705</u>	<u>\$ 23,988,804</u>	<u>\$ 945,996</u>	<u>\$ 81,209,922</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 1,956,484	\$ -	\$ -	\$ -	\$ 786,184	\$ -	\$ 2,742,668
Due to other funds	7,644,040	3,536,871	2,847,663	753,274	-	352,840	15,134,688
TOTAL LIABILITIES	<u>9,600,524</u>	<u>3,536,871</u>	<u>2,847,663</u>	<u>753,274</u>	<u>786,184</u>	<u>352,840</u>	<u>17,877,356</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenues - grants	403,618	-	-	-	-	-	403,618
Unavailable revenue - property taxes	-	-	-	-	-	42,865	42,865
Deferred amounts - lessor leases	131,902	-	-	-	-	-	131,902
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>535,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,865</u>	<u>578,385</u>
<u>FUND BALANCES</u>							
<u>Non-spendable:</u>							
Inventory of supplies	27,549	-	-	-	-	-	27,549
<u>Restricted for:</u>							
DMV Operations	147,730	-	-	-	-	-	147,730
Debt service	-	-	-	-	-	472,117	472,117
Capital projects	-	-	-	-	23,202,620	-	23,202,620
Special programs	-	101,505	10,997,330	12,096,431	-	78,174	23,273,440
<u>Unassigned</u>	<u>15,630,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,630,725</u>
TOTAL FUND BALANCES	<u>15,806,004</u>	<u>101,505</u>	<u>10,997,330</u>	<u>12,096,431</u>	<u>23,202,620</u>	<u>550,291</u>	<u>62,754,181</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,942,048</u>	<u>\$ 3,638,376</u>	<u>\$ 13,844,993</u>	<u>\$ 12,849,705</u>	<u>\$ 23,988,804</u>	<u>\$ 945,996</u>	<u>\$ 81,209,922</u>

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2024

Fund balances August 31, 2024 - governmental funds		\$ 62,754,181
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets at August 31, 2024	119,373,693	
Less: accumulated depreciation and amortization as of August 31, 2024	<u>(80,413,383)</u>	38,960,310
Revenues were collected more than sixty days after year-end for property tax or within one year for grant revenue and, therefore, are not available soon enough to pay for current period expenditures		
Property tax revenues		42,865
Grant revenues		403,618
Deferred outflows and inflows of resources are not available to pay current period expenditures and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources - related to net pension liability	2,803,076	
Deferred outflows of resources - related to other postemployment benefit liability	<u>1,339,553</u>	4,142,629
Deferred inflows of resources - related to net pension liability	(2,152,348)	
Deferred inflows of resources - related to other postemployment benefit liability	<u>(579,381)</u>	(2,731,729)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental fund liabilities:		
Lease liability		(97,086)
Net pension liability		(13,104,119)
Compensated absences		(351,940)
Total other postemployment benefit (OPEB) liability		<u>(3,939,798)</u>
Total net position at August 31, 2024 - governmental activities		<u><u>\$ 86,078,931</u></u>

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>Special Revenue Funds</u>				<u>Capital Projects Fund</u>		
	<u>General</u>	<u>Sales Tax Fund</u>	<u>Special Sales Tax Fund</u>	<u>District No. 3 Sales Tax Fund</u>	<u>Street Construction Fund</u>	<u>Other Non- Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Ad valorem taxes	\$ 2,132,550	\$ -	\$ -	\$ -	\$ -	\$ 7,957	\$ 2,140,507
Franchise taxes	1,014,489	-	-	-	-	-	1,014,489
Sales taxes	-	21,569,131	-	-	-	-	21,569,131
Licenses and permits	1,770,828	-	-	-	-	-	1,770,828
Fines and forfeits	517,015	-	-	-	-	-	517,015
Intergovernmental	5,663,689	-	-	-	11,313	-	5,675,002
Charges for services	938,459	-	-	-	-	-	938,459
Interest	644,606	6,556	547,558	5,409	460,469	45,238	1,709,836
Miscellaneous	1,215,871	-	-	-	-	-	1,215,871
Total revenues	<u>13,897,507</u>	<u>21,575,687</u>	<u>547,558</u>	<u>5,409</u>	<u>471,782</u>	<u>53,195</u>	<u>36,551,138</u>
Expenditures:							
Current -							
General government	7,406,354	225,017	18,064	-	-	954	7,650,389
Public safety	10,605,083	-	-	-	-	-	10,605,083
Public works	2,889,406	-	-	-	4,083,407	-	6,972,813
Cemetery	56,564	-	-	-	-	-	56,564
Capital outlay	4,270,832	-	-	-	645,797	-	4,916,629
Debt Service -							
Principal	53,848	-	-	-	-	-	53,848
Interest and fees	7,453	-	-	-	-	-	7,453
Total expenditures	<u>25,289,540</u>	<u>225,017</u>	<u>18,064</u>	<u>-</u>	<u>4,729,204</u>	<u>954</u>	<u>30,262,779</u>
Excess (deficiency) of revenues over (under) expenditures	(11,392,033)	21,350,670	529,494	5,409	(4,257,422)	52,241	6,288,359
Other financing sources (uses):							
Transfers to other funds	-	(21,320,065)	(1,435,604)	-	-	(1,255)	(22,756,924)
Transfers from other funds	12,467,254	-	3,676,798	2,936,074	3,676,798	-	22,756,924
Total other financing sources (uses)	<u>12,467,254</u>	<u>(21,320,065)</u>	<u>2,241,194</u>	<u>2,936,074</u>	<u>3,676,798</u>	<u>(1,255)</u>	<u>-</u>
Net change in fund balance	1,075,221	30,605	2,770,688	2,941,483	(580,624)	50,986	6,288,359
Fund balance, beginning	<u>14,730,783</u>	<u>70,900</u>	<u>8,226,642</u>	<u>9,154,948</u>	<u>23,783,244</u>	<u>499,305</u>	<u>56,465,822</u>
Fund balance, ending	<u>\$ 15,806,004</u>	<u>\$ 101,505</u>	<u>\$ 10,997,330</u>	<u>\$ 12,096,431</u>	<u>\$ 23,202,620</u>	<u>\$ 550,291</u>	<u>\$ 62,754,181</u>

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, 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 AUGUST 31, 2024

Net change in fund balances - governmental funds	\$ 6,288,359
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay 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 and other capitalized purchases, adjustments and reclassifications	4,916,629	
Depreciation and amortization expense	(3,590,429)	
Loss on asset disposal	<u>(924,392)</u>	401,808

Change in deferral of grant revenues beyond the one year availability	(540,627)
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Changes in long-term obligations:

Change in net pension liability and related deferrals	(397,424)	
Principal paid on leases	53,848	
Change in total other post-employment benefit liability and related deferrals	<u>(118,939)</u>	<u>(463,389)</u>

Change in net position of governmental activities	<u>\$ 5,686,151</u>
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The accompanying notes are an integral part of this statement.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
PROPRIETARY FUND**

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
AUGUST 31, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 2,746,442
Investments	5,842,344
Accounts receivable (net)	483,792
Due from other funds	852,125
Inventories	710,357
Total current assets	10,635,060

Capital assets

Capital assets, cost	83,150,074
Less: accumulated depreciation	(35,847,771)
Total capital assets	47,302,303

TOTAL ASSETS	57,937,363
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DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts related to net pension liability	215,707
Deferred amounts related to post employment liability	200,163
TOTAL DEFERRED OUTFLOWS OF RESOURCES	415,870

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	1,214,133
Compensated absences, current	41,572
Customer deposits	331,251
Due to other funds	5,646,235
Total other post employment benefit liability, current	60,190
Total current liabilities	7,293,381

Long-term liabilities:

Net pension liability	1,351,366
Total other postemployment benefit liability	528,515
Total long-term liabilities	1,879,881

TOTAL LIABILITIES	9,173,262
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DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to net pension liability	53,949
Deferred amounts related to total OPEB liability	86,574
TOTAL DEFERRED INFLOWS OF RESOURCES	140,523

NET POSITION

Investment in capital assets	47,302,303
Unrestricted	1,737,145
TOTAL NET POSITION	\$ 49,039,448

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2024

OPERATING REVENUES:

Charges for services	
Water fees	\$ 1,398,155
Sewer fees	2,130,954
Tapping fees	
Water	13,959
Sewer	4,100
Water service charges	13,950
Delinquent fees	47,504
Miscellaneous service revenues	79,501
Water impact fees	13,410
Sewer impact fees	9,000
Total operating revenues	<u>3,710,533</u>

OPERATING EXPENSES:

Water department expenses	2,578,618
Sewer department expenses	4,071,726
Total operating expenses	<u>6,650,344</u>

LOSS FROM OPERATIONS	<u>(2,939,811)</u>
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NON-OPERATING REVENUES (EXPENSES):

Intergovernmental	56,601
Interest income (loss)	370,398
Other grants and contributions	39,303
Total nonoperating revenues (expenses)	<u>466,302</u>

CHANGE IN NET POSITION	(2,473,509)
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NET POSITION:

Balance, beginning of year	<u>51,512,957</u>
Balance, end of year	<u><u>\$ 49,039,448</u></u>

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Page 1 of 2

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 3,740,213
Cash paid to suppliers	(2,913,716)
Cash paid to employees	(1,870,623)
Net cash used in operating activities	<u>(1,044,126)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Due to other funds (net change in)	5,557,845
Grants and contributions	(2,207,726)
Net cash provided by non-capital financing activities	<u>3,350,119</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Acquisition of capital assets	(2,109,939)
Net cash used in capital financing activities	<u>(2,109,939)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(290,072)
Investment income (loss)	370,398
Net cash provided by investing activities	<u>80,326</u>

Net change in cash and cash equivalents	276,380
Cash and cash equivalents at beginning of year	<u>2,470,062</u>
Cash and cash equivalents at end of year	<u>\$ 2,746,442</u>

(continued)

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Page 2 of 2

Reconciliation of net loss from operations to net cash used in operating activities:

Loss from operations	\$ (2,939,811)
Adjustments to reconcile net loss from operations to net cash used in operating activities:	
Depreciation expense	2,125,266
Bad debt expense	6,090
Change in assets, deferred outflows, liabilities and deferred inflows:	
Receivables	26,207
Inventories	(132,703)
Deferred outflows related to net pension liability	336,891
Deferred outflows related to OPEB liability	83,416
Accounts payable and accrued liabilities	(46,908)
Customer deposits	3,473
Compensated absences	12,918
Net pension liability	(407,576)
Deferred inflows related to net pension liability	37,033
Total OPEB liability	(121,345)
Deferred inflows related to OPEB	(27,077)
Net cash used in operating activities	<u><u>\$ (1,044,126)</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mandeville, Louisiana (the City) adopted the Home Rule Charter on November 16, 1985, under the provisions of Article VI, Section 5, of the Louisiana Constitution of 1974. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation and utilities, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

(a) Reporting Entity

Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the City includes all funds which are controlled by or dependent on the City which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters and authority to issue debt. Based on these criteria, the City has determined that there are no component units that are part of the reporting entity.

(b) Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City's police protection, parks, recreation, community and youth services, animal control, garbage collection, public works, and general administration services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column. The City's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities when both restricted and unrestricted net position are available.

The government-wide statement of activities demonstrates the degree to which the direct expenses of the City's functions and business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include (1) charges to customers or applicants for services or privileges provided by a given function or business-type activity, such as water and sewer use or garbage collection fees, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other revenues are reported as general revenues.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Fund Financial Statements*

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the City are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types.

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported as a separate column. The major funds reported are the General Fund, Sales Tax Fund, Special Sales Tax Fund, District No. 3 Sales Tax Fund, and Street Construction Fund. Non-major funds are aggregated and presented in a single column. The City has three non-major funds: Tax Collector Fund, the Bond Reserve Fund, and the Bond Sinking Fund.

(d) *Measurement Focus, Basis of Accounting, and Financial Statement Preparation*

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

An allowance for estimated uncollectible receivables is recorded for all accounts receivable older than 120 days at year-end.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, except for reimbursement grants where the revenue is recognized when the eligibility requirements are met. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement grants which are recognized when the eligibility requirements of the grant are met, if they are collected within 1 year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Measurement Focus, Basis of Accounting, and Financial Statement Preparation* (continued)

Property taxes are recognized as revenue in the year for which taxes have been levied and collected. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned.

The following are the City's major governmental funds:

General Fund: This fund is the general operating fund of the City and is used to account for financial resources except those required to be accounted for in another fund.

Sales Tax Special Revenue Fund (Sales Tax Fund): This fund is used to account for the proceeds of the City's 2.5% sales and use tax and the State, Parish, and Municipal Motor Vehicle sales tax. One percent can be used for any lawful corporate purpose. On November 19, 2011, a special election was held to authorize the rededication of the proceeds of this 1% sales and use tax initially authorized at an election held on August 18, 1959.

