

TOWN OF LEONVILLE, LOUISIANA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

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VIGE, TUJAGUE  NOEL
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on 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 Town of Leonville, Louisiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town'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 Town of Leonville, Louisiana, as of June 30, 2025, and the respective changes in financial position, thereof for the year then ended in accordance with 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Leonville, Louisiana 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; and for 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 Town of Leonville, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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 Town of Leonville'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 Town of Leonville'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 budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 44 through 49 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Leonville, Louisiana's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying judicial system funding schedule, and the schedule of compensation, benefits, and other payments to agency head, as listed in the table of contents, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the judicial system funding schedule, and the schedule of compensation, benefits, and other payments to agency head are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025, on our consideration of the Town of Leonville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Town of Leonville'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 Town of Leonville, Louisiana's internal control over financial reporting and compliance.

Vige, Tujague & Noël
Eunice, Louisiana
November 5, 2025

BASIC FINANCIAL STATEMENTS

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

TOWN OF LEONVILLE, LOUISIANA
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 150,534	\$ 750,440	\$ 900,974
Investments	-	590,054	590,054
Receivables, net	17,609	128,930	146,539
Unbilled receivables	-	55,287	55,287
Prepaid insurance	17,803	75,169	92,972
Unamortized revenue bond insurance	-	23,903	23,903
Other assets	-	66	66
Total current assets	<u>185,946</u>	<u>1,623,849</u>	<u>1,809,795</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	-	46,036	46,036
Capital assets, net	<u>2,312,465</u>	<u>10,585,169</u>	<u>12,897,634</u>
Total noncurrent assets	<u>2,312,465</u>	<u>10,631,205</u>	<u>12,943,670</u>
Total assets	<u>2,498,411</u>	<u>12,255,054</u>	<u>14,753,465</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>61,863</u>	<u>58,420</u>	<u>120,283</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	8,130	124,768	132,898
Compensated absences - current portion	8,670	16,580	25,250
Current portion of bonds payable	-	205,000	205,000
Total current liabilities	<u>16,800</u>	<u>346,348</u>	<u>363,148</u>
Noncurrent liabilities:			
Compensated absences	7,428	15,143	22,571
Customers deposits payable	-	70,725	70,725
Revenue bonds payable	-	4,673,847	4,673,847
Net pension liability	<u>208,292</u>	<u>224,161</u>	<u>432,453</u>
Total noncurrent liabilities	<u>215,720</u>	<u>4,983,876</u>	<u>5,199,596</u>
Total liabilities	<u>232,520</u>	<u>5,330,224</u>	<u>5,562,744</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>53,265</u>	<u>15,928</u>	<u>69,193</u>
NET POSITION			
Invested in capital assets, net of related debt	2,312,465	5,706,322	8,018,787
Restricted for debt service	-	46,036	46,036
Unrestricted	<u>(37,976)</u>	<u>1,214,964</u>	<u>1,176,988</u>
Total net position	<u>\$ 2,274,489</u>	<u>\$ 6,967,322</u>	<u>\$ 9,241,811</u>

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

TOWN OF LEONVILLE, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2025

Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 132,364	\$ -	-	-	\$ (132,364)	\$ -	\$ (132,364)
Public safety:							
Police	226,289	16,250	-	-	(210,039)	-	(210,039)
Streets	117,631	-	-	-	(117,631)	-	(117,631)
Total governmental activities	<u>476,284</u>	<u>16,250</u>	<u>-</u>	<u>-</u>	<u>(460,034)</u>	<u>-</u>	<u>(460,034)</u>
Business-type activities:							
Utility	\$ 1,743,447	1,836,709	-	72,457	-	165,719	165,719
Total business-type activities	<u>1,743,447</u>	<u>1,836,709</u>	<u>-</u>	<u>72,457</u>	<u>-</u>	<u>165,719</u>	<u>165,719</u>
Total	<u>\$ 2,219,731</u>	<u>\$ 1,852,959</u>	<u>\$ -</u>	<u>\$ 72,457</u>	<u>(460,034)</u>	<u>165,719</u>	<u>(294,315)</u>
General revenues:							
Taxes –							
Franchise and chain store taxes						88,473	-
Licenses and permits						37,324	-
Intergovernmental						474,243	-
Interest and investment earnings						29	34,845
Nonemployer pension contributions						6,700	33,540
Miscellaneous						11,483	13,575
Transfers						246,053	(246,053)
Total general revenues and transfers						864,305	(164,093)
Changes in net assets						404,271	1,626
Net position - June 30, 2024						1,876,723	6,982,735
Prior period adjustment						(6,505)	(17,039)
Net position - June 30, 2024 - restated						1,870,218	6,965,696
Net position - June 30, 2025						\$ 2,274,489	\$ 6,967,322
							\$ 9,241,811

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

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF LEONVILLE, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund
ASSETS	
Cash	\$ 150,534
Receivables	
Franchise fees receivable	13,627
Intergovernmental receivable	3,982
Prepaid insurance	<u>17,803</u>
Total assets	<u><u>\$ 185,946</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 2,848
Accrued liabilities	<u>5,282</u>
Total liabilities	<u>8,130</u>
Fund balances:	
Unassigned	<u>177,816</u>
Total fund balance	<u><u>177,816</u></u>
Total liabilities and fund balance	<u><u>\$ 185,946</u></u>

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

TOWN OF LEONVILLE, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds at June 30, 2025	\$ 177,816
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land	\$ 8,912
Buildings, net of \$162,901 accumulated depreciation	59,300
Infrastructure, net of \$797,323 accumulated depreciation	2,185,351
Equipment & other, net of \$121,738 accumulated depreciation	<u>58,902</u>
	2,312,465
Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds	(199,694)
Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Compensated absences	<u>(16,098)</u>
Total net position of governmental activities at June 30, 2025	<u>\$ 2,274,489</u>

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

TOWN OF LEONVILLE, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2025

Revenues:	
Licenses and permits	\$ 37,324
Franchise fees	88,473
Fines and forfeits	16,250
Intergovernmental	474,243
Miscellaneous	<u>11,512</u>
Total revenues	<u>627,802</u>
Expenditures:	
Current –	
General government	126,300
Public safety:	
Police	207,107
Streets and drainage	16,623
Capital outlay	<u>455,514</u>
Total expenditures	<u>805,544</u>
 Excess (deficiency) of revenues over expenditures	<u>(177,742)</u>
 Other financing sources (uses):	
Operating transfers in	<u>246,053</u>
Total other financing sources (uses)	<u>246,053</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	68,311
 Fund balance, beginning	<u>109,505</u>
 Fund balances, ending	<u>\$ 177,816</u>

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

TOWN OF LEONVILLE, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2025

Total net changes in fund balances at June 30, 2025 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 68,311
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 455,514
Depreciation expense for the year ended June 30, 2025	<u>(116,122)</u> 339,392
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(5,964)
Net effect of pension liability recognition	2,532
Total changes in net position at June 30, 2025 per Statement of Activities	<u><u>\$ 404,271</u></u>

TOWN OF LEONVILLE, LOUISIANA
Proprietary Fund
Statement of Net Position
June 30, 2025

