

**TOWN OF LEONVILLE, LOUISIANA**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2018**



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INDEPENDENT AUDITOR'S REPORT

The Honorable Joel Lanclos, Jr., Mayor,  
and Members of the Board of Alderman  
Town of Leonville, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leonville, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leonville, Louisiana, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

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

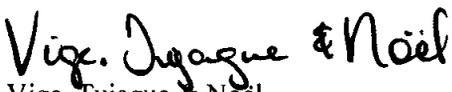
### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Leonville, Louisiana's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 basic financial statements.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the Town of Leonville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Leonville, Louisiana's internal control over financial reporting and compliance.



Vige, Tujague & Noël

Eunice, Louisiana

December 20, 2018

## **BASIC FINANCIAL STATEMENTS**

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

TOWN OF LEONVILLE, LOUISIANA  
Statement of Net Position  
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 24,040	\$ 155,095	\$ 179,135
Receivables, net	16,439	183,044	199,483
Unbilled receivables	-	56,593	56,593
Grant receivables	-	-	-
Prepaid insurance	14,909	37,895	52,804
Other assets	1,879	258	2,137
Total current assets	<u>57,267</u>	<u>432,885</u>	<u>490,152</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	-	326,506	326,506
Capital assets, net	1,890,257	11,831,175	13,721,432
Total noncurrent assets	<u>1,890,257</u>	<u>12,157,681</u>	<u>14,047,938</u>
Total assets	<u>1,947,524</u>	<u>12,590,566</u>	<u>14,538,090</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>83,709</u>	<u>185,329</u>	<u>269,038</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	8,249	62,245	70,494
Current portion of notes payable	-	84,900	84,900
Total current liabilities	<u>8,249</u>	<u>147,145</u>	<u>155,394</u>
Noncurrent liabilities:			
Customers deposits payable	-	18,980	18,980
Notes payable	-	5,767,244	5,767,244
Net pension liability	267,888	490,767	758,655
Total noncurrent liabilities	<u>267,888</u>	<u>6,276,991</u>	<u>6,544,879</u>
Total liabilities	<u>276,137</u>	<u>6,424,136</u>	<u>6,700,273</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>26,788</u>	<u>23,031</u>	<u>49,819</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,890,257	5,979,031	7,869,288
Restricted for debt service	-	326,506	326,506
Unrestricted	<u>(161,949)</u>	<u>23,191</u>	<u>(138,758)</u>
Total net position	<u>\$ 1,728,308</u>	<u>\$ 6,328,728</u>	<u>\$ 8,057,036</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, 2018

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	\$ 74,027	\$ -	\$ -	\$ -	\$ (74,027)	\$ -	\$ (74,027)
Public safety:							
Police	172,694	32,823	6,700	-	(133,171)	-	(133,171)
Streets	71,656	-	-	220,459	148,803	-	148,803
Total governmental activities	<u>318,377</u>	<u>32,823</u>	<u>6,700</u>	<u>220,459</u>	<u>(58,395)</u>	<u>-</u>	<u>(58,395)</u>
Business-type activities:							
Gas	88,781	65,318	-	-	-	(23,463)	(23,463)
Water	1,109,348	1,379,248	-	-	-	269,900	269,900
Sewer	282,438	87,024	-	-	-	(195,414)	(195,414)
Interest	254,533	-	-	-	-	(254,533)	(254,533)
Total business-type activities	<u>1,735,100</u>	<u>1,531,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(203,510)</u>	<u>(203,510)</u>
Total	<u>\$ 2,053,477</u>	<u>\$ 1,564,413</u>	<u>\$ 6,700</u>	<u>\$ 220,459</u>	<u>(58,395)</u>	<u>(203,510)</u>	<u>(261,905)</u>
General revenues:							
Taxes –							
Franchise and chain store taxes							
					69,747	-	69,747
Licenses and permits							
					27,405	-	27,405
Intergovernmental							
					63,890	-	63,890
Interest and investment earnings							
					15	666	681
Nonemployer pension contributions							
					5,591	14,616	20,207
Miscellaneous							
					10,201	22,914	33,115
Capital contributions							
					-	107,716	107,716
Transfers							
					115,000	(115,000)	-
Total general revenues and transfers							
					<u>291,849</u>	<u>30,912</u>	<u>322,761</u>
Changes in net assets							
					233,454	(172,598)	60,856
Net position - June 30, 2017							
					1,494,854	6,501,326	7,996,180
Net position - June 30, 2018							
					<u>\$ 1,728,308</u>	<u>\$ 6,328,728</u>	<u>\$ 8,057,036</u>

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, 2018

	General Fund
<b>ASSETS</b>	
Cash	\$ 24,040
Receivables	
Franchise fees receivable	10,946
Grants receivable	2,500
Intergovernmental receivable	2,993
Prepaid insurance	14,909
Other assets	1,879
Total assets	\$ 57,267
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts payable	\$ 3,448
Accrued liabilities	4,801
Due to other funds	-
Total liabilities	8,249
Fund balances:	
Unassigned	49,018
Total fund balance	49,018
Total liabilities and fund balance	\$ 57,267

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, 2018

Total fund balances for governmental funds at June 30, 2018		\$ 49,018
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 \$96,665 accumulated depreciation	98,188	
Infrastructure, net of \$227,967 accumulated depreciation	1,749,413	
Equipment & other, net of \$95,007 accumulated depreciation	<u>33,744</u>	1,890,257
Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds		<u>(210,967)</u>
Total net position of governmental activities at June 30, 2018		<u>\$ 1,728,308</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  
Year Ended June 30, 2018