One percent of this tax was authorized at elections held on November 4, 1986 and May 1, 1999 and was dedicated to capital expenditures for constructing, improving, extending, and maintaining playgrounds and recreational facilities, public roads, streets, bridges and crossings, sewerage, garbage disposal, waterworks, fire protection, beach improvements, seawalls and extensions, harbor improvements, and other works of permanent public improvements in the City. On November 4, 2014, a special election was held to authorize the rededication of this 1% sales and use tax to 50% for constructing, acquiring, extending, improving, equipping, repairing, operating and/or maintaining sewers and sewerage disposal works, waterworks improvements, streets, drains and drainage facilities and flood protection (including the payment of salaries and acquiring of all necessary land, equipment, and furnishings) and 50% (after paying the reasonable and necessary costs and expenses of collecting and administering the tax) may be used for any lawful corporate purpose of the City.

The City first utilizes restricted resources to finance qualifying activities when both restricted and unrestricted net position are available. The remaining 0.5% sales and use tax can be used for the purpose of (i) paying, improving, repairing, and maintaining streets (including sidewalks and bike paths) in the City, (ii) repairing and maintaining existing bridges in the City, and (iii) constructing, acquiring, and maintaining roadside drainage improvements in the City.

Special Sales Tax Special Revenue Fund (Special Sales Tax Fund): This fund is used to account for 1% of the sales and use tax and the State, Parish, and Municipal Motor Vehicle sales tax transferred from the Sales Tax Fund. One percent became effective with elections held on November 4, 1986, May 1, 1999, and November 4, 2014, and the 1% tax was rededicated to 50% for any lawful corporate purpose of the City and 50% for constructing, acquiring, extending, improving, equipping, repairing, operating and/or maintaining sewers and sewerage disposal works, waterworks improvements, streets, drains and drainage facilities and flood protection (including the payment of salaries and acquiring of all necessary land, equipment, and furnishings).

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Measurement Focus, Basis of Accounting, and Financial Statement Preparation* (continued)

All monies remaining in the Special Sales Tax Fund on the 20th day of each month in excess of all reasonable and necessary expenses of collection and administration of the tax shall be considered surplus. Such surplus may be used by the issuer for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds in advance of their maturities.

District No. 3 Sales Tax Special Revenue Fund (District No. 3 Sales Tax Fund): This fund is used to account for the portion of the St. Tammany Parish 2% sales and use tax transferred from the Sales Tax Fund to be used for joint projects with St. Tammany Parish (the Parish) to provide improvements to St. Tammany Parish's Sales Tax District No. 3 to include constructing, acquiring, extending, improving, maintaining, and/or operating: 1) roads, streets, and bridges and 2) drains and drainage facilities for the benefit of District No. 3. In April 2012, the Parish and the City amended the Sales Tax Enhancement Plan dated effective September 20, 1990, as amended by an agreement dated March 27, 2003, to allow for the joint projects.

Street Construction Capital Projects Fund (Street Construction Fund): This fund is used to account for the costs of (i) paving, improving, repairing, and maintaining streets (including sidewalks and bike paths) in the City, (ii) repairing and maintaining existing bridges in the City, and (iii) constructing, acquiring, and maintaining roadside drainage improvements in the City. Financing is provided by a pledge of revenue to be derived from the City's collection of a 0.5% sales tax transferred from the Sales Tax Fund. One-half percent became effective with an election held on January 20, 2001 and extended by the voters on August 15, 2021 (other than those financed by proprietary funds).

The City's sole Enterprise Fund is the Proprietary Fund.

Enterprise Fund: This fund is used to account for operations of the Proprietary Fund where: (a) it is financed and operated in a manner similar to a private business enterprise and (b) the periodic determination of net income is appropriate.

(e) *Cash and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments in certificates of deposit are stated at cost. All other investments are reported at fair value (quoted market price or the best available estimate).

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) *Inventories*

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

(g) *Prepaid Expenses*

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are accounted for on the consumption method. There were no prepaid items/expenses as of August 31, 2024.

(h) *Capital Assets*

Capital assets, which include property, plant, equipment, right to use lease assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized over the remaining useful lives of the assets.

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds, and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met. Infrastructure has been capitalized retroactively to 1980. Depreciation on governmental activities is recorded on capital assets on a government-wide basis. Capital outlays of the proprietary fund are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis. The estimated useful lives are as follows:

Description	Estimated Useful Lives (in years)
Building and building improvements	10 - 50
Furniture and fixtures	5 - 10
Vehicles	5 - 10
Equipment	5 - 25
Trace and trailhead	10 - 99
Water, sewer systems, infrastructure, drainage, and harbor	10 - 50

Right-of-use lease assets are amortized over the term of the respective contracts.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) *Compensated Absences*

The City's policy is to permit employees to accumulate earned but unused annual and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. Employees may carry over annual leave up to 30 days for Civil Service employees or 60 days for Directors. Unused annual leave in excess of the 30 or 60 days is forfeited on the employee's anniversary date. All annual pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(j) *Long-Term Obligations*

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

(k) *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

(l) *Net Position - Government-Wide and Proprietary Fund Financial Statements*

Net position is displayed in three components:

1. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Net position with constraints placed on its use either by:
 - a. external groups such as creditors, grantors, contributors, or laws, or regulations of other governments, or
 - b. law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-Spendable Fund Balance - Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance - Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens by voter proposition.
3. Committed Fund Balance - Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.
4. Assigned Fund Balance - Amounts that are constrained by the City's intent that they will be used for specific purposes. The City Council is the only body authorized to assign amounts for a specific purpose and is the highest level of decision-making authority. Therefore, amounts must be reported as committed.
5. Unassigned Fund Balance - All amounts not included in other spendable classifications.

The City considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The City also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

(n) Revenues

1. Program Revenues - Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.
2. Ad valorem (property) taxes for the operations of the City are normally levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise, and movable property located in St. Tammany Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A re-assessment of all property is required to be completed no less than every four years. An assessment was completed in 2024.

The assessed value at January 1, 2023, upon which the 2024 levies were based, was \$218,195,724. Property (Ad-valorem) Taxes - Property taxes are levied on a calendar year basis. On July 13, 2023, the taxes were levied for the 2023 calendar year. They are due on December 31st of each year, and are considered delinquent on January 1st, which is the lien date. Property on which the taxes have not been paid is adjudicated to the City after being offered for sale to the public. The following is a summary of the authorized and levied property taxes:

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenues (continued)

Fund Type	Purpose	Authorized Mills	Levied Mills	Expiration Date
General	General purpose	7.00	6.48	Indefinite
General	Police department additional funding for operations, maintenance, salaries and benefits	5.08	0.94	2032
General	Police department additional funding for operations, maintenance, salaries and benefits	3.38	1.44	2032
	Total	<u>15.46</u>	<u>8.86</u>	

3. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing or/and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user fees for water and sewer services. Operating expenses for the proprietary fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.
4. Sales Taxes - Sales taxes are due the month after sale and recognized in the month the liability is incurred. The following table is a summary of authorized sales taxes:

Purpose	Percent	Expiration Date
1959 Sales Tax - Any lawful governmental purpose	1.00	Perpetual
1986 Sales Tax for the following purposes: 50% for any lawful governmental purpose 50% constructing, improving, maintaining or operating sewer or water systems, streets, and drainage or flood protection	1.00	12/31/2029
2001 Sales Tax dedicated to (i) paving, improving, repairing and maintaining streets (including sidewalks and bike paths) in the City, (ii) repairing and maintaining existing bridges in the City, and (iii) constructing, acquiring and maintaining roadside drainage improvements	0.5	7/1/2031
Total	<u>2.50</u>	

(o) Accounts Receivable

Accounts receivables are reported net of an allowance for uncollectable balances. The more significant accounts receivable is recorded for amounts due from other governments for sales taxes, and for customers' accounts in the business-type activities and the proprietary fund. Customer Utility accounts are estimated to be uncollectable upon coming ninety days past due. Amounts due from governments are estimated to be uncollectable based upon the facts and circumstances of the grant agreement or funding source.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Interfund Transactions

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

(q) Use of Estimates

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

(r) Leases

The System enters into noncancellable lease agreements and records them in accordance with GASB Statement No. 87, Leases.

Lessee leases

The City recognizes a liability and intangible right-of-use asset in the financial statements for leased property for contracts with an initial individual value that is material to the financial statements and with periods greater than one year. At the commencement of a lease or contract, the City initially measures the liability at the present value of payments expected to be made during the lease or contract term. Subsequently, the liability is reduced by the principal portion of payments made. The right-of-use asset is initially measured as the initial amount of the lease liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life or contract term. Key estimates and judgments related to leases include (1) the discount rate used to present value the expected lease payment, (2) lease or contract term, and (3) payments.

The City uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. The lease terms include the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) *Leases* (continued)

Lessor Leases

The City recognizes a lease receivable and a deferred inflow of resources in the financial statements for those lease contracts with an initial individual value that is material to the financial statements and whose terms call for a lease period greater than one year. The lease receivable is measured at the commencement of the lease at the present value of fixed payments expected to be received during the non-cancellable lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include (1) the discount rate used to present value the expected lease receipts, (2) lease term, and (3) lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease terms include the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease receivable are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable, leased asset, liability and deferred inflow if certain changes occur that are expected to significantly affect the amount of the lease receivable or liability. Lessee leased assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net positions. Lessor leases are reported as lease receivable and deferred inflows of resources on the statement of net position.

(s) *Recent Reporting and Disclosure Developments*

As of August 31, 2024, the Governmental Accounting Standards Board issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

The GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023.

The GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is for a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The statement is effective for fiscal years beginning after June 15, 2024.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) *Recent Reporting and Disclosure Developments* (continued)

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The statement is effective for fiscal years beginning after June 15, 2025.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to require state and local governments to enhance disclosures about certain capital assets, including lease and subscription-based IT assets, to improve transparency and comparability. It also requires specific reporting for capital assets held for sale, including their historical cost, depreciation, and related debt. The statement is effective for fiscal years beginning after June 15, 2025.

2. BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING

All proposed budgets must be completed and submitted to the City Council no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. The final budget must be adopted before the ensuing fiscal year begins or if, at the end of any fiscal year, the appropriations necessary for the support of the municipality for the ensuing fiscal year have not been made, then 50% of the amounts appropriated in the appropriation ordinance or resolution for the last validly passed budget year shall be deemed re-appropriated for the objects and purposes specified in such ordinance or resolution. This 50% limitation will continue until a budget is approved.

The City adopted a budget on a basis consistent with accounting principles generally accepted in the United States of America for the following fund types: General Fund, Special Revenue Funds, Capital Projects Funds, and Enterprise Fund (Proprietary Fund). A formal budget was not adopted for the Debt Service Funds because effective budgetary control is alternately achieved through general obligation bond provisions.

The budget may be amended under the same procedures as were followed under its adoption. A budget amendment shall be required should the total of all budget adjustments made within a fiscal year exceed 5% of a department's appropriations. The budgets presented have been amended. Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if one (1) year passes without any disbursement from or encumbrance of the appropriation. The City does not utilize encumbrance accounting.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

3. CASH AND CASH EQUIVALENTS

At August 31, 2024, the City had cash and cash equivalents (book balances) totaling \$28,308,386. Under state law, these deposits must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank or through letters of credit issued by the Federal Home Loan Bank. The market value of the pledged securities plus the federal deposit insurance and letters of credit must at all times equal the amount on deposit with the fiscal agent.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City does not have a deposit policy for custodial credit risk. At August 31, 2024, the City had \$28,925,262 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank's trust department in the City's name.

Louisiana Revised Statute (R.S.) 39:1229 imposes a requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

4. INVESTMENTS

Credit Quality Risk: Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the City.