ASSETS	<u>Utility Fund</u>
Cash	\$ 750,440
Investments, cash equivalents	590,054
Receivables:	
Accounts receivable	128,930
Unbilled receivables	55,287
Other receivables	66
Restricted assets	
Cash and cash equivalents	46,036
Prepaid insurance	75,169
Unamortized revenue bond insurance	23,903
Construction in progress	86,210
Utility property plant and equipment	17,935,676
Accumulated depreciation	<u>(7,436,717)</u>
Total assets	<u>12,255,054</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>58,420</u>
LIABILITIES	
Current liabilities:	
Accounts payable	93,538
Accrued liabilities	19,780
Compensated absences - current portion	16,580
Accrued interest payable	11,450
Revenue bonds payable - current portion	<u>205,000</u>
Total current liabilities	<u>346,348</u>
Noncurrent liabilities:	
Payable from restricted assets-	
Compensated absences	15,143
Customers' deposits	70,725
Revenue bonds payable	4,673,847
Net pension liability	<u>224,161</u>
Total noncurrent liabilities	<u>4,983,876</u>
Total liabilities	<u>5,330,224</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>15,928</u>
NET POSITION	
Investment in general fixed assets, net of related debt	5,706,322
Restricted for debt service/customer deposits	46,036
Unrestricted	<u>1,214,964</u>
Total net position	<u>\$ 6,967,322</u>

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

TOWN OF LEONVILLE, LOUISIANA
Proprietary Fund
Statement of Revenues, Expenses, and Changes
in Fund Net Position
For the Year Ended June 30, 2025

	<u>Utility Fund</u>
Operating revenues:	
Charges for services –	
Gas sales	\$ 92,705
Water sales	1,529,463
Sewer service charges	131,719
Penalties and late fees	82,822
Miscellaneous revenues	13,575
Total operating revenues	<u>1,850,284</u>
Operating expenses:	
Cost of sales and services	35,219
General and administrative	1,239,331
Depreciation	357,330
Total operating expenses	<u>1,631,880</u>
Operating income	<u>218,404</u>
Nonoperating revenues (expenses):	
Interest income	34,845
Interest expense	(111,567)
Nonemployer pension contributions	33,540
Total nonoperating revenues (expenses)	<u>(43,182)</u>
Income before contributions and transfers	<u>175,222</u>
Operating contributions and transfers:	
Capital contributions	72,457
Operating transfers out	(246,053)
Total operating contributions and transfers	<u>(173,596)</u>
Change in net position	1,626
Net position, beginning	<u>6,982,735</u>
Prior period adjustment	<u>(17,039)</u>
Net position, beginning, restated	<u>6,965,696</u>
Net position, ending	<u>\$ 6,967,322</u>

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

TOWN OF LEONVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	<u>Utility Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,879,600
Payments to suppliers	(705,733)
Payments to employees	(547,540)
Other receipts	13,575
Net cash provided (used) by operating activities	<u>639,902</u>
Cash flows from noncapital financing activities:	
Nonemployer pension contributions	33,540
Cash paid to other funds	<u>(246,053)</u>
Net cash provided (used) by noncapital financing activities	<u>(212,513)</u>
Cash flows from capital and related financing activities:	
Principal paid on debt	(195,000)
Interest paid on debt	(112,055)
Revenue bond insurance	1,334
Revenue bond premium	(31,195)
Proceeds from meter deposits (net)	11,910
Contributed capital	72,457
Acquisition of property, plant and equipment	<u>(246,203)</u>
Net cash provided (used) by capital and related financing activities	<u>(498,752)</u>
Cash flows from investing activities:	
Interest on investments	<u>34,845</u>
Net cash provided by investing activities	<u>34,845</u>
Net increase (decrease) in cash and cash equivalents	(36,518)
Cash and cash equivalents, beginning of period	<u>1,423,048</u>
Cash and cash equivalents, end of period	<u>\$ 1,386,530</u>

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

TOWN OF LEONVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2025

	<u>Utility Fund</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 218,404
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	357,330
Changes in current assets and liabilities:	
(Increase) decrease in accounts receivable	11,355
(Increase) decrease in unbilled receivables	4,079
(Increase) decrease in other receivables	(3)
(Increase) decrease in prepaid insurance	(3,885)
(Increase) decrease in due from others	27,460
Increase (decrease) in accounts payable	57,579
Increase (decrease) in accrued liabilities	1,206
Increase (decrease) in compensated absences	(83)
Increase (decrease) in net pension liability	<u>(33,540)</u>
Net cash provided (used) by operating activities	<u>\$ 639,902</u>

Reconciliation of cash and cash equivalents per statement of cash flows
to the statement of net position:

Cash and cash equivalents, beginning of period –	
Cash – unrestricted	\$ 1,383,363
Cash – restricted	<u>39,685</u>
Total cash and cash equivalents	<u>1,423,048</u>
Cash and cash equivalents, end of period –	
Cash – unrestricted	1,340,494
Cash – restricted	<u>46,036</u>
Total cash and cash equivalents	<u>1,386,530</u>
Net increase (decrease)	<u>\$ (36,518)</u>

Noncash Investing, Capital and Financing Activities

In 2025, Town of Leonville had \$31,195 of bond premium amortized within interest expense. This amount is included within the principal paid on water & sewer revenue refunding bonds, series 2021.

In 2025, Town of Leonville had \$1,334 of bond insurance amortized within insurance expense. This amount is included within the principal paid on water & sewer revenue refunding bonds, series 2021.

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

The following is a summary of certain significant accounting policies:

A. Financial reporting Entity

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

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

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

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

(1) Summary of Significant Accounting Policies (continued)

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

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

The major funds of the Town are described below:

Governmental Fund –

General Fund

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

Proprietary Fund –

Enterprise Fund

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town of Leonville's enterprise fund is the utility fund. It accounts for the provision of water, gas, and sewer services to residents of the Town.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

(1) Summary of Significant Accounting Policies (continued)

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

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

Basis of Accounting

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

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

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

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

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

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

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

Bad debts are written off when accounts become worthless.

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

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

(1) Summary of Significant Accounting Policies (continued)

Program revenues

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

Allocation of indirect expenses

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

D. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

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

E. Budgets and Budgetary Accounting

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

1. The Mayor prepares a proposed, detailed line item, budget and submits it to the Board of Aldermen no later than 30 days prior to the beginning of each fiscal year. Revenues are budgeted by source. Expenditures are budgeted by department and class.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

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

(1) Summary of Significant Accounting Policies (continued)

3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Any budgetary revisions require the approval of the Mayor and Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year end June 30, 2025.

F. Encumbrances

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

G. Cash and Cash Equivalents

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

H. Interest-bearing Deposits

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

I. Investments

Under state law, the Town may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of the state banks organized under Louisiana law and national banks with principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

In accordance with professional standards, investments meeting the criteria specified in the standards are stated at fair value, which is either a quoted market price or the best estimate available. Investments which do not meet the requirements are stated at cost. These investments include amounts invested in LAMP.

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

(1) Summary of Significant Accounting Policies (continued)

J. Statement of Cash Flows

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

K. Short Term Interfund Receivables / Payables

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

L. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items.

M. Vacation and Sick Leave

Vacation and sick leave are recorded as expenditures of the period in which paid. The vacation policy was amended by ordinance #4-2021. A vacation year is defined as a full calendar year beginning January 1st and ending on the last day of December. Only forty (40) hours of accumulated vacation time can be paid out on final pay period in December. Anything over forty (40) hours will be lost with no carryover. Unused vacation is payable at time of termination of employment, limited to forty (40) hours. Compensated absences payable has been accrued for the unused vacation as of June 30, 2025.