Revenues:	
Licenses and permits	\$ 27,405
Franchise fees	69,747
Fines and forfeits	32,823
Intergovernmental	291,049
Miscellaneous	10,216
Total revenues	<u>431,240</u>
Expenditures:	
Current –	
General government	67,266
Public safety:	
Police	186,872
Streets and drainage	14,370
Capital outlay	274,476
Total expenditures	<u>542,984</u>
Excess (deficiency) of revenues over expenditures	<u>(111,744)</u>
Other financing sources (uses):	
Operating transfers in	<u>115,000</u>
Total other financing sources (uses)	<u>115,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,256
Fund balance, beginning	<u>45,762</u>
Fund balances, ending	<u><u>\$ 49,018</u></u>

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

TOWN OF LEONVILLE, LOUISIANA  
 Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2018

Total net changes in fund balances at June 30, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 3,256
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	\$ 274,476	
Depreciation expense for the year ended June 30, 2018	<u>(65,415)</u>	209,061
Net effect of pension liability recognition		<u>21,137</u>
Total changes in net position at June 30, 2018 per Statement of Activities		<u><u>\$ 233,454</u></u>

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

TOWN OF LEONVILLE, LOUISIANA  
Proprietary Funds  
June 30, 2018

ASSETS	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Cash	\$ 7,908	\$ 104,917	\$ 42,270	\$ 155,095
Receivables:				
Accounts receivable	7,592	164,327	11,125	183,044
Unbilled receivables	1,202	52,671	2,720	56,593
Restricted assets				
Cash and cash equivalents	20,902	233,525	72,079	326,506
Prepaid insurance	3,787	28,408	5,700	37,895
Utility property plant and equipment	597,393	10,023,292	6,156,804	16,777,489
Accumulated depreciation	(448,373)	(2,459,398)	(2,038,543)	(4,946,314)
Due from others	-	-	258	258
Due from other funds	-	3,040	772	3,812
Total assets	<u>190,411</u>	<u>8,150,782</u>	<u>4,253,185</u>	<u>12,594,378</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>5,797</u>	<u>178,243</u>	<u>1,289</u>	<u>185,329</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,073	33,804	6,646	41,523
Accrued liabilities	221	15,300	-	15,521
Due to other funds	3,812	-	-	3,812
Accrued interest payable	-	2,305	2,896	5,201
Current portion of notes payable	-	60,205	24,696	84,900
Total current liabilities	<u>5,106</u>	<u>111,614</u>	<u>34,238</u>	<u>150,957</u>
Noncurrent liabilities:				
Payable from restricted assets-				
Customers' deposits	18,980	-	-	18,980
Notes payable	-	4,852,478	914,765	5,767,244
Net pension liability	12,920	474,087	3,760	490,767
Total noncurrent liabilities	<u>31,900</u>	<u>5,326,565</u>	<u>918,525</u>	<u>6,276,991</u>
Total liabilities	<u>37,006</u>	<u>5,438,179</u>	<u>952,763</u>	<u>6,427,948</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>60</u>	<u>21,037</u>	<u>1,934</u>	<u>23,031</u>
NET POSITION				
Investment in general fixed assets, net of related debt	149,020	2,651,211	3,178,800	5,979,031
Restricted for debt service	-	233,525	72,079	305,604
Unrestricted	10,122	(14,927)	48,898	44,093
Total net position	<u>\$ 159,142</u>	<u>\$ 2,869,809</u>	<u>\$ 3,299,777</u>	<u>\$ 6,328,728</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, 2018

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Operating revenues:				
Charges for services –				
Gas sales	\$ 65,318	\$ -	\$ -	\$ 65,318
Water sales	-	1,339,737	-	1,339,737
Sewer service charges	-	-	87,024	87,024
Penalties and late fees	-	39,511	-	39,511
Miscellaneous revenues	1,466	15,519	5,929	22,914
Total operating revenues	<u>66,784</u>	<u>1,394,767</u>	<u>92,953</u>	<u>1,554,504</u>
Operating expenses:				
Cost of sales and services	32,218	-	-	32,218
General and administrative	40,709	910,764	139,563	1,091,036
Depreciation	15,854	198,584	142,875	357,313
Total operating expenses	<u>88,781</u>	<u>1,109,348</u>	<u>282,438</u>	<u>1,480,567</u>
Operating income	<u>(21,997)</u>	<u>285,419</u>	<u>(189,485)</u>	<u>73,937</u>
Nonoperating revenues (expenses):				
Interest income	63	463	140	666
Interest expense	-	(211,630)	(42,903)	(254,533)
Nonemployer pension contributions	438	13,155	1,023	14,616
Total nonoperating revenues (expenses)	<u>501</u>	<u>(198,012)</u>	<u>(41,740)</u>	<u>(239,251)</u>
Income before contributions and transfers	<u>(21,496)</u>	<u>87,407</u>	<u>(231,225)</u>	<u>(165,314)</u>
Operating contributions and transfers:				
Capital contributions	-	60,938	46,778	107,716
Operating transfers in	-	-	132,198	132,198
Operating transfers out	(25,000)	(222,198)	-	(247,198)
Total operating contributions and transfers	<u>(25,000)</u>	<u>(161,260)</u>	<u>178,976</u>	<u>(7,284)</u>
Change in net position	(46,496)	(73,853)	(52,249)	(172,598)
Net position, beginning	<u>205,638</u>	<u>2,943,662</u>	<u>3,352,026</u>	<u>6,501,326</u>
Net position, ending	<u>\$ 159,142</u>	<u>\$ 2,869,809</u>	<u>\$ 3,299,777</u>	<u>\$ 6,328,728</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, 2018