The following table provides information on the credit ratings, and fair values associated with the City's investments at August 31, 2024:

	Standard and Poors:				Moody's:		Total
	A	A+	AA	AA-	AA+	AAAm	
Federal Home Loan Bank	\$ -	\$ -	\$ -	\$ -	\$ 5,071,931	\$ -	\$ 5,071,931
Federal Home Loan Mortgage	-	-	-	-	462,519	-	462,519
Federal National Mortgage	-	-	-	-	633,461	-	633,461
State Government	-	-	60,839	620,717	545,675	-	1,227,231
Local Government	238,906	99,742	605,808	196,918	404,484	-	1,545,858
LAMP	-	-	-	-	-	4,846,540	4,846,540
US Treasury	-	-	-	-	25,122,980	-	25,122,980
Total	\$ 238,906	\$ 99,742	\$ 666,647	\$ 817,635	\$ 32,241,050	\$ 4,846,540	\$ 38,910,520

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the City's name. The investments of the City owned at August 31, 2024 were not subject to custodial credit risk.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

4. INVESTMENTS (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The following table shows the City's investments by maturities:

	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Federal Home Loan Bank	\$ 5,071,931	\$ 520,766	\$ 4,551,165	\$ -	\$ -
Federal Home Loan Mortgage	462,519	222,498	240,021	-	-
Federal National Mortgage	633,461	433,173	200,288	-	-
State Government	1,227,231	545,675	681,556	-	-
Local Government	1,545,858	820,790	486,162	-	238,906
Louisiana Asset Management Pool	4,846,540	4,846,540	-	-	-
US Treasury	25,122,980	13,630,702	11,492,278	-	-
Total	<u>\$ 38,910,520</u>	<u>\$ 21,020,144</u>	<u>\$ 17,651,470</u>	<u>\$ -</u>	<u>\$ 238,906</u>

Concentration of Credit Risk: It is the policy of the City to diversify its investment portfolios. Assets shall be diversified to reduce the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Issuers comprising 5% or more of the City's investments at August 31, 2024 were as follows:

Issuer	Percent
Federal Home Loan Bank	13%
Louisiana Asset Management Pool	12%
US Treasury	65%

Louisiana Asset Management Pool (LAMP): State law limits the City's investments to direct U.S. Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies; bonds, debentures, notes, or other evidence of indebtedness issued by the State of Louisiana or any of its political subdivisions; direct security repurchase agreements; fully collateralized time certificates of deposit of any bank domiciled in the State of Louisiana; mutual or trust fund institutions which are registered with the Securities and Exchange Commission (SEC) and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies; guaranteed investment contracts; commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Investor Services, Inc.; and LAMP.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

4. INVESTMENTS (continued)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with R.S. 33:2955. LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79.

The following facts are relevant for investment pools:

- *Credit Risk:* LAMP is rated AAAm by Standard & Poor's.
- *Custodial Credit Risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The City's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.
- *Concentration of Credit Risk:* Pooled investments are excluded from the five percent disclosure requirement.
- *Interest Rate Risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days or two years (762 days) for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 57 days as of August 31, 2024.
- *Foreign Currency Risk:* Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Investment Fair Values Disclosures

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the asset and are as follows:

- Level 1 Investments reflect prices quoted in active markets.
- Level 2 Investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 Investments reflect prices based upon unobservable sources.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

4. INVESTMENTS (continued)

Investment Fair Values Disclosures (continued)

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of August 31, 2024:

		Fair Value Measurements Using	
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
Fixed Income Assets	August 31, 2024		
Federal Home Loan Bank	\$ 5,071,931	\$ 1,965,031	\$ 3,106,900
Federal Home Loan Mortgage	462,519	269,881	192,638
Federal National Mortgage Association	633,461	633,461	-
State Government	1,227,231	-	1,227,231
Local Government	1,545,858	-	1,545,858
US Treasury	25,122,980	25,122,980	-
Total Investments at fair value	34,063,980	\$ 27,991,353	\$ 6,072,627
Reported at Net Asset Value (NAV)			
Louisiana Asset Management Pool	4,846,540		
Total Investments at NAV	4,846,540		
Total Investments	<u>\$ 38,910,520</u>		

5. RECEIVABLES

As of August 31, 2024, receivables, net of allowances, consisted of the following:

		Franchise				Customer Utility	
<u>Governmental Activities:</u>	Sales Taxes	Taxes	Grants	Leases	Other	Accounts	Total
General Fund	\$ -	\$210,349	\$ 489,414	\$127,111	\$ 77,296	\$ -	\$ 904,170
Sales Tax Fund	1,674,000	-	-	-	-	-	1,674,000
Non-major Funds	-	-	-	-	45,285	-	45,285
	<u>1,674,000</u>	<u>210,349</u>	<u>489,414</u>	<u>127,111</u>	<u>122,581</u>	<u>-</u>	<u>2,623,455</u>
<u>Business-Type Activities:</u>							
Proprietary Fund	-	-	62,228	-	-	760,195	822,423
Allowance for uncollectible	-	-	-	-	-	(338,631)	(338,631)
	<u>-</u>	<u>-</u>	<u>62,228</u>	<u>-</u>	<u>-</u>	<u>421,564</u>	<u>483,792</u>
Total	<u>\$1,674,000</u>	<u>\$210,349</u>	<u>\$ 551,642</u>	<u>\$127,111</u>	<u>\$ 122,581</u>	<u>\$ 421,564</u>	<u>\$3,107,247</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

6. CAPITAL ASSETS

The following is a summary of the changes in capital assets for governmental activities for the year ended August 31, 2024:

	Balance 08/31/2023	Additions	Deletions	Balance 08/31/2024
<u>Cost</u>				
<u>Not being depreciated</u>				
Land	\$ 9,185,451	\$ 722,575	\$ -	\$ 9,908,026
Construction in progress	3,467,628	2,657,253	(1,580,600)	4,544,281
Total capital assets not being depreciated	12,653,079	3,379,828	(1,580,600)	14,452,307
<u>Being depreciated</u>				
Infrastructure - Streets	72,322,776	12,997	-	72,335,773
Trace and Trailhead	4,339,130	-	-	4,339,130
Drainage	10,160,075	-	-	10,160,075
Vehicles	4,055,939	1,203,987	-	5,259,926
Equipment	3,990,509	319,817	-	4,310,326
Buildings	6,152,307	656,208	-	6,808,515
Office Equipment and Furniture	163,982	-	-	163,982
Harbor	1,294,073	-	-	1,294,073
Total capital assets being depreciated	102,478,791	2,193,009	-	104,671,800
<u>Less: accumulated depreciation for</u>				
Infrastructure - Streets	(57,183,228)	(2,300,523)	-	(59,483,751)
Trace and Trailhead	(1,916,472)	(89,647)	-	(2,006,119)
Drainage	(5,607,269)	(420,793)	-	(6,028,062)
Vehicles	(3,597,825)	(258,515)	-	(3,856,340)
Equipment	(3,115,488)	(120,141)	-	(3,235,629)
Buildings	(4,499,336)	(281,451)	-	(4,780,787)
Office Equipment and Furniture	(163,665)	(211)	-	(163,876)
Harbor	(632,705)	(65,665)	-	(698,370)
Total accumulated depreciation	(76,715,988)	(3,536,946)	-	(80,252,934)
Net capital assets being depreciated	25,762,803	(1,343,937)	-	24,418,866
<u>Right of use leased assets:</u>				
Buildings	249,586	-	-	249,586
<u>Less: Accumulated Amortization for</u>				
Buildings	(106,966)	(53,483)	-	(160,449)
Net leased assets being amortized	142,620	(53,483)	-	89,137
Governmental activities capital assets, net	\$ 38,558,502	\$ 1,982,408	\$ (1,580,600)	\$ 38,960,310

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

6. CAPITAL ASSETS (continued)

Depreciation and amortization was charged to governmental activities functions as follows:

General government	\$ 173,582
Public safety	177,719
Public works	3,239,128
	<u>\$ 3,590,429</u>

The following is a summary of the changes in capital assets for business-type activities for the year ended August 31, 2024:

	Balance 08/31/2023	Additions	Deletions	Balance 08/31/2024
<u>Cost</u>				
<u>Not being depreciated</u>				
Land	\$ 1,745,392	\$ -	\$ -	\$ 1,745,392
Construction in progress	684,234	1,259,212	(4,506)	1,938,940
	<u>2,429,626</u>	<u>1,259,212</u>	<u>(4,506)</u>	<u>3,684,332</u>
<u>Being depreciated</u>				
Buildings	1,314,487	-	-	1,314,487
Water Wells, Lines, and Tower	35,420,859	-	-	35,420,859
Sewer Lines	22,715,237	-	-	22,715,237
Equipment and Vehicles	3,967,073	855,233	-	4,822,306
Wastewater Treatment Plant	15,192,853	-	-	15,192,853
	<u>78,610,509</u>	<u>855,233</u>	<u>-</u>	<u>79,465,742</u>
<u>Less: accumulated depreciation</u>				
Buildings	(539,098)	(25,938)	-	(565,036)
Water Wells, Lines, and Tower	(11,037,663)	(1,014,550)	-	(12,052,213)
Sewer Lines	(12,510,413)	(329,154)	-	(12,839,567)
Equipment and Vehicles	(3,132,232)	(117,584)	-	(3,249,816)
Wastewater Treatment Plant	(6,503,099)	(638,040)	-	(7,141,139)
	<u>(33,722,505)</u>	<u>(2,125,266)</u>	<u>-</u>	<u>(35,847,771)</u>
Net capital assets being depreciated	44,888,004	(1,270,033)	-	43,617,971
Business-type activities capital assets, net	<u>\$ 47,317,630</u>	<u>\$ (10,821)</u>	<u>\$ (4,506)</u>	<u>\$ 47,302,303</u>

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

Water	\$ 807,730
Sewer	1,317,536
	<u>\$ 2,125,266</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

6. CAPITAL ASSETS (continued)

Capital Commitments

The City has active capital projects as of August 31, 2024, as follows:

Project	Project Authorization	Expended to August 31, 2024	Remaining Commitment
Governmental Activities:			
Lakefront Wetlands Restoration -Berm	\$ 454,946	\$ 264,797	\$ 190,149
Harbor Field Upgrades	1,530,497	1,524,673	5,824
Shoreline Protection and Flood Control (East and West)	890,140	644,155	245,985
City Parks and Playground	403,200	371,811	31,389
City Hall Master Plan	606,839	304,471	302,368
Seawall Repair	619,905	361,741	258,164
Recreational Master Plan	80,000	65,430	14,570
Harbor Gazebo Improvements	59,825	38,947	20,878
Police Department Building Design	331,892	60,231	271,661
Hwy 190 Median Project	457,102	115,478	341,624
Old Golden Shores Neighborhood Drainage Improvements	410,846	182,069	228,777
Ravine au Coquille Watershed Model	257,458	139,034	118,424
Fontainebleau Drainage Improvements	536,372	446,953	89,419
Miscellaneous projects costs	24,491	24,491	-
Total Governmental Activities	<u>6,663,513</u>	<u>4,544,281</u>	<u>2,119,232</u>
Business-Type Activities:			
WWTP Pipeline Extension	\$ 536,398	\$ 255,795	\$ 280,603
Fontainebleau State Park Force Main Upgrade	443,254	49,704	393,550
Golden Glen Water Line & Meter Replacement	3,709,933	574,694	3,135,239
Lift Station 4 Upgrade	979,573	65,997	913,576
Lift Stations 42 & 43 Upgrade	1,034,009	68,834	965,175
Lift Stations 3 & 39 Upgrade	853,793	423,558	430,235
Lift Stations 37, 13 and 18	1,190,851	77,998	1,112,853
Lift Stations A and 27	991,462	88,855	902,607
Old Mandeville Waterlines	425,986	151,657	274,329
Miscellaneous projects costs	181,848	181,848	-
Total Business-Type Activities	<u>10,347,107</u>	<u>1,938,940</u>	<u>8,408,167</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

7. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended August 31, 2024 is as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Lease liability	\$ 150,934	\$ -	\$ (53,848)	\$ 97,086	\$ 57,107
Compensated Absences	351,066	874	-	351,940	318,755
	<u>\$ 502,000</u>	<u>\$ 874</u>	<u>\$ (53,848)</u>	<u>\$ 449,026</u>	<u>\$ 375,862</u>

The City is leasing a facility from the Louisiana Department of Motor Vehicle (DMV) for a term of five years, which began in fiscal year 2021. Lease expenditures were \$53,848 for August 31, 2024. In accordance with GASB 87, the present value of future lease payments is included in lease liability. In determining the present values, discount rates of 3.03% to 6.55% were applied, depending on the duration of the lease agreement and the nature of the underlying leased asset. Future principal and interest payments related to the City's building lease at August 31, 2024 are as follows:

Year Ended August 31	Total Principal	Total Interest	Total Payments
2025	\$ 57,107	\$ 4,194	\$ 61,301
2026	39,979	888	40,867
	<u>\$ 97,086</u>	<u>\$ 5,082</u>	<u>\$102,168</u>

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Compensated Absences	\$ 28,654	\$ 12,918	\$ -	\$ 41,572	\$ 41,572
	<u>\$ 28,654</u>	<u>\$ 12,918</u>	<u>\$ -</u>	<u>\$ 41,572</u>	<u>\$ 41,572</u>

Compensated absences liability, net pension liability, and the total other postemployment benefit liability are expected to be funded by the General Fund and the Proprietary Fund.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

8. LESSOR LEASES

The City of Mandeville's lessor leases consist of leases of City owned property to communication service providers to provide access to and space to install equipment. The terms of the leases are for periods ranging from 3 to 11 years at various payment frequencies and amounts. In accordance with GASB Statement No. 87, Leases, a receivable has been recorded for the present value of the lease payments to be received over the lease term for each agreement. In determining the present value, discount rates of 4.42% to 5.31% were applied, depending on the duration of the lease agreement and the nature of the underlying leased asset. As of August 31, 2024, the combined value of the lease receivable was \$127,111. Also, deferred inflows associated with these leases have been recorded that will be recognized as revenue over the term. The balance of the deferred inflows at August 31, 2024, is \$131,902. Inflows recognized during the year end August 31, 2024, consisted of lease revenue of \$42,437 and interest income of \$8,180.