Sick leave of 80 hours is granted on January 1st of each year to full-time employees. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment.

N. Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits. At June 30, 2025, there was \$46,036 restricted for debt service and \$0 for utility meter deposits.

O. Long-term Debt

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

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

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

(1) Summary of Significant Accounting Policies (continued)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as incurred. The Town incurred bond issuance costs in the amount of \$0 during the year and is accounted for as an expense in the Utility Fund. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

P. Equity Classifications

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

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

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

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

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

Q. Revenues, Expenditures, and Expenses

Operating (Nonoperating) Revenues and Expenses

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

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:
Proprietary Fund – By Operating and Nonoperating

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

Interfund Transfers

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

R. Allowances for Doubtful Accounts

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

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

(1) Summary of Significant Accounting Policies (continued)

S. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restriction of Use</u>
Utility Fund Revenue	Debt Service and Utility Operations

T. Deferred Outflows of Resources and Deferred Inflows of Resources

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

U. Subsequent Events

FASB issued SFAS No 165, Subsequent Events (ASC 855) establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We have evaluated events subsequent to the balance sheet through November 5, 2025, the date the financial statements were available to be issued.

(2) Deposits with Financial Institutions

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

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

At June 30, 2025, the Town has cash and cash equivalents (book balances) totaling \$947,010 as follows:

Demand deposits	\$ 947,010
Total	<u><u>\$ 947,010</u></u>

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

(2) Deposits with Financial Institutions (continued)

These deposits are stated at cost, which approximates market. Deposit balances (bank balances) at June 30, 2025, are secured as follows:

	Regions Bank	Washington State Bank	
	<u>Interest Bearing</u>	<u>Interest Bearing</u>	<u>Non Interest Bearing</u>
Bank balances	<u>\$ 46,036</u>	<u>\$ 763,253</u>	<u>\$ 137,143</u>
Federal deposit insurance	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Pledged securities (Category 3)	<u>-</u>	<u>799,162</u>	<u>-</u>
Total	<u>250,000</u>	<u>1,049,162</u>	<u>250,000</u>
Excess/(Shortage)	<u>\$ 203,964</u>	<u>\$ 285,909</u>	<u>\$ 112,857</u>

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

(3) Investments

The Town of Leonville participates in Louisiana Asset Management Pool (LAMP). 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 financial statements for LAMP may be accessed on their website (<https://www.lamppool.com>). The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955. The following provides information that is relevant to LAMP:

Credit Risk: LAMP is rated AAA by Standard & Poor's.

Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of Credit Risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest Risk: LAMP is designed to be highly liquid to give its participants immediate access to their balances. LAMP prepares its own interest rate risk disclosures using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 or 762 days for U.S. Government variable rate investments. The WAM for LAMP's total investments is 25 days as of June 30, 2025. Investments with LAMP are considered cash or cash equivalents.

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

(3) Investments (continued)

The investments of LAMP are stated at fair value which 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 of the pooled shares. LAMP 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.

(4) Restricted Assets

Restricted Assets were applicable to the following at June 30, 2025.

Proprietary Fund:

Utility Fund

Debt Service Fund

Total Restricted Assets

\$	46,036
<u>\$</u>	<u>46,036</u>

(5) Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,912	\$ -	\$ -	\$ 8,912
Other capital assets:				
Buildings	222,201			222,201
Infrastructure	2,545,770	436,904		2,982,674
Equipment	162,030	18,610		180,640
Totals	<u>2,938,913</u>	<u>455,514</u>	<u>-</u>	<u>3,394,427</u>
Less accumulated depreciation				
Buildings	157,352	5,549		162,901
Infrastructure	696,315	101,008		797,323
Equipment	112,173	9,565		121,738
Total accumulated depreciation	<u>965,840</u>	<u>116,122</u>	<u>-</u>	<u>1,081,962</u>
Governmental activities, capital assets, net	<u>\$ 1,973,073</u>	<u>\$ 339,392</u>	<u>\$ -</u>	<u>\$ 2,312,465</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 93,916	\$ -	\$ -	\$ 93,916
Construction in progress	-	86,210	-	86,210
Other capital assets:				
Utility system and extensions	17,107,887	118,892	-	17,226,779
Machinery and equipment	573,880	41,101	-	614,981
Totals	<u>17,775,683</u>	<u>246,203</u>	<u>-</u>	<u>18,021,886</u>
Less accumulated depreciation				
Utility system and extensions	6,517,382	332,851	-	6,850,233
Machinery and equipment	562,005	24,479	-	586,484
Total accumulated depreciation	<u>7,079,387</u>	<u>357,330</u>	<u>-</u>	<u>7,436,717</u>
Business type activities, capital assets, net	<u>\$ 10,696,296</u>	<u>\$ (111,127)</u>	<u>\$ -</u>	<u>\$ 10,585,169</u>

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

(5) Capital Assets (continued)

Depreciation expense was charged to governmental activities as follows:

General governmental	\$ 5,549
Police	9,565
Streets	101,008
Total depreciation expense	<u>\$ 116,122</u>

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

Water	\$ 218,365
Sewer	120,644
Gas	18,321
Total depreciation expense	<u>\$ 357,330</u>

(6) Compensated Absences

Full-time employees receive one (1) day of sick leave for each month worked; provided, however, no employee may accumulate more than ten (10) days of sick leave per year nor accumulate more than thirty (30) days of sick leave overall. Employees who resign, retire, or who are dismissed from employment shall not be paid for any accrued sick leave. Full-time employees earn vacation days following a schedule as follows: One week after six months, two weeks after one year, three weeks after five (5) years, but less than fifteen years, four weeks after fifteen years but less than twenty-five (25) years and five weeks after twenty-five (25) years or more. The vacation year is defined as a full calendar year beginning on January 1st and ending on the last day of December. Only forty (40) hours of accumulated vacation time can be paid out on final payment in December. Anything over forty (40) hours will be lost with no carryover.

(7) Changes in Long-Term Debt

The following is a summary of debt transactions in the proprietary fund of the Town of Leonville, Louisiana for the year ended June 30, 2025:

	Payable at July 1, 2024	Additions	Retirements	Payable at June 30, 2025
Water & sewer revenue refunding bonds, series 2021	\$ 4,775,000	\$ -	\$ (195,000)	\$ 4,580,000
	<u>\$ 4,775,000</u>	<u>\$ -</u>	<u>\$ (195,000)</u>	<u>\$ 4,580,000</u>
Add: Unamortized premium on bond issue				298,847
Total reported on statement of net position				<u>\$ 4,878,847</u>

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

(7) Changes in Long-Term Debt (continued)

Revenue bonds payable at June 30, 2025 is comprised of the following individual issues:

\$5,365,000 par value, Water and Sewer Revenue Refunding Bonds, Series 2021, with an issuance date of April 28, 2021. Amount due in annual payments on June 1st of each year with interest payments due on June 1st and December 1st of each year, with a coupon rate of 3%. Bonds were sold at a premium of \$437,122 resulting in an effective rate of 2.325%. The payment of principal or interest on the Bonds will not be guaranteed, in whole or in part, by the United States, or any agency or instrumentality thereof. The Town has purchased a municipal bond insurance policy in the amount of \$29,462 which is amortized over the life of the Bonds.