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers	\$ 63,284	\$1,337,011	\$ 83,023	\$1,483,318
Payments to suppliers	(66,057)	(321,645)	(189,408)	(577,110)
Payments to employees	(10,342)	(575,648)	(46,486)	(632,476)
Other receipts	1,466	15,519	5,929	22,914
Net cash provided (used) by operating activities	<u>(11,649)</u>	<u>455,237</u>	<u>(146,942)</u>	<u>296,646</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	-	-	132,198	132,198
Nonemployer pension contributions	438	13,155	1,023	14,616
Cash paid to other funds	<u>(25,000)</u>	<u>(222,198)</u>	<u>-</u>	<u>(247,198)</u>
Net cash provided (used) by noncapital financing activities	<u>(24,562)</u>	<u>(209,043)</u>	<u>133,221</u>	<u>(100,384)</u>
Cash flows from capital and related financing activities:				
Principal paid on debt	-	(57,780)	(23,608)	(81,388)
Interest paid on debt	-	(211,657)	(42,856)	(254,513)
(Increase) decrease in grant receivables	-	-	97,077	97,077
Proceeds from meter deposits (net)	2,100	-	-	2,100
Contributed capital	-	60,938	46,778	107,716
Acquisition of property, plant and equipment	<u>-</u>	<u>(122,966)</u>	<u>(55,250)</u>	<u>(178,216)</u>
Net cash provided (used) by capital and related financing activities	<u>2,100</u>	<u>(331,465)</u>	<u>22,141</u>	<u>(307,224)</u>
Cash flows from investing activities:				
Interest on investments	<u>63</u>	<u>463</u>	<u>140</u>	<u>666</u>
Net cash provided by investing activities	<u>63</u>	<u>463</u>	<u>140</u>	<u>666</u>
Net increase (decrease) in cash and cash equivalents	(34,048)	(84,808)	8,560	(110,296)
Cash and cash equivalents, beginning of period	<u>62,858</u>	<u>423,250</u>	<u>105,789</u>	<u>591,897</u>
Cash and cash equivalents, end of period	<u>\$ 28,810</u>	<u>\$ 338,442</u>	<u>\$ 114,349</u>	<u>\$ 481,601</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, 2018

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash used by operating activities:				
Operating income	\$ (21,997)	\$ 285,419	\$ (189,485)	\$ 73,937
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	15,854	198,584	142,875	357,313
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	(2,067)	(34,243)	(3,883)	(40,193)
(Increase) decrease in unbilled receivables	33	(7,994)	140	(7,821)
(Increase) decrease in prepaid insurance	(955)	(9,304)	(4,325)	(14,584)
(Increase) decrease in due from others	-	-	(258)	(258)
Increase (decrease) in accounts payable	(3,372)	(3,279)	(93,690)	(100,341)
Increase (decrease) in accrued liabilities	133	4,401	-	4,534
Increase (decrease) in net pension liability	722	21,653	1,684	24,059
	<u>722</u>	<u>21,653</u>	<u>1,684</u>	<u>24,059</u>
Net cash provided (used) by operating activities	<u>\$ (11,649)</u>	<u>\$ 455,237</u>	<u>\$ (146,942)</u>	<u>\$ 296,646</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning of period –				
Cash – unrestricted	\$ 44,083	\$ 171,703	\$ 13,191	\$ 228,977
Cash – restricted	<u>18,775</u>	<u>251,547</u>	<u>92,598</u>	<u>362,920</u>
Total cash and cash equivalents	<u>62,858</u>	<u>423,250</u>	<u>105,789</u>	<u>591,897</u>
Cash and cash equivalents, end of period –				
Cash – unrestricted	7,908	104,917	42,270	155,095
Cash – restricted	<u>20,902</u>	<u>233,525</u>	<u>72,079</u>	<u>326,506</u>
Total cash and cash equivalents	<u>28,810</u>	<u>338,442</u>	<u>114,349</u>	<u>481,601</u>
Net increase (decrease)	<u>\$ (34,048)</u>	<u>\$ (84,808)</u>	<u>\$ 8,560</u>	<u>\$ (110,296)</u>

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

TOWN OF LEONVILLE, LOUISIANA  
Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

The following is a summary of certain significant accounting policies:

A. Financial reporting Entity

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

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

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

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

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

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

The major funds of the Town are described below:

Governmental Fund –

General Fund

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

Proprietary Fund

Enterprise Fund

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

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

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

#### Basis of Accounting

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

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

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

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

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

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

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

Bad debts are written off when accounts became worthless.

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

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

Program revenues

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

Allocation of indirect expenses

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

D. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at their estimated fair value on the date donated. Estimated amounts are immaterial in relation to total fixed assets. The town maintains a threshold level of \$100 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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.

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

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. Any budgetary revisions require the approval of the Mayor and Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year and June 30, 2018.