9. PENSION AND RETIREMENT PLANS

The City of Mandeville is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS) and the Municipal Police Employees' Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

Each of the systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These financial reports for each of the systems are for fiscal years ending June 30th. These reports may be obtained by writing, calling, or downloading the reports as follows:

MERS:

7937 Office Park Boulevard
Baton Rouge, Louisiana 70809
(225) 925-4810
www.mersla.com

MPERS:

7722 Office Park Boulevard, Suite 200.
Baton Rouge, LA 70809
(225) 929-7411
www.lampers.org

Plan Descriptions

Municipal Employees' Retirement System of Louisiana (MERS)

MERS is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. MERS provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the MERS. For the year ended June 30, 2024, there were 87 contributing municipalities in Plan A and 70 in Plan B. The City of Mandeville is a participant in Plan A only.

The following is a description of the plan and its benefits and is provided for general information purposes only.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

9. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

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 MERS with exceptions as outlined in the statutes.

Any member who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with twenty (20) years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for retirement for members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 55 with thirty (30) or more years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused sick leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Upon death of any member with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes. Any member who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

9. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During 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 and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of MERS has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP Fund cease and the person resumes active contributing membership in MERS.

The member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, the member shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

Municipal Police Employees' Retirement System of Louisiana (MPERS)

MPERS is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. Membership in MPERS 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. MPERS 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 MPERS 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 R.S. 11:2211-11:2233.

The following is a brief description of the plan and its benefits and is provided for general information purposes only:

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

9. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Municipal Police Employees' Retirement System of Louisiana (MPERS) (continued)

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS 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 of creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS 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 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability, and survivor benefits is 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 MPERS 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 MPERS 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 MPERS 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 a deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

9. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Municipal Police Employees' Retirement System of Louisiana (MPERS) (continued)

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 MPERS 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 36 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 MPERS shall resume and, upon later termination, he shall receive additional retirement benefits based on the additional service.

For those eligible to enter the 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 MPERS 's investment portfolio as certified by the actuary on an annual basis, but will never lose money. For those eligible to enter the DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on MPERS '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 MPERS 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 the 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 the same criteria as the DROP.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plans are required and determined by state statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended August 31, 2024 for the City and covered employees were as follows:

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

9. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Funding Policy (continued)

	<u>City</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan A	28.000%	10.00%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	35.600%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	35.600%	8.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	38.100%	7.50%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years ended August 31, were as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Municipal Employees' Retirement System Plan A	\$ 1,070,241	\$ 997,861	\$ 832,135
Municipal Police Employees' Retirement System	1,273,895	1,091,536	955,870

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

The following schedule lists the City's proportionate share of the net pension liability allocated by each of the pension plans based on the June 30, 2024, measurement date. The City uses this measurement to record its net pension liability and associated amounts as of August 31, 2024, in accordance with GASB Statement No. 68. The schedule also includes the proportionate share allocation rate used at June 30, 2024 along with the change compared to the June 30, 2023 rate. The City's proportion of the net pension liability was based on the City's contributions effort to the plans as compared to the total of all participating employer's contribution effort.

	Net Pension Liability at June 30, 2024	Proportionate Rate at June 30, 2024	Increase (Decrease) to June 30, 2023 Rate
Multiple Employer Cost Sharing Plans:			
Municipal Employees' Retirement System Plan A	\$ 5,005,060	1.7786%	0.0598%
Municipal Police Employees' Retirement System	9,450,425	1.0431%	-0.2432%
Total - Multiple Employer Cost Sharing Plans:	<u>\$ 14,455,485</u>		

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

9. PENSION AND RETIREMENT PLANS (continued)

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

The following schedule lists each pension plan's recognized pension expense of the City for the year ended August 31, 2024:

	Total
Municipal Employees' Retirement System Plan A	\$ 1,252,979
Municipal Police Employees' Retirement System	1,871,820
	<u>\$ 3,124,799</u>

The City recognized revenue that was allocated by each pension plan that represent payments from non-employer contributing entities that the Sheriff withholds from ad-valorem taxes from each taxing district and allocated to each pension plan. For the year ended August 31, 2024, the City recorded allocated non-employer contributions from MERS of \$145,566 and MPERS of \$271,325.

At August 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 511,671	\$ (451,566)
Changes of assumptions	-	(29,544)
Net difference between projected and actual earnings on pension plan investments	330,116	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions (cost sharing plans only)	1,806,867	(1,725,187)
Employer contributions subsequent to the measurement date	370,129	-
Total	<u>\$ 3,018,783</u>	<u>\$ (2,206,297)</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

9. PENSION AND RETIREMENT PLANS (continued)

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

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan are presented below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System Plan A	\$ 798,915	\$ (199,811)
Municipal Police Employees' Retirement System	2,219,868	(2,006,486)
	<u>\$ 3,018,783</u>	<u>\$ (2,206,297)</u>

The City reported a total of \$370,129 as deferred outflows of resources related to pension contributions made subsequent to the measurement date which will be recognized as a reduction in net pension liability in the year ending August 31, 2025. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan A	\$ 154,994
Municipal Police Employees' Retirement System	215,135
	<u>\$ 370,129</u>

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

Year	MERS	MPERS	Total
2025	342,006	242,540	584,546
2026	398,173	759,960	1,158,133
2027	(171,810)	(838,646)	(1,010,456)
2028	(124,259)	(165,607)	(289,866)
	<u>\$ 444,110</u>	<u>\$ (1,753)</u>	<u>\$ 442,357</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

9. PENSION AND RETIREMENT PLANS (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2024 follows:

	<u>MERS</u>	<u>MPERS</u>
Valuation Date	June 30, 2024	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions:		
Expected Remaining		
Service Lives	3 years	4 years
Investment Rate of Return	6.85% net of investment expenses	6.75% net of investment expenses
Inflation Rate	2.500%	2.500%
Mortality	PubG-2010(B) Healthy Retiree Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales. PubG-2010(B) Employee Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales. PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% for females with the full generational MP2021 scale.	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.
Salary Increases	Years of Service 1 - 2 - 9.0%-Plan A and 9.5%-Plan B 2 & Over - 4.4%-Plan A and 4.6%-Plan B	Years of Service 1 - 2 - 12.30% Above 2 - 4.70%
Cost of Living Adjustments	The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced	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 value do not include provisions for potential future increases not yet authorized by the Board of Trustees.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

9. PENSION AND RETIREMENT PLANS (continued)

Actuarial Assumptions (continued)

The following schedule lists the methods used by each of the retirement systems in determining the long-term expected rate of return on pension plan investments:

MERS	MPERS
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 of and an adjustment for the effect of balancing or diversification.	The forecasted 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 target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing / diversification. The resulting forecasted long-term rate of return is 7.86% for the year ended June 30, 2024.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the retirement systems' target asset allocations as of June 30, 2024:

Asset Class	MERS	MPERS	Long-Term Expected Real Rate of Return	
			MERS	MPERS
Public equity	56.00%	-	2.44%	-
Equity	-	52.00%	-	3.14%
Public fixed income	29.00%	-	1.26%	-
Fixed Income	-	34.00%	-	1.07%
Alternatives	15.00%	14.00%	0.65%	1.03%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>4.35%</u>	<u>5.24%</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

9. PENSION AND RETIREMENT PLANS (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 6.85% and 6.75%, respectively, for the year ended June 30, 2024.

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS			
Rates	5.850%	6.850%	7.850%
City of Mandeville Share of NPL	\$ 7,536,881	\$ 5,005,060	\$ 2,867,764
MPERS			
Rates	5.750%	6.750%	7.750%
City of Mandeville of NPL	\$ 14,038,373	\$ 9,450,425	\$ 5,620,380

Balance Payable to Each Retirement System

At August 31, 2024, the following payables were due to each of the pension plans:

MERS	\$ 106,177
MPERS	138,719
	<u>\$ 244,896</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

10. POSTEMPLOYMENT BENEFITS

General Information about the Other Postemployment Benefit (OPEB) Plan

Plan Description: The City provides certain continuing health care and life insurance benefits for its retired employees. The City's OPEB Plan (the OPEB Plan) is a single-employer, defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Codification Section P52, *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided: Medical and dental benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement. The employees are covered by one of two retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (DROP entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Employees' Retirement System of Louisiana, whose retirement eligibility (DROP entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service.

Employees Covered by Benefit Terms: At August 31, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	22
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	<u>109</u>
Total	<u><u>131</u></u>

Total OPEB Liability

The City's total OPEB liability of \$4,528,503 was measured as of August 31, 2024 and was determined by an actuarial valuation as of September 1, 2023.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary Increases	3.0%, including inflation
Prior Discount Rate	3.81%
Discount Rate	3.87%
Healthcare Cost Trend Rates	5.50% annually for 5 years, then 4.14% thereafter
Mortality	120% of Pub-2010 for General Employees and Healthy Retirees with MP-2021 scale

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of August 31, 2024, the end of the applicable measurement period.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

10. POSTEMPLOYMENT BENEFITS (continued)

Total OPEB Liability (continued)

The actuarial assumptions used in the August 31, 2024 valuation were based on the results of ongoing evaluations of the assumptions from September 1, 2009 to August 31, 2023:

Balance at August 31, 2023	\$ 4,733,666
Changes for the Year	
Service Cost	76,315
Interest	174,944
Differences between Expected and Actual Experience	-
Changes in Assumptions	(15,729)
Benefit Payments and Net Transfers	(440,693)
Net Changes	<u>(205,163)</u>
Balance at August 31, 2024	<u><u>\$ 4,528,503</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current discount rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	2.87%	3.87%	4.87%
Total OPEB Liability	<u>\$ 4,802,094</u>	<u>\$ 4,528,503</u>	<u>\$ 4,278,571</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1.0% Decrease	Current Trend 5.5% for 5 Years reducing to	1.0% Increase
	4.14%		
Total OPEB Liability	<u>\$ 4,216,154</u>	<u>\$ 4,528,503</u>	<u>\$ 4,879,680</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

10. POSTEMPLOYMENT BENEFITS (continued)

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

For the year ended August 31, 2024, the City recognized OPEB expense of \$494,625. At August 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 1,172,205	\$ (242,848)
Changes in Assumptions	367,511	(423,107)
Total	\$ 1,539,716	\$ (665,955)

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

Year Ending August 31,	Amount
2025	\$ 243,367
2026	243,368
2027	176,564
2028	176,564
2029	27,590
Thereafter	6,308
	\$ 873,761

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. An independent plan administrator through an administrative service agreement administers the plan. The City's administrative involvement is limited to transmitting amounts withheld from employees to the plan administrator who performs investing functions. Plan assets are held in trust for the exclusive benefit of the participants and their beneficiaries, and the City does not control how the funds are invested. The assets will not be diverted to any other purpose. Accordingly, the plan's financial information is not included in the City's financial statements.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

11. FUND BALANCES

Fund balances for the City's governmental funds consisted of the following as of August 31, 2024:

Restricted Fund Balance: The restricted fund balance in the General Fund is made up of \$147,730 for State of Louisiana Department of Motor Vehicles office maintenance and operations within the city limits. The restricted fund balance in the Sales Tax Fund is made up of \$101,505 in sales taxes that have not been transferred to other funds at August 31, 2024. The restricted fund balance in the Special Sales Tax Fund is made up of \$10,997,330 for public works projects and related debt service as detailed in the 1.0% sales tax proposition. The restricted fund balance in the District No. 3 Sales Tax Fund is made up of \$12,096,431 for public improvements to St. Tammany Parish District No. 3 funded by proceeds of the 2.0% St. Tammany Parish sales and use tax. The Capital Projects Fund totals \$23,202,620 in restricted fund balance and is made up of the 1/2 cent special sales tax and funding from the 1.0% sales tax dedicated for capital improvements. The Tax Collector Fund totals \$78,174 in restricted fund balance for debt service restricted by dedicated millage. The Bond Reserve Fund and Bond Sinking Fund total \$472,117 restricted for debt service by bond ordinance.