\$ 4,580,000

Total Revenue Bonds Payable	4,580,000
Less Current Portion	<u>205,000</u>
Revenue Bonds Payable	<u><u>\$ 4,375,000</u></u>

Sewer and Water Debt Reserve Requirements

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

Water and Sewer Revenue Refunding Bonds, Series 2021

All payments of principal of and interest in the Bonds are to be made from a debt service fund established by the Town, the "Bond Fund". The Bond Fund serves as a debt service fund for the payment of principal and interest on the bonds. Amounts deposited into the bond Fund which are required to pay a portion of the next maturing principal of and next due interest on the Bonds are expected to be deposited monthly (but not more than one (1) year prior to such payment). All such amounts together with investment income thereon will be used to pay such principal and interest within thirteen (13) months from the date of receipt. The balance in the Bond Fund at year end amounted to \$46,036 and followed the Bond instrument.

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

Year Ending June 30,	Total	Principal Payments	Interest Payments
2026	342,400	205,000	137,400
2027	341,250	210,000	131,250
2028	339,950	215,000	124,950
2029	338,500	220,000	118,500
2030	341,900	230,000	111,900
2031-2035	1,697,550	1,245,000	452,550
2036-2040	1,694,400	1,440,000	254,400
2041-2043	863,150	815,000	48,150
	<u>\$ 5,959,100</u>	<u>\$ 4,580,000</u>	<u>\$ 1,379,100</u>

Interest expense totaled \$111,567 and is included in business type activities as an expense. Interest expense has been reduced by bond premium amortization of \$31,195 for the year.

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

(8) Utility Customer Deposits

The accounts of the Town include a liability for utility customer deposits of \$70,725. As of June 30, 2025, the Town has a meter deposit account with a balance of \$0 specifically set aside for customer meter deposits.

(9) Pension Plans

Plan Descriptions

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

Municipal Employees' Retirement System

Plan Description

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

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

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

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

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

Eligibility Requirements:

Membership is mandatory as a condition of employment beginning on the date employed if the

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

(9) Pension Plans (continued)

employee is on a permanent basis, working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

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

Benefits Provided:

Retirement Benefits - MERS

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

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

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

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

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

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

Deferred Retirement Options

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

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

(9) Pension Plans (continued)

Disability Benefits

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

Survivor's Benefit

Upon the death of any member of Plan B with (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B 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.

Cost of Living Increases

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 after that date.

Contributions:

The MERS employer contribution rates are established annually under La R.S 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PR SAC), taking into consideration the recommendation of the system's actuary. For the year ending June 30, 2025 the employer contribution rate for MERS Plan B was 14%. Employer contributions to MERS was \$51,634, for the year ended June 30, 2025. Employees participating in MERS are required to contribute 5.00%.

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. MERS receives ad valorem taxes and state revenue sharing funds. The Town of Leonville recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2025, the Town of Leonville recognized revenue as a result of support received from non-employer contributing entities of \$14,059 for its participation in MERS.

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

At June 30, 2025, the Town of Leonville reported a liability for MERS of \$241,451, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2024, and the total pension liabilities used to calculate the net pension liability were determined by

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

(9) **Pension Plans (continued)**

actuarial valuations as of that date. The Town of Leonville's proportion of the net pension liability for the retirement system was based on a projection of the Town of Leonville's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Town of Leonville's proportion for MERS was 0.3979269%. This reflects a decrease for MERS 0.002163% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town of Leonville recognized pension expense, for which there were no forfeitures, as follows:

	<u>Pension Expense</u>	<u>Net Pension Liability</u>
MERS	\$ 28,977	\$ 241,451

At June 30, 2024, the Town of Leonville reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,291	\$ (1,974)
Changes in assumptions	-	(8,988)
Net difference between projected and actual earnings on pension plan investments	8,690	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(6,390)
Employer contributions subsequent to measurement date	51,634	-
Total	\$ 62,615	\$ (17,352)

During the year ended June 30, 2025, employer contributions totaling \$51,634 were made subsequent to the measurement date for MERS. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. 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 Ended June 30:	<u>MERS</u>
2026	\$ (11,804)
2027	15,640
2028	(7,202)
2029	(5,448)
Total	<u>\$ (8,814)</u>

Actuarial Assumptions

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

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

(9) Pension Plans (continued)

The components of the net pension liability of MERS employers as of June 30, 2025 are as follows:

	2024	2025
	MERS Plan B	MERS Plan B
Total Pension Liability	\$ 1,199,470	\$ 1,213,135
Plan Fiduciary Net Position	(878,654)	(971,684)
Total Net Pension Liability	\$ 320,816	\$ 241,451

Plan Fiduciary Net Postion % of Total Pension Liability 73.25% 80.10%

The Town of Leonville's allocation is 0.397926% of the Total Net Pension Liability for MERS.

The total pension liabilities for MERS in the June 30, 2024 actuarial valuations were determined using the following actuarial assumptions:

	MERS
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years for Plan B
Investment rate of return	6.850%, net of investment expense
Inflation rate	2.500%
Projected salary increases	
1 to 2 years of service	9.50%
more than 2 years of service	4.60%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 6.850% for the year ended June 30, 2024.

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

(9) Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Equity	56%	2.44%
Fixed Income	29%	1.26%
Alternatives	15%	0.65%
Total	100%	4.35%
Inflation		2.50%
Expected Nominal Return		<u>6.85%</u>

Discount Rates

The discount rate used to measure the total pension liability for MERS was 6.850%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the actuary. Based on those assumptions, the net position of MERS was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the Town of Leonville's proportionate share of the net pension liability using the discount rate of 6.850% for MERS, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.850% for MERS) or one percentage-point higher (7.850% for MERS) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	\$ 374,819	\$ 241,451	\$ 128,649
MERS			

Changes in Pension Liability

The changes in the net pension liability for the year ended June 30, 2024 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension benefit using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflows of resources as of June 30, 2024 in the amount of \$1,974.

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

(9) Pension Plans (continued)

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources as of June 30, 2024 in the amount of \$8,690.

Changes in Proportion:

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

Contributions – Proportionate Share

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

The System has issued a stand-alone audit report on its financial statements for the year ended June 30, 2024. Access to the report can be found on the System's website, www.mersla.com, or on the Louisiana Legislative Auditor's website, www.lla.la.gov.

Municipal Police Employees' Retirement System

Plan Description

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

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

Membership Prior to January 1, 2013

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

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

(9) Pension Plans (continued)

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

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

Membership Commencing January 1, 2013

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

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

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

Cost of Living Adjustments

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

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

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

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

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

(9) Pension Plans (continued)

Pursuant to R.S. 11:2225.5, the Board of Trustees may provide a nonrecurring lump sum payment (subject to frequency limitations) or permanent benefit increase only from funds set aside in the System's funding deposit account. The funding deposit account may be credited with up to 0.85% of plan payroll in any year in which the Board of Trustees elects to require that the employers contribute an amount in excess of the rate determined under R.S. 11:103. In such years as the Board sets the employer contribution rate above the rate determined under R.S. 11:103 (the minimum net direct actuarially determined employer contribution rate) for the purpose of funding additional benefits for retirees, survivors, and beneficiaries, a contribution to the funding deposit account will be determined within the system's actuarial valuation. The funds in the account shall earn interest annually at the board approved valuation interest rate.

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. 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. For those employees who enter DROP after June 30, 2024, participation in the DROP is 60 months or less. If employment is terminated after the DROP period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2024, 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 on the System's investment portfolio as certified by the actuary on an annual basis but will never lose money.