F. Encumbrances

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

G. Cash and Cash Equivalents

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

H. Interest-bearing Deposits

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

I. Statement of Cash Flows

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

J. Short Term Interfund Receivables / Payables

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

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

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items.

L. Vacation and Sick Leave

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Therefore, no liability has been recorded in the financial statements as of June 30, 2018.

M. Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits. At June 30, 2018, there was \$326,506 restricted for debt service.

N. Long-term Debt

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

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

O. Equity Classifications

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

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

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

- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

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

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

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

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

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

P. Revenues, Expenditures, and Expenses

Operating (Nonoperating) Revenues and Expenses

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

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

Expenditures/Expenses

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

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

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

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

Interfund Transfers

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

Q. Capitalization of Interest Expense

It is the policy of the Town of Leonville to capitalize material amounts of interest resulting from borrowing in the course of the construction of fixed assets. At June 30, 2018 the amount of interest capitalized for construction of assets in the Utility Fund totaled \$0.

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.

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.

(2) Deposits with Financial Institutions

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

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

*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, 2018, the Town has cash and cash equivalents (book balances) totaling \$505,601 as follows:

Demand deposits	\$ 353,824
Other	151,777
Total	\$ 505,601

Deposit balances (bank balances) at June 30, 2018, are secured as follows:

Bank balances	\$ 529,630
Federal deposit	\$ 250,000
Pledged securities	287,004
Total	537,004
Excess/(Shortage)	\$ 7,374

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

(3) Restricted Assets

Restricted Assets were applicable to the following at June 30, 2018.

Gas Fund	
Meter Deposits	\$ 20,902
Sewer Fund	
Bond Reserve Fund	55,853
Depreciation and Contingency Fund	16,226
Water Fund	
Contingency Fund	30,772
Debt Service Reserve	49,462
Sinking Fund	1,512
Depreciation Short Lived Assets	151,779
Total Restricted Assets	\$ 326,506

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

(4) Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 8,912	\$ -	\$ -	\$ 8,912
Other capital assets:				
Buildings	194,853	-	-	194,853
Infrastructure	1,734,899	242,481	-	1,977,380
Equipment	122,523	31,995	(25,767)	128,751
Totals	2,061,187	274,476	(25,767)	2,309,896
Less accumulated depreciation				
Buildings	91,101	5,564	-	96,665
Infrastructure	170,681	57,286	-	227,967
Equipment	118,209	2,565	(25,767)	95,007
Total accumulated depreciation	379,991	65,415	(25,767)	419,639
Governmental activities, capital assets, net	\$ 1,681,196	\$ 209,061	\$ -	\$ 1,890,257
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 74,860	\$ -	\$ -	\$ 74,860
Construction in progress	279,146	-	(279,146)	-
Other capital assets:				
Utility system and extensions	15,762,147	422,667	-	16,184,814
Machinery and equipment	483,121	34,694	-	517,815
Totals	16,599,274	457,361	(279,146)	16,777,489
Less accumulated depreciation				
Utility system and extensions	4,136,039	343,297	-	4,479,336
Machinery and equipment	452,962	14,016	-	466,978
Total accumulated depreciation	4,589,001	357,313	-	4,946,314
Business type activities, capital assets, net	\$ 12,010,273	\$ 100,048	\$ (279,146)	\$ 11,831,175
Depreciation expense was charged to governmental activities as follows:				
General governmental			\$ 5,564	
Police			2,565	
Streets			57,286	
Total depreciation expense			\$ 65,415	
Depreciation expense was charged to business-type activities as follows:				
Gas			\$ 15,854	
Water			198,584	
Sewer			142,875	
Total depreciation expense			\$ 357,313	

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

(5) Changes in Long-Term Debt

The following is a summary of debt transactions in the proprietary fund of the Town of Leonville, Louisiana for the year ended June 30, 2018:

	Payable at July 1, 2017	Additions	Retirements	Payable at June 30, 2018
Notes payable	\$ 5,933,532	\$ -	\$ (81,388)	\$ 5,852,144
	\$ 5,933,532	\$ -	\$ (81,388)	\$ 5,852,144

Notes payable at June 30, 2018 is comprised of the following individual issues:

\$1,104,000 Sewer Notes Payable dated 01/05/01; due in monthly installments of \$5,012.16, which includes interest, maturing on 01/05/41; interest at 4 1/2% per annum	\$ 850,135
\$116,000 Sewer Notes Payable dated 01/05/01; due in monthly installments of \$526.64, which includes interest, maturing on 01/05/41; interest at 4 1/2% per annum	89,326
\$4,839,000 Water Notes Payable dated 10/16/14; due in monthly installments of \$21,582, which includes interest, maturing on 10/16/54; interest at 4.375% per annum	4,666,438
\$260,000 Water Notes Payable dated 10/16/14; due in monthly installments of \$871, which includes interest, maturing on 10/16/54; interest at 2.5% per annum	246,245
Total Notes Payable	5,852,144
Less Current Portion	84,900
Notes Payable	\$ 5,767,244

Sewer Debt Reserve Requirements

All principal and interest requirements are funded in accordance with Louisiana law. The Town is required to deposit monthly into each a Sewer Debt Reserve Fund and a Sewer Depreciation and Contingency Fund the amounts of \$277 and \$277, respectively. These monthly deposits shall continue until a sum of \$66,466 has been accumulated in the Sewer Debt Reserve Fund; thereafter, all payments are to be made into the Sewer Depreciation and Contingency Fund. At June 30, 2018, the Town has accumulated \$55,853 in the Sewer Debt Reserve Fund and \$16,226 in the Sewer Depreciation and Contingency Fund. Distributions totaling \$40,000 were taken out of the Depreciation and Contingency Fund for capital expenditures.