12. INTERFUND BALANCES

Interfund Receivables/Payables

The primary purpose of interfund receivables and payables is to loan monies from the General Fund to individual funds to cover current expenditures. The balances are expected to be repaid within one year. Individual fund balances due from/to other funds at August 31, 2024 were as follows:

	<u>Due From</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
<u>Governmental Funds:</u>		
General Fund	\$ 9,821,707	\$ 7,644,040
Sales Tax Fund	-	3,536,871
Special Sales Tax Fund	578,126	2,847,663
District No. 3 Sales Tax Fund	479,498	753,274
Street Construction Fund	9,049,467	-
Non-Major Governmental Funds	-	352,840
<u>Proprietary Funds:</u>		
Utility System	852,125	5,646,235
	<u>\$ 20,780,923</u>	<u>\$ 20,780,923</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

12. INTERFUND BALANCES (continued)

Interfund Transfers

Operating transfers between funds consist primarily of sales tax revenues transferred out of the Sales Tax Fund and Special Sales Tax Fund to the particular funds for which the sales tax revenue is to be used. Interfund transfers for the year ended August 31, 2024 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ 12,467,254	\$ -
Sales Tax Fund	-	21,320,065
Special Sales Tax Fund	3,676,798	1,435,604
District No. 3 Sales Tax Fund	2,936,074	-
Street Construction Fund	3,676,798	-
Non-Major Governmental Funds	-	1,255
	<u>\$ 22,756,924</u>	<u>\$ 22,756,924</u>

13. MAUSOLEUM ENDOWED CARE TRUST FUND

The City entered into an agreement with Citizens Bank and Trust Company on June 24, 1966, creating "Lake Lawn Park, Inc., Endowed Care Trust, Town of Mandeville." This Trust Fund was created to provide for the maintenance and care of the mausoleum. On January 24, 2006, the account was transferred to Argent Trust. The Trust Fund can make disbursements to the City "upon presentation to the company of an itemized and notarized statement of maintenance expenses and costs approved and signed by the mayor." This account is not reflected on the financial statements because the Trust Fund is not considered a part of the reporting entity and is not significant in total.

14. COMMITMENTS AND CONTINGENCIES

The City is a defendant in several lawsuits. Damages are generally covered by insurance less deductible for risks retained by the City. The City persists in its vigorous defense of these lawsuits and maintains that the defenses available should shield the City from liability or, at a minimum, preclude the amount of damages sought by the plaintiffs. The City does not expect any material adverse impact relating to these lawsuits.

The City has been rendered a judgement to remedy a drainage issue on private property by following an engineering plan represented by the property owner. The judgement orders specific performance of drainage remediation to the property which is estimated between \$1 million up to \$5 million in costs and materials.

The City is exposed to various risks of loss related to damage and destruction of assets, errors and omissions, and injuries to employees. The City has contracted with various insurers to cover its risk of loss in these areas.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

15. GRANT PROGRAMS

The City participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of August 31, 2024 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the City.

The City received its allocation of the federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) enacted under the American Rescue Plan Act totaling \$4,617,666. Since prior to fiscal year 2024 the City did not incur or identify eligible expenditures on the SLFRF allocation, the amount received was recorded as unearned revenue in the General Fund for \$2,310,712 and in the Proprietary Fund for \$2,306,954 as of August 31, 2023. During fiscal year 2024, the City incurred eligible expenditures and were recognized as revenue.

16. ON-BEHALF PAYMENTS FOR SALARIES

On a monthly basis, post certified policy staff receive \$600 through the State of Louisiana. For the year ended August 31, 2024, post certified police staff received a total of \$264,340. These payments have been included in the fund financial statements in intergovernmental revenue and public safety expenditures.

17. CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARDS

The City implemented GASB Statement 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement 62*. This Statement aims enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The adoption of this statement did not significantly impact these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Ad valorem taxes	\$ 2,075,420	\$ 2,075,420	\$ 2,132,550	\$ 57,130
Franchise taxes	1,091,279	986,306	1,014,489	28,183
Licenses and permits	1,615,000	1,615,000	1,770,828	155,828
Fines and forfeits	383,140	383,140	517,015	133,875
Intergovernmental	8,633,000	-	5,663,689	5,663,689
Charges for services	923,840	903,840	938,459	34,619
Interest	259,649	259,649	644,606	384,957
Miscellaneous	1,391,677	1,210,842	1,215,871	5,029
Total revenues	<u>16,373,005</u>	<u>7,434,197</u>	<u>13,897,507</u>	<u>6,463,310</u>
Expenditures:				
Current -				
General government	6,591,638	6,591,638	7,406,354	(814,716)
Public safety	11,283,601	11,283,601	10,605,083	678,518
Public works	2,898,338	2,898,338	2,889,406	8,932
Cemetery	40,000	40,000	56,564	(16,564)
Capital outlay	5,352,000	6,399,277	4,270,832	2,128,445
Debt Service -				
Principal	-	-	53,848	(53,848)
Bond interest and fees	-	-	7,453	(7,453)
Total expenditures	<u>26,165,577</u>	<u>27,212,854</u>	<u>25,289,540</u>	<u>1,923,314</u>
Excess (deficiency) of revenues over (under) expenditures	(9,792,572)	(19,778,657)	(11,392,033)	8,386,624
Other financing sources (uses):				
Proceeds from disposal of capital assets	15,000	-	-	-
Transfers from other funds	15,395,555	13,575,555	12,467,254	(1,108,301)
	<u>15,410,555</u>	<u>13,575,555</u>	<u>12,467,254</u>	<u>(1,108,301)</u>
Net change in fund balance	<u>5,617,983</u>	<u>(6,203,102)</u>	<u>1,075,221</u>	<u>7,278,323</u>
Fund balance, beginning	<u>20,638,696</u>	<u>15,630,330</u>	<u>14,730,783</u>	<u>(899,547)</u>
Fund balance, ending	<u>\$ 26,256,679</u>	<u>\$ 9,427,228</u>	<u>\$ 15,806,004</u>	<u>\$ 6,378,776</u>

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Sales taxes	\$ 22,807,156	\$ 22,807,156	\$ 21,569,131	\$ (1,238,025)
Interest	4,394	4,394	6,556	2,162
Total revenues	<u>22,811,550</u>	<u>22,811,550</u>	<u>21,575,687</u>	<u>(1,235,863)</u>
Expenditures:				
Current -				
General government	273,686	273,686	225,017	48,669
Total expenditures	<u>273,686</u>	<u>273,686</u>	<u>225,017</u>	<u>48,669</u>
Excess of revenues over expenditures	22,537,864	22,537,864	21,350,670	(1,187,194)
Other financing sources (uses):				
Transfers to other funds	(22,533,469)	(22,533,469)	(21,320,065)	1,213,404
	<u>(22,533,469)</u>	<u>(22,533,469)</u>	<u>(21,320,065)</u>	<u>1,213,404</u>
Net change in fund balance	<u>4,395</u>	<u>4,395</u>	<u>30,605</u>	<u>26,210</u>
Fund balance, beginning	<u>84,631</u>	<u>70,900</u>	<u>70,900</u>	<u>-</u>
Fund balance, ending	<u>\$ 89,026</u>	<u>\$ 75,295</u>	<u>\$ 101,505</u>	<u>\$ 26,210</u>

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
SPECIAL SALES TAX FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Interest	\$ 548,734	\$ 548,734	\$ 547,558	\$ (1,176)
Miscellaneous	2,916,781	2,916,781	-	(2,916,781)
Total revenues	<u>3,465,515</u>	<u>3,465,515</u>	<u>547,558</u>	<u>(2,917,957)</u>
Expenditures:				
Current -				
General government	-	-	18,064	(18,064)
Total expenditures	<u>-</u>	<u>-</u>	<u>18,064</u>	<u>(18,064)</u>
Excess of revenues over expenditures	3,465,515	3,465,515	529,494	(2,936,021)
Other financing sources (uses):				
Transfers to other funds	(5,365,000)	(5,365,000)	(1,435,604)	3,929,396
Transfers from other funds	3,858,518	3,858,518	3,676,798	(181,720)
	<u>(1,506,482)</u>	<u>(1,506,482)</u>	<u>2,241,194</u>	<u>3,747,676</u>
Net change in fund balance	<u>1,959,033</u>	<u>1,959,033</u>	<u>2,770,688</u>	<u>811,655</u>
Fund balance, beginning	<u>6,659,494</u>	<u>8,226,642</u>	<u>8,226,642</u>	<u>-</u>
Fund balance, ending	<u>\$ 8,618,527</u>	<u>\$ 10,185,675</u>	<u>\$ 10,997,330</u>	<u>\$ 811,655</u>

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
DISTRICT No. 3 SALES TAX FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Intergovernmental	\$ 7,825,000	\$ 7,825,000	\$ -	\$ (7,825,000)
Interest	4,976	4,976	5,409	433
Total revenues	<u>7,829,976</u>	<u>7,829,976</u>	<u>5,409</u>	<u>(7,824,567)</u>
Expenditures:				
Current -				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	7,829,976	7,829,976	5,409	(7,824,567)
Other financing sources (uses):				
Transfers to other funds	(7,210,000)	(7,210,000)	-	7,210,000
Transfers from other funds	3,240,878	3,240,878	2,936,074	(304,804)
	<u>(3,969,122)</u>	<u>(3,969,122)</u>	<u>2,936,074</u>	<u>6,905,196</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,860,854</u>	<u>3,860,854</u>	<u>2,941,483</u>	<u>(919,371)</u>
Fund balance, beginning	<u>6,758,261</u>	<u>11,494,724</u>	<u>9,154,948</u>	<u>(2,339,776)</u>
Fund balance, ending	<u>\$ 10,619,115</u>	<u>\$ 15,355,578</u>	<u>\$ 12,096,431</u>	<u>\$ (3,259,147)</u>

CITY OF MANDEVILLE, LOUISIANA

SCHEDULE OF CHANGES IN TOTAL OTHER

POST-EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS

YEAR ENDED AUGUST 31, 2024

Financial statement reporting date	Measurement date	Service cost	Interest	Difference between actual and expected experience	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered employee payroll	Total OPEB liability as a percentage of covered employee payroll
8/31/2024	8/31/2024	\$ 76,315	\$ 174,944	\$ -	\$ (15,729)	\$ (440,693)	(205,163)	\$ 4,733,666	4,528,503	\$ 6,958,584	65.08%
8/31/2023	8/31/2023	54,170	146,780	869,121	95,079	(371,430)	793,720	3,939,946	4,733,666	6,755,907	70.07%
8/31/2022	8/31/2022	70,288	94,126	130,589	(374,224)	(344,103)	(423,324)	4,363,270	3,939,946	4,763,355	82.71%
8/31/2021	8/31/2021	103,170	111,317	(235,854)	(189,454)	(434,210)	(645,031)	5,008,301	4,363,270	4,763,355	91.60%
8/31/2020	8/31/2020	66,477	135,137	206,804	260,802	(421,962)	247,258	4,761,043	5,008,301	4,826,273	103.77%
8/31/2019	8/31/2019	52,543	127,692	935,546	554,218	(399,964)	1,270,035	3,491,008	4,761,043	4,640,647	102.59%
8/31/2018	8/31/2018	54,152	140,960	(190,087)	(92,842)	-	(87,817)	3,578,825	3,491,008	4,372,765	79.84%

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

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan.

CITY OF MANDEVILLE, LOUISIANA
Schedule of the Proportionate Share of the Net Pension Liability
Cost Sharing Plans Only
For the Year Ended AUGUST 31, 2024 (*)

Year	Pension Plan	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	MERS (Plan A)	1.7786%	\$ 5,005,060	\$ 3,624,802	138.0782%	79.0474%
2023	MERS (Plan A)	1.7188%	6,281,936	3,454,559	181.8448%	72.4597%
2022	MERS (Plan A)	1.3288%	5,518,938	2,666,577	206.9671%	67.8660%
2021	MERS (Plan A)	1.1563%	3,216,266	2,289,676	140.4682%	77.8169%
2020	MERS (Plan A)	1.2198%	5,273,889	2,333,142	226.0423%	64.5220%
2019	MERS (Plan A)	1.2625%	5,275,631	2,337,165	225.7278%	64.6752%
2018	MERS (Plan A)	1.2781%	5,292,060	2,333,376	226.7984%	63.9406%
2017	MERS (Plan A)	1.3437%	5,621,152	2,445,590	229.8485%	62.4940%
2016	MERS (Plan A)	1.3991%	5,734,387	2,555,492	224.3946%	62.1103%
2015	MERS (Plan A)	1.4546%	5,196,106	2,567,775	202.3583%	66.1790%
2024	MPERS	1.0431%	\$ 9,450,425	\$ 3,646,103	259.1925%	75.8402%
2023	MPERS	1.2863%	13,589,656	3,380,409	402.0122%	71.3030%
2022	MPERS	1.0753%	10,991,914	3,178,063	345.8683%	70.7991%
2021	MPERS	0.8790%	4,685,513	2,639,173	177.5372%	84.0881%
2020	MPERS	0.8443%	7,803,355	2,561,380	304.6543%	70.9450%
2019	MPERS	0.8142%	7,394,717	2,366,905	312.4214%	71.0078%
2018	MPERS	0.8090%	6,839,302	2,387,446	286.4694%	71.8871%
2017	MPERS	0.8322%	7,265,624	2,453,263	296.1616%	70.0815%
2016	MPERS	0.8521%	7,986,268	2,798,773	285.3489%	66.0422%
2015	MPERS	0.8093%	6,339,636	2,471,094	256.5518%	70.7300%

(*) The amounts presented have a measurement date of June 30th for the year identified.