For those eligible to enter DROP subsequent to January 1, 2004 but before July 1, 2019, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate. If the member elects a money market investment account the funds are transferred to a government money market account. Pursuant to Act 78 of the 2019 Regular Session of the Louisiana Legislature, DROP members can self-direct their DROP funds. For those members who elected to self-direct their DROP funds the System transferred lump sum distributions to the stable value fund of Empower Retirement. Empower Retirement acts as an agent of the System to allow participants to self-direct the investment of their lump sum balances. Participants can irrevocably elect to participate in the self-directed portion of the program. If they do so, they can invest in Vanguard Lifestrategy Funds through Empower Retirement.

Initial Benefit Option Plan

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

Funding Policy – State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The Town is required to contribute 35.60 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the evaluation for the prior fiscal year.

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

(9) Pension Plans (continued)

The Town's contributions to the System for the year ended June 30, 2025 was \$20,408, equal to the required contributions for the year.

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

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

At June 30, 2025, the Town reported a liability of \$191,002 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the Town's proportion was 0.021082%, which was a decrease of 0.006373% from its proportion measured as of June 30, 2025.

For the year ended June 30, 2025, the Town recognized pension expense of \$26,536.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue. The Town recognized \$5,484 of non-employer contribution revenue.

At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,341	\$ (5,778)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	5,310	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,609	(46,063)
Employer contributions subsequent to measurement date	20,408	-
Total	\$ 57,668	\$ (51,841)

The Town reported a total of \$20,408 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2024 which will be recognized as a reduction in net pension liability in the year ended June 30, 2025.

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

(9) Pension Plans (continued)

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

Year Ended June 30:	<u>MPERS</u>
2026	\$ 5,298
2027	5,071
2028	(21,934)
2029	(3,352)
Total	<u><u>\$ (14,917)</u></u>

Actuarial Methods and Assumptions

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

The components of the net pension liability of the Town as of June 30, 2025, are as follows:

	2024	2025
Total Pension Liability	\$ 1,043,832	\$ 790,579
Plan Fiduciary Net Position	(744,283)	(599,577)
Total Collective Net Pension Liability	<u><u>\$ 299,549</u></u>	<u><u>\$ 191,002</u></u>
Plan Fiduciary Net Postion % of Total Pension Liability	71.30%	70.80%

The actuarial assumptions used in the June 30, 2024 valuation were based on the assumptions used in the June 30, 2024 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

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

Valuation Date	June 30, 2024	
Actuarial cost method	Entry Age Normal Cost	
Expected remaining service lives	2024 - 4 years 2023 - 4 years 2022 - 4 years 2021 - 4 years	
Investment rate of return	6.750%, net of investment expense	
Inflation rate	2.500%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.30%
	Above 2	4.70%

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

(9) Pension Plans (continued)

Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Medium 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-Medium Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The 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 best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2024 are summarized in the following table:

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

(9) Pension Plans (continued)

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52.00%	3.14%
Fixed Income	34.00%	1.07%
Alternative	14.00%	1.03%
Totals	100%	5.24%
Inflation		<u>2.62%</u>
Expected Nominal Return		<u>7.86%</u>

The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.750%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.750% or one percentage point higher 7.750% than the current rate as of June 30, 2024.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$ 283,729	\$ 191,002	\$ 113,593

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2024 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in deferred inflows of resources as of June 30, 2024 in the amount of \$5,778.

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

(9) Pension Plans (continued)

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources as of June 30, 2024 in the amount of \$0.

Changes of Assumptions or Other Inputs:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources and deferred inflows of resources as of June 30, 2024 in the amounts of:

	Deferred Outflows	Deferred Inflows
2024	\$ -	\$ -
2023	-	-
2022	3,717	-
2021	-	-

Change in Proportion:

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

Contributions – Proportionate Share

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

(10) Compensation of Town Officials

A detail of compensation paid to the mayor and Board of Alderman for the year ended June 30, 2025, follows:

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

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

(11) Federally Assisted Funds

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

(12) Concentration of Risks

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

(13) Estimates

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

(14) Interfund Activities

Transfers to/from other funds at June 30, 2025, consist of the following:

From the Utility Fund to the General Fund for operations	<u>\$ 246,053</u>
Total	<u>\$ 246,053</u>

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

(15) On-Behalf Payments

The Town received on-behalf payments from the State of Louisiana, in the amount of \$14,400, in the form of police supplemental pay.

(16) Evaluation of Subsequent Events

The Town has evaluated subsequent events through November 5, 2025, the date which the financial statements were available to be issued.

(17) Prior Period Adjustment

The Town adopted GASB Statement 101, *Compensated Absences*, which resulted in a prior period adjustment to the Statement of Net Position in the amount of \$(23,544).

(18) Accounting Pronouncements

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

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

(18) Accounting Pronouncements (continued)

GASB Statement No. 104, Disclosure of Certain Capital Assets. The objective of this Statement is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. This standard is effective for fiscal years beginning after June 15, 2025. The effect of implementation on the Town of Leonville, Louisiana's financial statements has not yet been determined.

GASB Statement No. 101, Compensated Absences. 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 requirements of the Statement are effective for fiscal years beginning after December 15, 2023. The effect of this statement resulted in a prior period adjustment to the Statement of Net Position in the amount of \$(23,544).

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEONVILLE, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2025

	Budget			Variance – Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Licenses and permits	\$ 36,000	\$ 36,825	\$ 37,324	\$ 499
Franchise fees	83,000	90,441	88,473	(1,968)
Fines and forfeits	17,000	18,869	16,250	(2,619)
Intergovernmental	904,980	537,553	474,243	(63,310)
Miscellaneous	6,328	6,281	11,512	5,231
Total revenues	1,047,308	689,969	627,802	(62,167)
Expenditures:				
Current –				
General government	112,200	126,541	126,300	241
Public safety:				
Police	197,250	222,668	207,107	15,561
Streets and drainage	24,500	16,759	16,623	136
Capital outlay	1,050,000	436,615	455,514	(18,899)
Total expenditures	1,383,950	802,583	805,544	(2,961)
Excess (deficiency) of revenues over expenditures	(336,642)	(112,614)	(177,742)	(65,128)
Other financing sources (uses):				
Operating transfers in	370,000	244,000	246,053	2,053
Operating transfers out	-	(27,460)	-	(27,460)
Total other financing sources (uses)	370,000	216,540	246,053	(25,407)
Excess (deficiency) of revenues and other sources over expenditures and other uses	33,358	103,926	68,311	(90,535)
Fund balances, beginning	59,081	34,811	109,505	74,694
Fund balances, ending	\$ 92,439	\$ 138,737	\$ 177,816	\$ (15,841)

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
General Fund
Budgetary Comparison Schedule of Revenues
Year Ended June 30, 2025

	<u>Budget</u>			Variance – Favorable (Unfavorable)
	Original	Final	Actual	
Licenses and permits	\$ 36,000	\$ 36,825	\$ 37,324	\$ 499
Franchise fees	83,000	90,441	88,473	(1,968)
Fines and forfeits	17,000	18,869	16,250	(2,619)
Intergovernmental:				
State of Louisiana -				
Beer tax	1,500	1,303	1,346	43
Casino tax	30,000	30,929	30,318	(611)
On behalf payments	14,400	14,400	14,400	-
Grant revenue	851,000	482,319	419,577	(62,742)
Local Governments -				
Payments in lieu of taxes	2,500	3,022	3,022	-
Sewer District #1	5,580	5,580	5,580	-
Total intergovernmental	904,980	537,553	474,243	(63,310)
Miscellaneous	6,328	6,281	11,512	5,231
Total revenues	\$ 1,047,308	\$ 689,969	\$ 627,802	\$ (62,167)