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

The annual requirements to amortize all sewer debt outstanding as of June 30, 2018 are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
2019	66,466	24,696	41,770
2020	66,466	25,830	40,636
2021	66,466	27,017	39,449
2022	67,466	28,258	39,208
2023	66,466	29,556	36,910
2024-2028	332,328	169,438	162,890
2029-2033	332,328	212,102	120,226
2034-2038	332,328	265,508	66,820
2039-2041	166,355	157,056	9,298
	<u>1,496,667</u>	<u>939,461</u>	<u>557,206</u>

Water Debt Reserve Requirements

The Town received a loans from the USDA Rural Development for \$4,839,000 and \$260,000 for water system improvements. The USDA Rural Developments Letter of Conditions as amended January 3, 2013 required the Town to establish a Depreciation Reserve of Short Lived Assets in the amount of \$89,580 and additional monthly deposits of \$2,200 until the fund accumulates a minimum balance of \$277,670. In addition, the Town is required to deposit monthly into each, a Water Debt Reserve Fund and a Water Depreciation and Contingency Fund, the amounts of \$1,122.65 and \$1,122.65 respectively. Monthly deposits shall continue until the sum of \$269,436 is accumulated in the Water Debt Reserve Fund; thereafter, all payments are to be deposited into the Water Depreciation and Contingency Fund. At June 30, 2018, the Town has accumulated \$151,779 in the Depreciation Reserve of Short Lived Assets Fund, \$49,462 in the Water Debt Reserve Fund and \$30,772 in the Water Depreciation and Contingency Fund. Distributions totaling \$34,695 were taken out of the Depreciation Reserve for Short Lived Assets Fund for capital expenditures.

The annual requirements to amortize all water debt outstanding as of June 30, 2018 are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
2019	269,427	60,205	209,222
2020	269,427	62,810	206,617
2021	269,427	65,529	203,898
2022	269,427	68,367	201,060
2023	269,427	71,330	198,097
2024-2028	1,347,135	405,849	941,286
2029-2033	1,347,135	502,066	845,069
2034-2038	1,347,135	621,387	725,748
2039-2043	1,347,135	769,401	577,734
2044-2048	1,347,135	953,052	394,083
2049-2053	1,347,135	1,180,973	166,162
2054-2055	154,072	151,716	2,357
	<u>\$ 9,584,017</u>	<u>\$ 4,912,683</u>	<u>\$ 4,671,334</u>

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

Interest expense totaled \$254,533 and is included in business type activities as a water and sewer department expense. Interest expense incurred in the water department totaled \$211,630 and interest expense incurred in the sewer department totaled \$42,903. Interest capitalized for the year ended June 30, 2018 totaled \$0.

(6) Utility Customer Deposits

The accounts of the Town include a liability for utility customer deposits of \$18,980. As of June 30, 2018, the Town has a meter deposit account with a balance of \$20,902 specifically set aside for customer meter deposits.

(7) Pension Plans

Plan Descriptions

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

Plan Description- MERS

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

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

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

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

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

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

Benefits Provided:

Retirement Benefits- MERS

Any member of Plan B hired before January 1, 2013 may retire at any age with 30 years of creditable service or at age 60 with at least 10 years of creditable service. Any member of Plan B hired on or after January 1, 2013 may retire at age 67 with at least 7 years of creditable service, at age 62 with at least 10 years of creditable service, or at age 55 with at least 30 years of creditable service. Members hired on or after January 1, 2013 are also eligible to retire at any age with at least 25 years of creditable service, but their benefit will be actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any of the previously-mentioned provisions, if the member had continued in service to that age. Members are entitled to a retirement benefit, payable monthly for life, equal to 2% of the member's final compensation (defined below) multiplied by the member's years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

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

Deferred Retirement Options

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

Disability Benefits

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

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

Survivor's Benefit

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

Cost of Living Increases

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

Contributions:

The MERS employer contribution rates are established annually under La R.S 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. For the year ending June 30, 2018 the employer contribution rate for MERS Plan B was 13.25%. Employer contributions to MERS was \$60,646, for the year ended June 30, 2018. 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, 2018, the Town of Leonville recognized revenue as a result of support received from non-employer contributing entities of \$15,069 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, 2018, the Town of Leonville reported a liability for MERS of \$523,676, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Town of Leonville's proportion of the net pension liability for the retirement system was based on a projection of the Town of Leonville's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town of Leonville's proportion for MERS was 0.605243%. This reflects an increase for MERS 0.020936% from its proportion measured as of June 30, 2016.