The two Retirement Systems reported in this schedule are as follows:

Multiple Employer Cost Sharing Pension Plans:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

CITY OF MANDEVILLE, LOUISIANA
Schedule of Employer Contributions to Each Retirement System
Cost Sharing Plans Only
For the Year Ended AUGUST 31, 2024

Year	Pension Plan:	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Employer's Covered Payroll ³	Contributions as a % of Covered Payroll
2024	MERS (Plan A)	\$ 1,070,241	\$ 1,070,241	-	\$ 3,656,081	29.2729%
2023	MERS (Plan A)	997,861	997,861	-	3,382,581	29.5000%
2022	MERS (Plan A)	832,135	832,135	-	2,820,808	29.4999%
2021	MERS (Plan A)	673,600	673,600	-	2,283,697	29.4960%
2020	MERS (Plan A)	655,025	655,025	-	2,333,947	28.0651%
2019	MERS (Plan A)	611,931	611,931	-	2,323,618	26.3353%
2018	MERS (Plan A)	605,202	605,202	-	2,422,095	24.9867%
2017	MERS (Plan A)	560,977	560,977	-	2,437,818	23.0114%
2016	MERS (Plan A)	508,404	508,404	-	2,523,644	20.1456%
2015	MERS (Plan A)	482,887	482,887	-	2,449,071	19.7171%
2024	MPERS	\$ 1,273,895	\$ 1,273,895	-	\$ 3,701,601	34.4147%
2023	MPERS	1,091,536	1,091,536	-	3,446,106	31.6745%
2022	MPERS	955,870	955,870	-	3,188,741	29.9764%
2021	MPERS	858,947	858,947	-	2,600,782	33.0265%
2020	MPERS	846,611	846,611	-	2,599,332	32.5703%
2019	MPERS	771,016	771,016	-	2,387,096	32.2993%
2018	MPERS	768,149	768,149	-	2,476,062	31.0230%
2017	MPERS	768,685	768,685	-	2,433,858	31.5830%
2016	MPERS	734,297	734,297	-	2,460,044	29.8489%
2015	MPERS	678,542	678,542	-	2,185,865	31.0423%

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll

² Actual employer contributions remitted to Retirement Systems

³ Employer's covered payroll amount for the year ended AUGUST 31 of each year

The Retirement Systems reported in this schedule are as follows:

Multiple Employer Cost Sharing Pension Plans:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

CITY OF MANDEVILLE, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART II
AUGUST 31, 2024

A. Total Other Postemployment Benefit Liability (OPEB)

The following actuarial assumptions were used in each of the years in the following table in the OPEB liability valuation:

Year	Discount Rate	Healthcare Costs Trent Rate	Salary Increases	Mortality
2024	3.870%	5.5%, 5yr, then 4.14%	3.000%	120% of Pub-2010 - MP-2021
2023	3.810%	5.5%, 5yr, then 4.14%	3.000%	120% of Pub-2010 - MP-2021
2022	3.700%	5.5%, 10yr, then 4.5%	3.000%	SOA RP 2014 Table
2021	2.140%	5.5%, 10yr, then 4.5%	3.000%	SOA RP 2014 Table
2020	2.210%	5.5%, 10yr, then 4.5%	4.000%	SOA RP 2000 Table
2019	2.970%	4.000%	4.000%	RP 2000 50%/50% Unisex
2018	3.880%	5.500%	3.000%	RP 2000 50%/50% Unisex
2017	3.520%	5.500%	3.000%	RP 2000 50%/50% Unisex

B. Net Pension Liability

Changes in assumptions affecting net pension liability are as follows:

The following discount rate changes were made to the pension plans identified in the following table:

Discount Rate:		Discount Rate:	
Year (*)	Discount Rate:	Year (*)	Discount Rate:
MERS		MPERS	
2024	6.850%	2024	6.750%
2023	6.850%	2023	6.750%
2022	6.850%	2022	6.750%
2021	6.850%	2021	6.750%
2020	6.950%	2020	6.950%
2019	7.000%	2019	7.125%
2018	7.275%	2018	7.200%
2017	7.400%	2017	7.325%
2016	7.500%	2016	7.500%
2015	7.500%	2015	7.500%
2014	7.750%	2014	7.500%

(*) The amounts presented have a measurement date of the June 30th of year listed.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MANDEVILLE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2024

	Special Revenue Fund	Debt Service Funds		Total Non- Major Governmental Funds
	Tax Collector Fund	Bond Reserve Fund	Bond Sinking Fund	
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 652	\$ 18,975	\$ 19,627
Investments	428,594	350,009	102,481	881,084
Accounts receivable, net	45,285	-	-	45,285
TOTAL ASSETS	<u>\$ 473,879</u>	<u>\$ 350,661</u>	<u>\$ 121,456</u>	<u>\$ 945,996</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 352,840	\$ -	\$ -	\$ 352,840
TOTAL LIABILITIES	<u>352,840</u>	<u>-</u>	<u>-</u>	<u>352,840</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	42,865	-	-	42,865
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>42,865</u>	<u>-</u>	<u>-</u>	<u>42,865</u>
<u>FUND BALANCES</u>				
<u>Restricted for:</u>				
Debt service	-	350,661	121,456	472,117
Special programs	78,174	-	-	78,174
TOTAL FUND BALANCES	<u>78,174</u>	<u>350,661</u>	<u>121,456</u>	<u>550,291</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 473,879</u>	<u>\$ 350,661</u>	<u>\$ 121,456</u>	<u>\$ 945,996</u>

CITY OF MANDEVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>Special Revenue Fund</u>	<u>Debt Service Funds</u>		
	<u>Tax Collector Fund</u>	<u>Bond Reserve Fund</u>	<u>Bond Sinking Fund</u>	<u>Total Non- Major Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 7,957	\$ -	\$ -	\$ 7,957
Interest	21,108	18,796	5,334	45,238
Total revenues	<u>29,065</u>	<u>18,796</u>	<u>5,334</u>	<u>53,195</u>
Expenditures:				
Current:				
General government	622	332	-	954
Total expenditures	<u>622</u>	<u>332</u>	<u>-</u>	<u>954</u>
Excess (deficiency) of revenues over (under) expenditures	28,443	18,464	5,334	52,241
Other financing sources (uses):				
Transfers to other funds	(1,255)	-	-	(1,255)
	<u>(1,255)</u>	<u>-</u>	<u>-</u>	<u>(1,255)</u>
Net change in fund balance	27,188	18,464	5,334	50,986
Fund balance, beginning	<u>50,986</u>	<u>332,197</u>	<u>116,122</u>	<u>499,305</u>
Fund balance, ending	<u><u>\$ 78,174</u></u>	<u><u>\$ 350,661</u></u>	<u><u>\$ 121,456</u></u>	<u><u>\$ 550,291</u></u>

CITY OF MANDEVILLE, LOUISIANA
Schedule of Compensation Paid to
City Council Members
For the Year Ended August 31, 2024

<u>Name</u>	<u>Period Active</u>	<u>Amount</u>
Rebecca Bush	9/1/2023 - 6/30/2024	\$ 12,000
Rick Danielson	9/1/2023 - 6/30/2024	12,000
Dr. Skelly Kreller	9/1/2023 - 6/30/2024	12,000
Jill McGuire	9/1/2023 - 8/31/2024	14,400
Jason Zuckerman	9/1/2023 - 8/31/2024	14,400
Cynthia Thompson	7/1/2024 - 8/31/2024	2,400
Kevin Vogeltanz	7/1/2024 - 8/31/2024	2,400
Scott Discon	7/1/2024 - 8/31/2024	2,400
		<u>\$ 72,000</u>

CITY OF MANDEVILLE, LOUISIANA
Schedule of Compensation, Benefits, and Other
Payments to the Mayor
For the Year Ended August 31, 2024

Agency Head Name: Clay Madden, Mayor

Purpose	Amount
Salary	\$ 105,656
Salary - Car Allowance	6,000
Other Salary benefit	300
Benefits-retirement:	
Employee amount	10,232
Employer amount	29,470
Benefits-insurance	9,761
Payroll Taxes	8,535
Other - travel and meals	2,727
Other - cell phone	600
	<u>\$ 173,280</u>

OTHER REPORTS

**Independent Auditors' 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 Clay Madden, Mayor
and the Members of the City Council
City of Mandeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mandeville, Louisiana (the City), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Mandeville, Louisiana's basic financial statements, and have issued our report thereon dated June 13, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-003, and 2024-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-006 and 2024-007 to be significant deficiencies.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-002, 2024-005 and 2024-006.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, LA
June 13, 2025



**Independent Auditors' Report on Compliance on the Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

The Honorable Clay Madden, Mayor
and the Members of the City Council
City of Mandeville, Louisiana

Report on Compliance on the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Mandeville's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Mandeville's major federal program for the year ended August 31, 2024. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2024.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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CITY OF MANDEVILLE, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended August 31, 2024

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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



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CITY OF MANDEVILLE, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended August 31, 2024

Report on Internal Control over Compliance

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

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

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

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

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
June 13, 2025



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FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	Assistance Listing Number	Pass-Through Grantor No.	Expenditures
<u>United States Department of Agriculture</u>			
Passed Through US Natural Resources Conservation Service: USDA Emergency Watershed Protection Program	10.923	N/A	\$ 36,715
Total United States Department of Agriculture			36,715
<u>United States Department of Transportation</u>			
Passed Through Louisiana Department of Transportation: State and Community Highway Safety	20.600 ¹	SRM#2000702325/ U4251402.2328	19,960
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	SRM#2000702325/ U4251641.2227	31,550
		SRM#2000702325/ U4251641.2227	1,250
Total United States Department of Transportation			52,760
<u>United States Department of the Treasury</u>			
Direct			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	4,617,667
Passed Through Louisiana Office of Community Development			
Coronavirus State and Local Fiscal Recovery Funds	21.027	LAWSP10931	56,601
Total United States Department of Transportation			4,674,268
<u>United States Homeland Security</u>			
<u>Federal Emergency Management Agency</u>			
Passed Through Louisiana Governors Office of Homeland Security and Emergency Protection:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-LA-DR4611- PW1020	151,580
Total United States Department of Homeland Security			151,580
TOTAL FEDERAL AWARDS			\$ 4,915,323

¹ Highway Safety Cluster	\$	19,960
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See notes to the Schedule of Expenditures of Federal Awards

CITY OF MANDEVILLE, LOUISIANA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2024

NOTE 1- GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of Mandeville (the "City"). The City reporting entity is defined in Note 1 to the City's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements or under specific reporting methods required by certain awards.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS Federal awards expenditures are reported in the City's financial statements as follows:

Governmental funds intergovernmental revenue	\$ 5,675,002
Proprietary funds intergovernmental revenue	<u>56,601</u>
Total intergovernmental revenues	\$ 5,731,603
Less:	
State and local intergovernmental revenue	(275,653)
FEMA Disaster - revenues since expenditures are reported once approved / obligated	(692,207)
Plus:	
Disaster fund - Project DR-4611 expenditures	<u>151,580</u>
Total adjustments	<u>(816,280)</u>
Total Schedule of Expenditures of Federal Awards	<u><u>\$ 4,915,323</u></u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MATCHING REVENUES For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 6 – DE MINIMUS COST RATE During the year ended August 31, 2024, the City did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

NOTE 7 – AMOUNTS PASSED THROUGH TO SUBRECIPIENTS During the year ended August 31, 2024, the City did not pass through any federal funding to subrecipients.

NOTE 8 – DISASTER GRANTS – PUBLIC ASSISTANCE LISTING 97.036 The FEMA grant expenditures are reported on the SEFA when 1) FEMA has approved the project worksheet (PW), and 2) eligible expenditures have been incurred. At August 31, 2024, FEMA approved \$151,580 of eligible expenditures with \$151,580 incurred at August 31, 2022.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☒ yes ☐ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? ☐ yes ☒ no

Identification of the major program:

Assistance

Listing

<u>Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.