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
 General Fund
 Budgetary Comparison Schedule of Expenditures
 Year Ended June 30, 2025

	Budget			Variance –	
	Original	Final	Actual	Favorable	(Unfavorable)
General government:					
Salaries	\$ 52,000	\$ 68,772	\$ 66,750	\$ 2,022	
Payroll taxes	5,800	7,252	6,958	294	
Retirement and employee benefits	3,100	4,740	4,653	87	
Accounting	6,200	6,750	6,813	(63)	
Advertising	300	300	-	300	
Due and subscriptions	300	379	379	-	
Utilities	3,300	3,501	3,520	(19)	
Insurance	19,500	14,882	15,993	(1,111)	
Supplies	2,500	2,945	2,438	507	
Telephone	2,200	2,518	2,514	4	
Miscellaneous	17,000	14,502	16,282	(1,780)	
Total general government	112,200	126,541	126,300	241	
Public safety:					
Police department -					
Salaries	107,000	125,799	128,695	(2,896)	
Payroll taxes	4,000	4,165	4,039	126	
Retirement and employee benefits	25,300	28,105	27,628	477	
Automobile expense	35,000	33,054	20,714	12,340	
Supplies	700	7,025	305	6,720	
Uniforms	750	2,468	2,362	106	
Insurance	17,500	14,875	15,843	(968)	
Miscellaneous	7,000	7,177	7,521	(344)	
Total police department	197,250	222,668	207,107	15,561	
Streets and drainage:					
Street materials	8,000	952	952	-	
Street lighting	15,000	15,317	15,181	136	
Miscellaneous	1,500	490	490	-	
Total streets and drainage	24,500	16,759	16,623	136	
Capital outlay:					
Equipment & buildings	1,050,000	436,615	455,514	(18,899)	
Total expenditures	\$ 1,383,950	\$ 802,583	\$ 805,544	\$ (2,961)	

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability
Year Ended June 30, 2025

		Employer Proportionate Share of the Net Pension	Employer Proportionate Share of the Net Pension	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of It's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	Fiscal Year	Liability (Asset)	Liability (Asset)			
MERS	2016	0.619489	\$ 421,034	\$ 429,841	97.95%	68.71%
MERS	2017	0.584307	484,337	429,929	112.66%	63.33%
MERS	2018	0.605243	523,676	449,245	138.83%	63.49%
MERS	2019	0.617622	522,404	457,705	114.14%	65.60%
MERS	2020	0.580696	508,001	443,921	114.44%	66.14%
MERS	2021	0.458975	415,935	321,271	129.47%	66.14%
MERS	2022	0.437505	349,975	336,232	104.09%	79.14%
MERS	2023	0.432855	380,040	348,000	109.21%	69.56%
MERS	2024	0.400089	320,816	343,393	88.50%	73.25%
MERS	2025	0.397926	241,451	402,171	59.99%	80.10%
MPERS	2016	0.028543	\$ 223,605	\$ 76,349	292.87%	70.73%
MPERS	2017	0.025343	237,535	81,525	291.36%	66.04%
MPERS	2018	0.026915	234,979	80,349	292.45%	70.08%
MPERS	2019	0.024153	204,191	71,278	286.47%	71.88%
MPERS	2020	0.024385	221,457	76,151	290.81%	71.13%
MPERS	2021	0.022752	210,782	70,273	299.95%	70.86%
MPERS	2022	0.017939	96,525	54,728	176.37%	84.49%
MPERS	2023	0.027455	280,639	84,756	331.11%	70.80%
MPERS	2024	0.028353	299,549	88,461	403.07%	71.30%
MPERS	2025	0.021082	191,002	70,938	269.25%	70.80%

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

This schedule is intended to show information for 10 years.

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
Schedule of Employer's Pension Contribution
Year Ended June 30, 2025

	Fiscal Year	Contributions in Relation to Contractual			Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
		Contractually Required Contribution	Required Contribution	Contribution Deficiency (Excess)			
MERS	2016	\$ 40,782	\$ 40,782	\$ -	\$ 429,290	9.50%	
MERS	2017	49,417	49,417	-	449,248	11.00%	
MERS	2018	60,646	60,646	-	457,662	13.25%	
MERS	2019	62,148	62,148	-	443,912	14.00%	
MERS	2020	49,796	49,796	-	355,690	14.00%	
MERS	2021	52,116	52,116	-	336,232	15.50%	
MERS	2022	53,939	53,939	-	347,996	15.50%	
MERS	2023	53,226	53,226	-	343,394	15.50%	
MERS	2024	56,186	56,186	-	362,491	15.50%	
MERS	2025	51,634	51,634	-	368,814	14.00%	
MPERS	2016	\$ 20,942	\$ 20,942	\$ -	\$ 70,990	29.50%	
MPERS	2017	25,511	25,511	-	80,350	31.75%	
MPERS	2018	21,918	21,918	-	71,278	30.75%	
MPERS	2019	24,639	24,639	-	76,399	32.25%	
MPERS	2020	24,154	24,154	-	74,319	32.50%	
MPERS	2021	18,471	18,471	-	54,728	33.75%	
MPERS	2022	25,215	25,215	-	84,757	29.75%	
MPERS	2023	30,015	30,015	-	96,048	31.25%	
MPERS	2024	25,215	25,215	-	74,316	33.93%	
MPERS	2025	20,408	20,408	-	57,325	35.60%	

This schedule is intended to show information for 10 years.

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
Notes to Required Supplementary Information

Note 1. Legal Compliance - Budgets

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

1. The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than 30 days prior to the beginning of each fiscal year. Revenues are budgeted by source. Expenditures are budgeted by department and class.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year and June 30, 2025.

Note 2. Stewardship, Compliance and Accountability

Budgeted Revenues Exceeded Actual Revenues. The following individual fund had budgeted revenues exceeding actual revenues for the year ended June 30, 2025.

	Budget			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
General Fund	\$ 1,047,308	\$ 689,969	\$ 627,802	\$ (62,167)

TOWN OF LEONVILLE, LOUISIANA
Notes to Required Supplementary Information (Continued)

Note 3. Pension Plan – Changes of Assumptions

Changes of Benefit Terms

For MERS and MPERS, there were no changes of benefit terms for the year ended June 30, 2024.

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Municipal Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2024, the discount rate was unchanged from 6.85% to 6.85%.

Municipal Police Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2024, the discount rate was unchanged from 6.75% to 6.75%.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LEONVILLE, LOUISIANA
 Proprietary Fund
 Schedule of Operating Expenses
 Year Ended June 30, 2025

Utility Fund

Operating expenses:	
Salaries	\$ 392,577
Payroll taxes	29,879
Retirement and employee benefits	92,667
Gas purchases	35,219
Chemicals	128,131
Insurance	111,848
Accounting and auditing	17,475
Engineering fees	120
Office supplies	11,120
Computer expense	15,484
Repairs and maintenance	183,525
Auto expenses and travel	43,532
Utilities	133,063
Telephone	9,319
Advertising	571
Bad debts	3,609
Miscellaneous	66,411
Depreciation	<u>357,330</u>
Total operating expenses	<u>\$ 1,631,880</u>

**COMPLIANCE, INTERNAL CONTROL
AND
OTHER INFORMATION**

VIGE, TUJAGUE  NOEL
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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SHIRLEY VIGE, JR., C.P.A.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Leonville, Louisiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Leonville, Louisiana's basic financial statements and have issued our report thereon dated November 5, 2025.