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

For the year ended June 30, 2018, 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	\$ 100,518	\$ 523,676

At June 30, 2017, 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	\$ 2,742	\$ (11,368)
Changes in assumptions	23,058	-
Net difference between projected and actual earnings on pension plan investments	110,336	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,803	(6,541)
Employer contributions subsequent to measurement date	60,646	-
Total	\$ 209,585	\$ (17,909)

During the year ended June 30, 2017, employer contributions totaling \$60,646 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, 2018. 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>
2018	\$ 51,139
2019	41,639
2020	29,577
2021	4,963
Total	\$ 127,318

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of MERS employers as of June 30, 2016 are as follows:

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

	2016 MERS Plan B	2017 MERS Plan B
Total Pension Liability	\$ 1,321,074	\$ 1,434,373
Plan Fiduciary Net Position	(836,737)	(910,697)
Total Net Pension Liability	\$ 484,337	\$ 523,676
Plan Fiduciary Net Position % of Total Pension Liability	63.33%	63.49%

The Town of Leonville's allocation is 0.605243% of the Total Net Pension Liability for MERS.

The total pension liabilities for MERS in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	MERS
Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years for Plan B
Investment rate of return	7.4%, net of investment expense
Inflation rate	2.775%
Projected salary increases	5.00%
Cost of living adjustments	None
Mortality	RP-2000 Employee Table for active members; RP-2000 Healthy annuitants; RP-2000 Disabled Lives Mortality Tables for disabled annuitants

The MERS actuarial assumptions used were based on the results of an experience study for the period July 1, 2009 through June 30, 2014.

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 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 7.4% for the year ended June 30, 2017.

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, 2017 are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	50%	2.30%
Fixed Income	35%	1.60%
Alternatives	15%	0.70%
Other	0%	0.00%
Total	100%	4.60%
Inflation		2.60%
Expected Nominal Return		7.20%

Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.40%. 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 7.40% 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 (6.40% for MERS) or one percentage-point higher (8.40% for MERS) than the current rate:

	1% <u>Decrease</u>	Current <u>Discount Rate</u>	1% <u>Increase</u>
MERS	\$ 677,578	\$ 523,676	\$ 392,342

Changes in Pension Liability

The changes in the net pension liability for the year ended June 30, 2017 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, 2017 in the amount of \$11,368.

*Differences between Projected and Actual Investment Earnings:*

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

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, 2017 in the amount of \$110,336.

*Changes in Proportion:*

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

Contributions – Proportionate Share

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

Municipal Police Employees' Retirement System

Plan Description

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

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

Membership Prior to January 1, 2013

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

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

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

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

Membership Commencing January 1, 2013

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

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

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

Cost of Living Adjustments

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

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

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

Deferred Retirement Option Plan

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

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

money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

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

Initial Benefit Option Plan

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

Funding Policy – State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The Town is required to contribute 30.75 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the evaluation for the prior fiscal year.

The Town's contributions to the System for the year ended June 30, 2018 was \$21,918, 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, 2017, the Town reported a liability of \$234,979 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2017 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, 2017, the Town's proportion was 0.026915%, which was an increase of 0.001572% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$5,175.

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 \$5,138 of non-employer contribution revenue.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,539	\$ (1,806)
Changes in assumptions	16,720	-
Net difference between projected and actual earnings on pension plan investments	10,287	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,989	(30,104)
Employer contributions subsequent to measurement date	21,918	-
Total	\$ 59,453	\$ (31,910)

The Town reported a total of \$21,918 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017 which will be recognized as a reduction in net pension liability in the year ended June 30, 2018.

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

Year Ended June 30:	MPERS
2019	\$ (11,571)
2020	10,987
2021	11,385
2022	(5,512)
Total	\$ 5,289

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, 2018 are as follows:

	2017	2018
Total Pension Liability	\$ 699,502	\$ 785,397
Plan Fiduciary Net Position	(461,967)	(550,418)
Total Collective Net Pension Liability	\$ 237,535	\$ 234,979
Plan Fiduciary Net Position % of Total Pension Liability	66.04%	70.08%

The actuarial assumptions used in the June 30, 2017 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

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

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017	
Actuarial cost method	Entry Age Normal Cost	
Expected remaining service lives	2017 - 4 years	
	2016 - 4 years	
	2015 - 4 years	
	2014 - 4 years	
Investment rate of return	7.325%, net of investment expense	
Inflation rate	2.700%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%

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

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.66%
Fixed Income	21%	0.52%
Alternative	20%	1.10%
Other	6%	0.16%
Totals	100%	5.44%
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>8.19%</u>

The discount rate used to measure the total pension liability was 7.325%. 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.

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

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.325%, 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 6.325% or one percentage point higher 8.325% than the current rate as of June 30, 2017.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 324,647	\$ 234,979	\$ 159,755

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2017 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, 2017 in the amount of \$1,806.

*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, 2017 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, 2017 in the amounts of:

	Deferred Outflows	Deferred Inflows
2016	\$ 11,549	\$ (14)
2017	16,720	-

*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

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

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.

(8) Segment Information for the Enterprise Fund

The Town of Leonville maintains three Enterprise funds which provide gas, water, and sewer services. Segment information for the year ended June 30, 2018, was as follows:

	Gas <u>Department</u>	Water <u>Department</u>	Sewer <u>Department</u>	Total Enterprise <u>Fund</u>
Operating revenues	\$ 66,784	\$ 1,394,767	\$ 92,953	\$ 1,554,504
Operating expenses	88,781	1,109,348	282,438	1,480,567
Operating income	<u>\$ (21,997)</u>	<u>\$ 285,419</u>	<u>\$ (189,485)</u>	<u>\$ 73,937</u>

(9) Compensation of Town Officials

A detail of compensation paid to the mayor and Board of Alderman for the year ended June 30, 2018, follows:

Joel Lanclos, Jr., Mayor	\$ 1,320
Nicholas Degueyter	1,320
Kerry Willingham	1,320
Brandon C. Herpin	1,320
Kirk Stelly	1,320
Benita Kennerson	1,320

(10) Federally Assisted Funds

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

(11) Concentration of Risks

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

(12) Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town’s deposits may not be returned or the Town will not be able to recover collateral securities in the possession

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

of an outside party. The Town's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMO 30.270 with the Town or trustee institution. The value of the securities must amount to the total of the Town's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2018, the Town's bank balances were fully secured or collateralized with securities held by the Town or by its agent in the Town's name.