The City of Mandeville was not determined to be a low-risk auditee.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

B. Findings - Financial Statement Audit

2024-001 PROCEDURES OVER FINANCIAL STATEMENT CLOSING PROCESS

Criteria: The system of accounting should include procedures and steps necessary to close the accounting period and prepare the documentation necessary to support the financial statements. This includes timely gathering of system reports, schedules, external statements, or preparation of reconciliations and recording necessary adjustments that are in accordance with accounting standards to evidence the timely and accurate closing of the accounting period and financial reporting.

Condition: Documentation was not completed timely enough or accurately in several accounting areas for the year-end audit of the financial statements. Routine year-end entries were not recorded to adjust all accounts based on appropriate accounting standards, which required significant additional adjustments. A similar finding was reported in the August 31, 2023, audit. The table below summarizes the total adjustments by financial statement categories for the governmental funds and the proprietary fund.

	Governmental Funds	Proprietary Fund
	<u>Increases (Decreases) net</u>	
Assets	\$ 3,926,596	\$ (3,118,574)
Deferred outflows	-	(420,307)
Liabilities	(365,770)	(525,891)
Deferred inflows	(583,063)	9,956
Fund balance / net position	2,757,017	(5,155,676)
Revenues	912,244	(523,347)
Expenditures / expenses	(102,331)	2,499,599
Change in fund balance / net position	1,014,575	(3,022,946)

Cause: The City does not have adequate policies and procedures in place for financial statement close including recording transactions based on applicable accounting standards.

Effect: The lack of completing a detailed financial statement closing process timely and accurately on all accounts and accounting cycles created delays in completing the audit and significant adjustments necessary to correct the balances to the reconciliations and other support.

Recommendation: The City should implement procedures and internal controls to ensure the books are closed timely and accurately along with preparing and providing audit documentation that supports all of the reconciled balances reported in the financial statements including researching to support adjustments are recorded according to applicable accounting standards. The procedures should also include a checklist to determine if all year-end transactions are recorded and all year-end closeout and documentation steps are completed. Internal controls procedures also need to be developed and followed for the closing process to ensure proper preparation, review, and approval of the supporting documentation.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

B. Findings - Financial Statement Audit (continued)

2024-001 PROCEDURES OVER FINANCIAL STATEMENT CLOSING PROCESS (Continued)

View of Responsible Official and Planned Corrective Action:

The City concurs with the finding and acknowledges the importance of timely, accurate year-end closing procedures for financial reporting and audit readiness. The Finance Director is working with staff and external accountants to strengthen the year-end closing process. Improvements include developing and implementing a formal checklist, conducting improved internal reviews, and enhancing documentation to ensure timely, accurate financial reporting in compliance with accounting standards.

2024-002 LOCAL GOVERNMENT BUDGET ACT

Criteria: Louisiana Revised Statute 39:1311 requires the governmental entity to revise its budget when total revenues or expenditures and other sources or uses plus projected revenues or expenditures and other sources or uses for the remainder of the year, within a fund, are failing to meet total respective budgeted amounts. In addition, Louisiana Revised Statute 39:1305 requires the estimated beginning and ending fund balance to be included in the budget schedules and adoption.

Condition: The following budget statements reported unfavorable budget variances of 5% or more:

- Revenues and Other Financing Sources in the Sales Tax Fund
- Revenues and Other Financing Sources in the Special Sales Tax Fund
- Revenues and Other Financing Sources in the District No. 3 Sales Tax Fund

In addition, the year-end amended budget statements adopted did not include an estimated beginning or ending fund balance. A similar finding was reported in the August 31, 2023 audit.

Cause: The City failed to take the necessary steps to ensure compliance with the requirements of Louisiana Revised Statute 39:1311. In addition, the City overlooked including the estimated beginning and ending fund balances in the budget schedules as required by Louisiana Revised Statute 39:1305.

Effect: The City is not in compliance with the requirements of the Louisiana Revised Statute 39:1311 or 39:1305.

Recommendation: We recommend that the City comply with all requirements of the Local Government Budget Act and adopt amendments to the budget, so the variances are within 5% as required by the legal requirements. Also, we recommend the City include an estimated beginning and ending fund balance in the budget schedules and adoption process.

View of Responsible Official and Planned Corrective Action:

The City concurs with the finding. Procedures will be enhanced to ensure that all budget amendments fully comply with applicable legal thresholds. Future adopted budgets will include estimated beginning and ending fund balances, and more frequent, structured reviews will be conducted to identify variances and initiate timely amendments as needed.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

B. Findings - Financial Statement Audit (continued)

2024-003 DISASTER ASSISTANCE REIMBURSEMENT SUBMISSIONS

Criteria: The City should have policies and procedures in place including internal controls over the timely execution of grant agreements, preparation of request for reimbursements on grant projects from federal and state agencies. Disaster/emergency expenditures associated with the recent disaster should be timely submitted for consideration for reimbursement.

Condition: The City was affected by Hurricane Ida in August 2021 and incurred disaster/emergency expenditures to recover from the storm's effects. In 2023, the City continued to incur expenditures associated with projects related to this disaster which are accounted for in an emergency expenditure account reported in the general government function of the general fund. Total expenditures of \$11,393,067 have been recorded in the emergency expense account over three years, \$352,641 in 2024, \$1,235,017 in 2023 and \$9,805,409 in 2022. The City has recognized grant revenues of \$6,572,303 for the eligible amount net of the City's match. There are approximately \$4 million in expenditures where the City did not provide grant reimbursement requests or grant agreements.

Cause: The requests for reimbursement do not appear to be completed and submitted for reimbursement. In addition, executed grant agreements were not provided on certain projects with expenditures included in the emergency expense account.

Effect: Lack of timely execution of grant agreements and requesting reimbursements for cost incurred on the emergency expenses could result in grant eligible costs being rejected for payment and the fund that paid the emergency expenses experiencing a shortage of cash to pay for other operating functions.

Recommendations: The City should implement policies and procedures and designate personnel to be responsible for determining grant agreements are executed on expenditures expected to be reimbursed by grants, the timely requesting of reimbursement of grant amounts due on all emergency expenditures qualifying for grant reimbursement. The documentation on these requests for reimbursement should be forwarded to the accounting department so the transactions can be recorded in the general ledger to properly accrue the revenue and receivable associated with the requests for reimbursement.

View of Responsible Official and Planned Corrective Action:

The City concurs with the finding. Staff are identifying and preparing outstanding reimbursement requests and implementing better tracking procedures. A disaster management firm is being engaged to support grant administration and ensure future submissions are timely and compliant.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

B. Findings - Financial Statement Audit (continued)

2024-004 CONTROLS OVER CAPITALIZED ASSETS AND ACCURACY OF REPORTS

Criteria: A system of internal controls should be in place to provide reasonable assurance that capital assets are properly accounted for including a listing with acquisitions and dispositions that meet the capitalization policies that are established by the City while also safeguarding the assets from unauthorized use. Management is responsible for maintaining an accurate listing of equipment that meet the capitalization policies including the related depreciation calculation on each asset along with a listing of assets purchased and disposed during the year. This listing needs to be reconciled to the financial records where the current ending balance agrees with the prior period listing plus current period purchases coded to respective equipment purchase accounts or capital outlay account, less current period disposals (summary roll-forward). In addition, the procedures should also provide guidelines for identifying and segregating repair and maintenance costs and exclude these costs from being capitalized.

Condition: The capital asset and depreciation listing are maintained by the City in manual spreadsheets which requires excessive time and effort to update with the potential for errors to exist. After significant delays, the listings were presented for audit which then required several revisions and adjustments due to inaccuracies and determination of capitalizable costs, the total costs being capitalized, disposing of assets that have been identified as no longer meeting the capitalization criteria, or the inability to identify disposals. As a result, internal control processes to ensure a complete and accurate capital assets listings were lacking.

Cause: The above condition resulted from the untimely periodic reconciliations and reviews of capital asset listings, including reviews and approvals of changes or modifications of asset information recorded on the listing.

Effect: Without proper internal controls over tracking, reporting and reconciliation of capitalized assets, there is a potential for inaccuracies in the capital assets balances and for the financial reports to be materially misstated.

Recommendation: We recommend for management to implement internal control procedures to ensure that the listing of capitalized assets is timely, accurate, reflects costs qualifying for capitalization and reconciles to the financial records with items included on the listing that are within the capitalization policy. These procedures should include review and approvals of assets recorded or changed on the listing, including periodic reconciliations to the summary roll-forwards, and including inventory counts for moveable capital assets at or near year-end, to ensure that the balances reported on the financial statements are materially correct.

View of Responsible Official and Planned Corrective Action:

The City concurs with the finding. A new Finance Director is working with staff and an external firm to improve capital asset tracking. Fixed asset software is being implemented, and a cleanup project is planned to modernize records. Periodic reviews and physical inventories will be conducted.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

C. Findings - Financial Statement Audit (continued)

2024-005: AUDIT LAW

Criteria: Louisiana Revised Statute 24:513 requires that political subdivisions of the State submit completed audit reports to the Legislative Auditor no later than six months after the fiscal year. Accordingly, the submission due date for the City was February 28, 2025, to submit the August 31, 2024, audited financial statements. In accordance with the provisions for non-emergency extensions promulgated by Louisiana Revised Statute 39:721, the City requested an extension to complete and submit the audit to the Legislative Auditor.

Condition: The audit was submitted after the statutory deadline.

Cause: Certain information and documentation was not provided timely and accurately which resulted in the audit not being completed by the statutory deadline.

Effect: The City's intergovernmental grant funding received from the State of Louisiana could be suspended until the audited financial statements are submitted.

Recommendation: We recommend that the City implement procedures to prepare documentation necessary to support the information in the financial statements earlier and more accurately, for the information to be completed and available for the audit.

View of Responsible Official and Planned Corrective Action:

The City concurs with the finding. Delays in finalizing records impacted audit timing. The City has implemented improved procedures and engaged external support to strengthen the year-end close. Efforts are underway to ensure timely submission for future audits.

2024-006 REVENUE RECEIVED FROM GARBAGE COLLECTIONS

Criteria: The City Council approved an increase in garbage collection fees on June 13, 2019, per Ordinance No. 19-13. The City should be charging garbage customers the approved garbage rates.

Condition(s): This is a repeat finding. We noted in our testing of garbage collections the rate being charged was \$16.46. Per Ordinance No. 19-13, the City approved an increase in this rate to \$17.18. This resulted in an estimated loss of garbage fee billings of approximately \$36,000 in fiscal year 2024.

Cause: The City is not increasing the rate in the system due to the amount of time it would take to change the rates.

Effect: The City is losing garbage collection revenue each year by not increasing the rate charged in their system.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

B. Findings - Financial Statement Audit (continued)

2024-006 REVENUE RECEIVED FROM GARBAGE COLLECTIONS (continued)

Recommendation: We recommend the City develop a plan to increase the rates to the approved ordinance amount of \$17.18.

View of Responsible Official and Planned Corrective Action:

The City concurs with the finding. Delays in finalizing records impacted audit timing. The City has implemented improved procedures and engaged external support to strengthen the year-end close. Efforts are underway to ensure timely submission for future audits.

2024-007 PROCEDURES FOR PROCESSING ELECTRONIC PAYMENTS TO VENDOR

Criteria: Policies and procedures should exist to verify the validity of requests received to update profile and banking information for existing vendors. The steps should include multi step verification that the requested change is legitimate and authorized by appropriate vendor personnel.

Condition(s): During year ended April 31, 2024, the City identified an instance in which a fraudulent request was received through a seemingly valid email to change the ACH information for one of the City's vendors directing future payments to new bank accounts later determined to be owned by scammers. This type of fraudulent scheme is commonly referred to as phishing. City personnel made the change to the vendor record based on the email request with no further verification being completed. Three invoices were subsequently made to the scammers totaling \$27,965.75 which to date are unrecovered. The City notified the City Police, the District Attorney, and the Louisiana Legislative Auditor of the fraud occurrence as required by Louisiana Revised Statute 24:523. This matter is still under investigation. The City subsequently began requiring changes to be made in person.

Cause: The City personnel did not separately verify the legitimacy or the authorization of the request to change the payment information for the vendor.

Effect: The City was defrauded \$27,965.75 as payments were improperly paid to a scammer instead of the real vendor.

Recommendation: We recommend the City to continue their policy to require changes to be made in person. We further recommend the City to risk assess any other potential vulnerabilities that could occur with online and electronic communications. This includes researching available tools to implement online registration and two step verification on all systems for logins including automated distribution of notices to prior email addresses when changes are made notifying the changes occurred.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

B. Findings - Financial Statement Audit (continued)

2024-007 PROCEDURES FOR PROCESSING ELECTRONIC PAYMENTS TO VENDOR
(continued)

View of Responsible Official and Planned Corrective Action:

The City concurs with the finding. In accordance with R.S. 24:523, the phishing-related fraud incident that occurred in early 2024 - resulting in \$27,965.75 in misdirected payments - was reported to the City's Police Department, the District Attorney, and the Louisiana Legislative Auditor. An insurance reimbursement of \$20,465.75 was received in March 2025, and the remaining unrecovered amount remains under investigation. In response, the City has implemented enhanced internal controls, including mandatory callback verification for vendor banking changes, comprehensive staff training on phishing awareness, and collaboration with the IT Department to strengthen email security protocols and mitigate future cyber risks.