Internal Control over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items #2025-001 and #2025-002, which are considered to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Leonville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items #2025-001 and #2025-002.

Town of Leonville, Louisiana's Response to Findings

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

Purpose of this Report

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

Vige, Tujague & Noël, CPA's
Eunice, Louisiana
November 5, 2025

TOWN OF LEONVILLE, LOUISIANA

Schedule of Findings and Responses
Year Ended June 30, 2025

We have audited the financial statements of Town of Leonville as of and for the year ended June 30, 2025, and have issued our report thereon dated November 5, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2025, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes X No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statement Yes X No

b. Federal Awards

None reported.

Section II. Financial Statement Findings

#2025-001 – Segregation of Accounting Functions

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

Criteria: Segregation of conflicting duties within accounting functions is a basic internal control.

AU-C Section 315, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

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

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

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

TOWN OF LEONVILLE, LOUISIANA
Schedule of Findings and Responses (continued)
Year Ended June 30, 2025

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

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

#2025-002 – Budget Variance

Condition: There was a violation of the Louisiana Government Budget Act. Budgeted revenues of the General Fund exceeded actual revenues by an amount greater than 5%.

Criteria: When total actual expenditures exceed total budgeted expenditures by 5% or more and/or when total revenues fail to meet total budgeted revenues by 5% or more or there has been a change in operation upon which the original adopted budget was developed, the Town shall adopt a budget amendment in an open meeting to reflect such a change.

Cause: The Town did not properly amend the budget for revenues of the General Fund.

Effect: Failure to properly amend the budget results in variances beyond the 5% of budgeted revenues received.

Recommendation: We recommend that the Town make the necessary amendments to the budget prior to year end for changes in revenues and expenditures incurred.

Response: The Town accepts and agrees with the recommendation as presented.

Section III. Summary of Other Audit Results

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

TOWN OF LEONVILLE, LOUISIANA
Status of Prior Audit Findings
Year Ended June 30, 2025

#2024-001 – Segregation of Accounting Functions

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

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

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

Status: This finding has been repeated for June 30, 2025 as #2025-001.

#2024-002 – Budget Variance

Condition: There was a violation of the Louisiana Government Budget Act. Expenditures of the General Fund exceeded budgeted appropriations by an amount greater than 5%.

Recommendation: We recommend that the Town make the necessary amendments to the budget prior to year end for changes in revenues and expenditures incurred.

Response: The Town accepts and agrees with the recommendation as presented.

Status: This finding has been repeated for June 30, 2025 as #2025-002.

TOWN OF LEONVILLE, LOUISIANA
 Schedule of Mayor and Alderman
 Year Ended June 30, 2025

<u>Name</u>	<u>Office and Term</u>	<u>Compensation</u>
Nicholas Degueyter P.O. Box 442 Leonville, LA 70551 337-879-7026	Mayor December 31, 2026	\$ 12,000
Kerry Willingham P.O. Box 162 Leonville, LA 70551 337-879-2287	Alderman December 31, 2026	3,600
Kirk Stelly P.O. Box 573 Leonville, LA 70551 337-879-2497	Alderman December 31, 2026	3,600
Benita Kennerson P.O. Box 354 Leonville, LA 70551 337-879-3236	Alderman December 31, 2026	3,600
Amanda Herpin P.O. Box 152 Leonville, LA 70551 337-247-1945	Alderman December 31, 2026	3,600
Billy Lanclos P.O. Box 313 Leonville, LA 70551 337-945-0586	Alderman December 31, 2026	3,600
		<u>\$ 30,000</u>

TOWN OF LEONVILLE, LOUISIANA
 Schedule of Rates and Accounts Receivable
 Year Ended June 30, 2025

The aging of accounts receivable for the Utility Fund includes the water system, gas system and sewer system as of June 30, 2025 is as follows:

Amounts Receivable (Water, Gas and Sewer)

<u>Days</u>	<u>Amounts</u>		
Unbilled	<u>\$ 55,287</u>		
Current	\$ 127,658		
30	9,359		
31-60	5,957		
61-90	2,916		
Over - 90	715		
	<u>\$ 146,605</u>		
	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>
Residential Users -	340	3,079	462
Commercial Users -	21	36	6
	<u>361</u>	<u>3,115</u>	<u>468</u>

As of June 30, 2025, the gas rates were as follows:

Residentail -0020	Residentail Gas \$10.00 flat rate includes 500 MCF's, \$.59 per 100 MCF's thereafter
Commercial -0021	Commercial Non-taxable \$10.00 flat rate includes 500 MCF's, \$.59 per 100 MCF's thereafter
Commercial -0022	Commercial Taxable \$10.00 flat rate includes 500 MCF's, \$.59 per 100 MCF's thereafter

Overage rate adjusted monthly based on cost of gas.

TOWN OF LEONVILLE, LOUISIANA
Schedule of Rates and Accounts Receivable (Continued)
Year Ended June 30, 2025

As of June 30, 2025, the water rates were as follows:

Residential -0010	Individual Residential \$26.60 base rate includes 1st 2,000 gallons, \$3.51 per 1,000 gallons thereafter
Commercial -0011	Discount Commercial Taxable \$24.33 base rate includes 1st 2,000 gallons, \$3.16 per 1,000 gallons thereafter
Commercial -0012	Commercial Non-Taxable \$79.63 base rate includes 1st 25,000 gallons, \$3.51 per 1,000 gallons thereafter
Commercial -0013	Commercial Non-Taxable \$26.60 base rate includes 1st 2,000 gallons, \$3.51 per 1,000 gallons thereafter
Commercial -0014	Commercial Taxable \$79.63 base rate includes 1st 25,000 gallons, \$3.51 per 1,000 gallons thereafter
Commercial -0016	Small Business Taxable \$26.60 base rate includes 1st 2,000 gallons, \$3.51 per 1,000 gallons thereafter
Commercial -0017	St Landry #3 Special \$3.51 per 1,000 gallons

TOWN OF LEONVILLE, LOUISIANA
Schedule of Rates and Accounts Receivable (Continued)
Year Ended June 30, 2025

As of June 30, 2025, the sewer rates were as follows (rate on actual water usage):

Residential -0040	Residential \$12.50 base rate includes 1st 2,000 gallons, \$4.24 per 1,000 gallons thereafter
Commercial -0043	Commercial Non-taxable \$12.50 base rate includes 1st 2,000 gallons, \$4.24 per 1,000 gallons thereafter
Commercial -0044	Residential Piggyback 2 \$25.00 base rate includes 1st 4,000 gallons, \$4.24 per 1,000 gallons thereafter
Commercial -0045	Commercial - Housing Authority, 10 Non-taxable \$125.00 base rate includes 1st 20,000 gallons \$4.24 per 1,000 gallons thereafter
Commercial -0046	Commercial - Housing Authority, 2 Non-taxable \$25.00 base rate includes 1st 4,000 gallons \$4.24 per 1,000 gallons thereafter
Commercial -0047	Low Pressure Piggyback, 2 \$25.00 base rate includes 1st 4,000 gallons \$4.24 per 1,000 gallons thereafter
Commercial -0048	Residential Piggyback 3 37.50 base rate includes 1st 6,000 gallons, \$4.24 per 1,000 gallons thereafter
Commercial -0049	Residential Piggyback 24 \$300.00 base rate includes 1st 20,000 gallons, \$4.24 per 1,000 gallons thereafter