(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, 2018, consist of the following:

From the Water Fund to the General Fund for operations	\$ 90,000
From the Water Fund to the Sewer Fund for operations	132,198
From the Gas Fund to the General Fund for operations	<u>25,000</u>
Total	<u>\$ 247,198</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) Evaluation of Subsequent Events

The Town has evaluated subsequent events through December 20, 2018, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF LEONVILLE, LOUISIANA  
General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2018

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Licenses and permits	\$ 27,200	\$ 27,106	\$ 27,405	\$ 299
Franchise fees	67,420	68,635	69,747	1,112
Fines and forfeits	26,600	33,247	32,823	(424)
Intergovernmental	355,950	290,853	291,049	196
Miscellaneous	7,560	10,057	10,216	159
Total revenues	<u>484,730</u>	<u>429,898</u>	<u>431,240</u>	<u>1,342</u>
<b>Expenditures:</b>				
<b>Current –</b>				
General government	53,764	55,906	67,266	(11,360)
Public safety:				
Police	221,100	199,115	186,872	12,243
Streets and drainage	13,250	13,934	14,370	(436)
Capital outlay	296,100	259,454	274,476	(15,022)
Total expenditures	<u>584,214</u>	<u>528,409</u>	<u>542,984</u>	<u>(14,575)</u>
Excess (deficiency) of revenues over expenditures	<u>(99,484)</u>	<u>(98,511)</u>	<u>(111,744)</u>	<u>(13,233)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	102,000	114,000	115,000	1,000
Total other financing sources (uses)	<u>102,000</u>	<u>114,000</u>	<u>115,000</u>	<u>1,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,516	15,489	3,256	(12,233)
Fund balances, beginning	<u>45,762</u>	<u>45,762</u>	<u>45,762</u>	<u>-</u>
Fund balances, ending	<u>\$ 48,278</u>	<u>\$ 61,251</u>	<u>\$ 49,018</u>	<u>\$ (12,233)</u>

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA  
General Fund  
Budgetary Comparison Schedule of Revenues  
Year Ended June 30, 2018

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Licenses and permits	\$ 27,200	\$ 27,106	\$ 27,405	\$ 299
Franchise fees	67,420	68,635	69,747	1,112
Fines and forfeits	26,600	33,247	32,823	(424)
Intergovernmental:				
State of Louisiana -				
Beer tax	1,150	1,166	1,186	20
Casino tax	30,700	30,028	30,204	176
On behalf payments	18,000	12,000	12,000	-
Grant revenue	306,100	247,659	247,659	-
Total intergovernmental	<u>355,950</u>	<u>290,853</u>	<u>291,049</u>	<u>196</u>
Miscellaneous	<u>7,560</u>	<u>10,057</u>	<u>10,216</u>	<u>159</u>
Total revenues	<u>\$ 484,730</u>	<u>\$ 429,898</u>	<u>\$ 431,240</u>	<u>\$ 1,342</u>

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA  
General Fund  
Budgetary Comparison Schedule of Expenditures  
Year Ended June 30, 2018

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
<b>General government:</b>				
Salaries	\$ 13,094	\$ 13,111	\$ 13,111	\$ -
Payroll taxes	1,080	1,002	2,918	(1,916)
Retirement and employee benefits	5,560	6,209	6,216	(7)
Accounting	2,200	4,143	3,858	285
Advertising	150	-	76	(76)
Due and subscriptions	380	381	381	-
Utilities	2,500	2,312	2,531	(219)
Insurance	17,000	17,341	26,620	(9,279)
Supplies	4,100	4,787	4,532	255
Telephone	2,200	2,612	2,615	(3)
Miscellaneous	5,500	4,008	4,408	(400)
Total general government	<u>53,764</u>	<u>55,906</u>	<u>67,266</u>	<u>(11,360)</u>
<b>Public safety:</b>				
Police department -				
Salaries	147,860	132,782	133,025	(243)
Payroll taxes	5,660	5,579	3,437	2,142
Retirement and employee benefits	28,080	25,807	25,538	269
Automobile expense	23,000	14,585	15,207	(622)
Supplies	1,600	1,805	2,394	(589)
Uniforms	500	854	1,071	(217)
Insurance	11,000	14,228	2,692	11,536
Miscellaneous	3,400	3,475	3,508	(33)
Total police department	<u>221,100</u>	<u>199,115</u>	<u>186,872</u>	<u>12,243</u>
<b>Streets and drainage:</b>				
Street materials	2,000	2,367	2,321	46
Street lighting	11,000	10,691	11,173	(482)
Miscellaneous	250	876	876	-
Total streets and drainage	<u>13,250</u>	<u>13,934</u>	<u>14,370</u>	<u>(436)</u>
<b>Capital outlay:</b>				
Equipment & buildings	296,100	259,454	274,476	(15,022)
Total expenditures	<u>\$ 584,214</u>	<u>\$ 528,409</u>	<u>\$ 542,984</u>	<u>\$ (14,575)</u>