C. Findings and Questioned Costs – Major Federal Award Programs

None

CITY OF MANDEVILLE, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended August 31, 2024

A. Summary Prior Year Findings - Financial Statement Audit

2023-001 PROCEDURES OVER FINANCIAL STATEMENT CLOSING PROCESS

Criteria: The system of accounting should include procedures and steps necessary to close the accounting period and prepare the documentation necessary to support the financial statements. This includes timely gathering of system reports, schedules, external statements, or preparation of reconciliations and recording necessary adjustments that are in accordance with accounting standards to evidence the timely and accurate closing of the accounting period and financial reporting.

Current year status: Not resolved. See current year finding 2024-001.

2023-002 LOCAL GOVERNMENT BUDGET ACT

Criteria: Louisiana Revised Statute 39:1311 requires the governmental entity to revise its budget when total revenues or expenditures and other sources or uses plus projected revenues or expenditures and other sources or uses for the remainder of the year, within a fund, are failing to meet total respective budgeted amounts. In addition, Louisiana Revised Statute 39:1305 requires the estimated beginning and ending fund balance to be included in the budget schedules and adoption.

Current year status: Not resolved. See current year finding 2024-002.

2023-003 DISASTER ASSISTANCE REIMBURSEMENT SUBMISSIONS

Criteria: The City should have policies and procedures in place including internal controls over the timely execution of grant agreements, preparation of request for reimbursements on grant projects from federal and state agencies. Disaster/emergency expenditures associated with the recent disaster should be timely submitted for consideration for reimbursement.

Current year status: Not resolved. See current year finding 2024-003.

2023-004 CONTROLS OVER CAPITALIZED ASSETS AND ACCURACY OF REPORTS

Criteria: A system of internal controls should be in place to provide reasonable assurance that capital assets are properly accounted for including a listing with acquisitions and dispositions that meet the capitalization policies that are established by the City while also safeguarding the assets from unauthorized use. Management is responsible for maintaining an accurate listing of equipment that meet the capitalization policies including the related depreciation calculation on each asset along with a listing of assets purchased and disposed during the year. This listing needs to be reconciled to the financial records where the current ending balance agrees with the prior period listing plus current period purchases coded to respective equipment purchase accounts or capital outlay account, less current period disposals (summary roll-forward). In addition, the procedures should also provide guidelines for identifying and segregating repair and maintenance costs and exclude these costs from being capitalized.

Current year status: Not resolved. See current year finding 2024-004.

CITY OF MANDEVILLE, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended August 31, 2024

2023-005: AUDIT LAW

Criteria: Louisiana Revised Statue 24:513 requires that political subdivisions of the State submit completed audit reports to the Legislative Auditor no later than six months after the fiscal year. Accordingly, the submission due date for the City was February 29, 2024, to submit the August 31, 2023, audited financial statements. In accordance with the provisions for non-emergency extensions promulgated by Louisiana Revised Statute 39:721, the City requested an extension to complete and submit the audit to the Legislative Auditor.

Current year status: Not resolved. See current year finding 2024-005.

2023-006 REVENUE RECEIVED FROM GARBAGE COLLECTIONS

Criteria: The City Council approved an increase in garbage collection fees on June 13, 2019, per Ordinance No. 19-13. The City should be charging garbage customers the approved garbage rates.

Current year status: Not resolved. See current year finding 2024-006.

2023-007 PROCEDURES OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Criteria: The City should have systems of internal accounting control which ensures the schedule of expenditures of federal awards (SEFA) is presented in accordance with *Title I U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on a timely basis.

Current year status: Resolved.

June 13, 2025

The Honorable Clay Madden, Mayor
and Members of the City Council
City of Mandeville, Louisiana

We have audited the financial statements of the City of Mandeville, Louisiana, (the City), for the year ended August 31, 2024, and have issued our report thereon. As part of our audit, we considered the City's internal control over financial reporting as well as compliance with the terms of applicable laws and regulations, contracts, and grant agreements that could have a material effect on its financial statements under *Governmental Auditing Standards*. The purpose of our consideration of internal control and compliance was to establish a basis for designing our auditing procedures, and to determine the effects of compliance on the financial statements. Our consideration was not for the purpose of expressing an opinion on the effectiveness of the City's internal control or expressing an opinion on compliance.

Our consideration of internal control was for the limited purposes described in the preceding paragraph and was not designed to identify all deficiencies that might be significant deficiencies or material weaknesses in internal control and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving internal control and other operational matters that are presented for your consideration.

This letter does not affect our reports dated June __, 2025, on the financial statements of the City of Mandeville or its internal control over financial reporting in accordance with *Government Auditing Standards*. Our comments are summarized below:

ML 2024-001

Sales Taxes Paid on Purchases

Condition:

The City is exempt from payment of sales taxes and vendors should be informed of this exemption and not collect sales taxes on sales to the City. We identified several instances where sales taxes were included on the invoices on purchases made with the Police Department credit card.

Recommendation:

All City employees and supervisors who are authorized to make and approve purchases should be trained on the requirement that the City should not be invoiced or pay sales taxes on purchases. In addition, personnel authorized to make credit card purchases should be reminded and trained on the requirement to submit the sales tax exemption documentation/certificate to vendors. Also, supervisors should be trained to identify sales taxes being included on invoices prior to approval and take steps to request the vendor to refund the sales taxes.

ML 2024-001

Sales Taxes Paid on Purchases (continued)

***Management's
Response:***

The City concurs with this finding and has taken steps to reinforce compliance with Louisiana sales tax exemption rules. All departments, including Police, have been reminded of the City's tax-exempt status, and guidance has been re-issued to cardholders and approvers regarding submission of the City's sales tax exemption certificate to vendors at the time of purchase.

In addition, we are implementing refresher training for all staff authorized to make purchases or approve invoices. This training will include instructions for identifying and addressing improper sales tax charges prior to payment. Supervisors will also be instructed to return invoices to vendors that improperly include tax, and request refunds when necessary.

ML 2024-002

Time and Attendance Records for All Employees

Condition:

Effective internal controls and best practices in personnel time and attendance management should require all employees, including supervisory employees, to complete and maintain accurate and complete records of time worked. This ensures accountability and provides support for accurate payroll processing including proper updating and maintenance of leave records and accumulated leave balances. In addition, the attendance records should provide contemporaneous support of the time worked by the employee. The City's current policy does not require certain supervisory level personnel to complete time and attendance records.

Recommendation:

It is recommended that the City consider revising the existing policy to require time and attendance reporting from all employees, regardless of classification, to strengthen internal controls and documentation of attendance records.

***Management's
Response:***

The City acknowledges the recommendation and appreciates the opportunity to review its current practices. After evaluating the cost-benefit and operational relevance of extending time and attendance requirements to supervisory personnel, the City has decided not to implement this change at this time.

The City's workforce is predominantly composed of hourly employees who are required to record their time through physical or electronic time clocks. Supervisory and director-level staff represent a small portion of the overall workforce, and their compensation is structured on a salaried basis with performance expectations tied to project completion, departmental outcomes, and accountability rather than hourly inputs.



Oversight of these positions is maintained through multiple mechanisms, including direct review by the Mayor, department-level goal setting, and administrative monitoring of leave usage and payroll reporting. The City believes these measures provide adequate control given the size and structure of the organization. Should the City's staffing composition or risk environment change, this policy decision will be re-evaluated..

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience or to perform any additional study of these matters. We would also like to thank the City's staff for their patience and cooperation with us during the performance of the audit.

This communication is intended solely for the information and use of management of the City of Mandeville and should not be used by anyone other than these specified parties or any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
June 13, 2025





CITY OF MANDEVILLE
MANDEVILLE, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED AUGUST 31, 2024



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Clay Madden, Mayor, Members of the City Council, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of the City of Mandeville for the fiscal period September 1, 2023 through August 31, 2024. City of Mandeville's management is responsible for those C/C areas identified in the SAUPs.

The City of Mandeville has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period September 1, 2023 through August 31, 2024. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the City of Mandeville to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs of the City of Mandeville for the fiscal period September 1, 2023 through August 31, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of City of Mandeville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



EISNERAMPER LLP
Baton Rouge, Louisiana
June 13, 2025

CITY OF MANDEVILLE
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
AUGUST 31, 2024

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted" or for step 13 "we performed the procedure and discussed the results with management"*. If not, then a description of the exception ensues.

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

No exception noted.

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

No exception noted.

iii. **Disbursements**, including processing, reviewing, and approving

No exception noted.

iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exception noted.

v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exception noted.

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

No exception noted.

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

No exception noted.

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- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exception noted.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exception noted.

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

No exception noted.

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exception noted.

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The City does not have a written policy for (3) annual reporting. The other attributes were addressed in the policy.

2) Board or Finance Committee

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

- i. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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For 2 of the 12 months of minutes observed, the City did not present budget-to-actual comparisons. Budget-to-actual comparisons were presented for the remaining months.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exception noted.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

The Council generally holds two meetings per month. Beginning in April 2024, the Council received written updates at one of the meetings each month. No written updates were provided prior to April 2024.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A listing of bank accounts was provided and included a total of 17 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending May 31, 2024, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Of the 5 bank reconciliations prepared, 3 were not prepared within 2 months of the related statement closing date.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

Of the 5 bank reconciliations prepared, 1 was not reviewed by management or a board member who does not handle cash, post ledgers, or issue checks within 1 month of the date the reconciliation was prepared.

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- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exception noted.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included 1 deposit site. No exception noted as a result of performing this procedure.

From the listing provided, we selected the 1 deposit site and performed the procedures below.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for the deposit site selected in procedure #4A was provided and included a total of 3 collection locations. No exception noted as a result of performing this procedure.

From the listing provided, we randomly selected 1 collection location for the deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exception noted.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

No exception noted.

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

No exception noted.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee verifies the reconciliation.

No exception noted.

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- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exception noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected 2 deposit dates for the 5 bank accounts selected in procedure #3A with deposits and selected all the deposits which resulted in a total of 6 deposits. We obtained supporting documentation for each of the 6 deposits and performed the procedures below.

- i. Observe that receipts are sequentially pre-numbered.

No exception noted.

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

No exception noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exception noted.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exception noted.

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

No exception noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 location and performed the procedures below.

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- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for the payment processing location selected in procedure #5A was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exception noted.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exception noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

No exception noted.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exception noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exception noted.

- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and

A listing of non-payroll disbursements for the payment processing location selected in procedure #5A was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

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From the listing provided, we randomly selected 5 disbursements and performed the procedures below.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exception noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exception noted.

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

No exception noted.

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

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

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

From the listing provided, we randomly selected 5 credit cards used in the fiscal period. We randomly selected 1 monthly statement for each of the 5 cards selected and performed the procedures noted below.

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

No exception noted.

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- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exception noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

We randomly selected 10 transactions, and we observed that all the transactions were supported by (1) an original itemized receipt that identified precisely what was purchased, and (3) documentation of the individuals participating in meals (for meal charges only). We also observed that 6 of the 10 included (2) written documentation of the business/public purpose.

Exception noted. 4 of the 10 transactions selected for testing did not include the (2) written documentation of the business/public purpose.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exception noted.

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

No exception noted.

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- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by "Written Policies and Procedures", procedure #1A(vii); and

No exception noted.

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

No exception noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exception noted.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

No exception noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exception noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exception noted.

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9) Payroll and Personnel

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #9A.

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exception noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exception noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exception noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exception noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures. No exception noted.

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- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exception noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exception noted.

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exception noted.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exception noted.

11) Debt Service

- A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable. The Entity issued no new debt in the current fiscal year.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable.

12) Fraud Notice

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

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Exception noted. A listing of misappropriations of public funds and assets during the fiscal period was not provided by management. A misappropriation occurred that was not reported to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523 during the completion of this procedure.

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

Exception noted. Although the entity's website includes a link to the LLA's website, the entity is not using one of the buttons prepared by the LLA as required by RS 24:523.1 to access the LLA's website.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

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- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:12671. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions noted.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exception noted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

No exception noted.

- ii. Number of sexual harassment complaints received by the agency;

No exception noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions noted.

- v. Amount of time it took to resolve each complaint.

No exceptions noted.

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Schedule B

Management has reviewed and will address the exceptions noted above.