TOWN OF LEONVILLE, LOUISIANA
Schedule of Insurance
Year Ended June 30, 2025

<u>Company</u>	<u>Policy Type</u>	<u>Policy Period</u>	<u>Coverage</u>
LA Municipal Risk Management Agency	General Liability	12/19/24 - 12/19/25	\$ 500,000
	Law Enforcement		500,000
	Automobile Liability		500,000
	Errors and Omissions		500,000
LWCC	Workers Compensation	01/01/25 - 01/01/26	Legal limits
EMC Insurance	Commercial Property	03/25/25 - 03/25/26	
	Buildings		2,723,467
	Personal Property		1,058,409
EMC Insurance	Auto Physical Damage	12/19/24 - 12/19/25	223,746
EMC Insurance	Employee Theft	02/25/25 - 02/25/26	1,004,250
EMC Insurance	Wells, Towers & Generators	02/13/25 - 02/13/26	6,602,784
Build America Mutual Assurance Co.	Municipal Bond Insurance	04/28/21 - 06/30/43	Balance of bonds

TOWN OF LEONVILLE, LOUISIANA
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
Year Ended June 30, 2025

Nicholas Degueyter, Mayor
Period: 12 Months

Salary	\$12,000
Education	765
Mileage	688
Telephone	507
Travel	154

TOWN OF LEONVILLE, LOUISIANA
 Justice System Funding Schedule - Collecting/Disbursing Entity
 As Required by Act 87 of the 2020 Regular Legislative Session
 Cash Basis Presentation
 Year Ended June 30, 2025

	First Six Month Period Ended <u>12/31/2024</u>	Second Six Month Period Ended <u>06/30/2025</u>
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	5,706	10,788
Service/Collection Fees	187	436
Subtotal Collections	<u>5,893</u>	<u>11,224</u>
Less: Disbursements To Governments & Nonprofits:		
Louisiana Commission on Law Enforcement, Criminal Court Costs/Fees	84	152
Louisiana Supreme Court, CMIS Collections	42	76
St. Landry Parish Crime Stoppers	84	152
Louisiana Supreme Court, Judicial College Collections	21	38
La Dept. of Health & Hospitals, Court Costs/fees	25	30
Less: Amounts Retained by Collecting Agency		
Self-Disbursed Town of Leonville, Criminal Court Cost/Fees	5,450	10,340
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Payments to 3rd Party Collection/Processing Agencies	187	436
Subtotal Disbursements/Retainage	<u>5,893</u>	<u>11,224</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>

TOWN OF LEONVILLE

P. O. BOX 57

LEONVILLE, LOUISIANA 70551-0057

(337) 879-2601

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NICHOLAS DEGUEYTER
MAYOR

JOSEPH NOEL III
CHIEF OF POLICE

CHRISTINE TIDWELL
CLERK

COUNCIL MEMBERS
KERRY WILLINGHAM
BENITA KENNERTON
KIRK STELLY
AMANDA HERPIN
BILLY LANCLOS

VIGE, TUJAGUE & NOEL, CPA'S
P. O. BOX 1006
EUNICE, LA 70535

RE: Management Response

The following is our response to your recommendation we received in the Town's Audited Financial Statement as of June 30, 2025.

2025-001 Segregation of Accounting Functions

We are aware of and have evaluated this inadequacy and concluded that the related costs versus benefits to be achieved do not justify the additional personnel it would require to establish an adequate segregation of duties. However, we will try to segregate duties as much as possible with the existing staff.

2025-002 Budget Variance

The Town accepts and agrees with the recommendation as presented.



Nicholas Degueyter, Mayor



TOWN OF LEONVILLE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES REPORT
YEAR ENDED JUNE 30, 2025

VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management and Board of Commissioners of the Town of Leonville, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024, through June 30, 2025. Town of Leonville, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Town of Leonville, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2024, through June 30, 2025. Additionally, LIA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

I) 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.

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

- 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.

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

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

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

- 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).

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

- 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.

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

- 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.

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

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

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

- 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).

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

- 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.

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

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

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

- 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.

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

- 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.

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

2) Board or Finance Committee

No exceptions in year one of testing cycle. Not required to test in current year.

- 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 that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month 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.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

No exceptions in year one of testing cycle. Not required to test in current year.

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:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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).

Obtained a listing of deposit sites from management and representation that the listing is complete.

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

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

Employees responsible for cash collections do share a cash drawer; however, collections are reconciled at the end of the day by an employee who did not collect the cash.

- 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;

The town clerk is responsible for both the collection of cash and the preparation of bank deposits. The town treasurer is responsible for cash collection and reconciling cash to collection documentation.

- 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

The town clerk is responsible for collecting cash and posting collection entries to the general ledger.

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

The employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash; however, the town treasurer verifies the reconciliation.

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

Employees who have access to cash are covered by the bond or insurance policy for theft.

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

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

Observed that receipts are sequentially pre-numbered.

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

Traced receipts or collection documentation to the deposit slip with no exceptions.

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

Traced the deposit slip total to the actual deposit per the bank statement with no exceptions.

- 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).

Observed that deposits were made within one business day of receipt at the collection location.

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

Traced the actual deposit per the bank statement to the general ledger noting no exceptions.

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

No exceptions in year one of testing cycle. Not required to test in current year.

- 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).
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by 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.

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

No exceptions in year one of testing cycle. Not required to test in current year.

- 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.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #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.

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

No exceptions in year one of testing cycle. Not required to test in current year.

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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

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

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
No exceptions were found as a result of this procedure.
- 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);
Observed that the contract was approved by the board.
- 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
Observed that the amendments were approved by the board.

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.

Randomly selected one payment from the contracts selected and observed that the invoice agreed to the terms and conditions of the contract.

9) Payroll and Personnel

No exceptions in year one of testing cycle. Not required to test in current year.

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

10) Ethics

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

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

All employees selected for testing have documentation to demonstrate that the required hour of ethics training was completed during the calendar year.

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.

There were no changes made to the entity's ethics policy during the fiscal period.

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

An ethics designee has been appointed.

11) Debt Service

No exceptions in year one of testing cycle. Not required to test in current year.

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

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

12) Fraud Notice

No exceptions in year one of testing cycle. Not required to test in current year.

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.

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.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

A. 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.

B. 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.

C. 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.

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

We performed the procedure and discussed the results with management.

E. 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. 42:1267. 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) 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.

All employees selected for testing have documentation demonstrating the completion of required sexual harassment training during the calendar year.

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).

Observed that the entity has posted its sexual harassment policy and complaint procedure on the entity's premises.

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

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Management prepared the annual sexual harassment report; stating that there were no sexual harassment complaints.

Management's Response

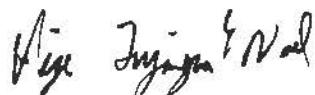
Management of the Town of Leonville, Louisiana concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by Town of Leonville, Louisiana to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, 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 Town of Leonville, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



Vige, Tujague & Noel
Eunice, Louisiana
November 5, 2025