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA  
Schedule of Employer's Proportionate Share of Net Pension Liability  
Year Ended June 30, 2018

	Fiscal Year	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of It's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
MERS	2015	0.592369	\$ 238,144	\$ 490,736	48.52%	76.94%
MERS	2016	0.619489	\$ 421,034	\$ 429,920	98.06%	68.71%
MERS	2017	0.584307	\$ 484,337	\$ 449,248	107.81%	63.33%
MERS	2018	0.605243	\$ 523,676	\$ 457,662	114.42%	63.49%
MPERS	2015	0.03866	\$ 278,115	\$ 73,615	377.80%	75.10%
MPERS	2016	0.028543	\$ 223,605	\$ 70,990	315.98%	70.73%
MPERS	2017	0.025343	\$ 237,535	\$ 80,350	295.63%	66.04%
MPERS	2018	0.026915	\$ 234,979	\$ 71,278	329.67%	70.08%

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

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

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA  
Schedule of Employer's Pension Contribution  
Year Ended June 30, 2018

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percent of Covered Employee Payroll
MERS	2015	\$ 46,620	\$ 46,620	\$ -	\$ 490,736	9.50%
MERS	2016	\$ 40,782	\$ 40,782	\$ -	\$ 429,290	9.50%
MERS	2017	\$ 49,417	\$ 49,417	\$ -	\$ 449,248	11.00%
MERS	2018	\$ 60,646	\$ 60,646	\$ -	\$ 457,662	13.25%
MPERS	2015	\$ 23,816	\$ 23,816	\$ -	\$ 73,615	31.50%
MPERS	2016	\$ 20,942	\$ 20,942	\$ -	\$ 70,990	29.50%
MPERS	2017	\$ 25,511	\$ 25,511	\$ -	\$ 80,350	31.75%
MPERS	2018	\$ 21,918	\$ 21,918	\$ -	\$ 71,278	30.75%

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

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA  
Notes to Required Supplementary Information

Note 1. Legal Compliance - Budgets

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

1. The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than 30 days prior to the beginning of each fiscal year. Revenues are budgeted by source. Expenditures are budgeted by department and class.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year and June 30, 2018.

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations. The following individual fund had actual expenditures in excess of appropriations for the year ended June 30, 2018:

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
General Fund	<u>\$667,730</u>	<u>\$576,373</u>	<u>\$584,327</u>	<u>\$(7,954)</u>

Note 3. Pension Plan – Changes of Assumptions

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. There were no changes of benefit terms for the year ended June 30, 2018.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LEONVILLE, LOUISIANA  
Enterprise Funds  
Schedule of Operating Expenses  
Year Ended June 30, 2018

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating expenses:				
Salaries	\$ 8,428	\$ 440,094	\$ 35,183	\$ 483,705
Payroll taxes	664	32,747	2,655	36,066
Retirement and employee benefits	2,105	128,861	10,332	141,298
Gas purchases	32,218	-	-	32,218
Insurance	7,066	50,209	10,577	67,852
Accounting and auditing	208	9,921	4,150	14,279
Engineering fees	-	400	503	903
Office supplies	-	2,488	-	2,488
Computer expense	-	13,021	-	13,021
Repairs and maintenance	2,150	99,787	29,823	131,760
Auto expenses and travel	-	32,732	2,654	35,386
Utilities	-	57,529	29,738	87,267
Telephone	-	7,662	2,568	10,230
Advertising	-	161	45	206
Uniforms	-	7,545	-	7,545
Bad debts	-	1,492	-	1,492
Miscellaneous	20,088	26,115	11,335	57,538
Depreciation	15,854	198,584	142,875	357,313
Total operating expenses	<u>\$ 88,781</u>	<u>\$ 1,109,348</u>	<u>\$ 282,438</u>	<u>\$ 1,480,567</u>

**COMPLIANCE, INTERNAL CONTROL  
AND  
OTHER INFORMATION**

**VIGE, TUJAGUE & NOEL**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2<sup>ND</sup> STREET  
P. O. BOX 1006  
EUNICE, LOUISIANA 70535

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

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

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

The Honorable Joel Lanclos, Jr., 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, 2018, and the related notes to the financial statements, which collectively comprise the Town of Leonville, Louisiana's basic financial statements and have issued our report thereon dated December 20, 2018.

**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 #2018-001 through #2018-002, which we consider to be significant deficiencies.

### **Compliance and Other Matters**

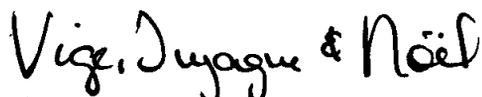
As part of obtaining reasonable assurance about whether Town of Leonville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items #2018-001 through #2018-002.

### **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  
December 20, 2018

TOWN OF LEONVILLE, LOUISIANA

Schedule of Findings and Responses

Year Ended June 30, 2018

We have audited the financial statements of Town of Leonville as of and for the year ended June 30, 2018, and have issued our report thereon dated December 20, 2018. 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, 2018, 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 X Yes \_\_\_ No

Compliance

Compliance Material to Financial Statement \_\_\_ Yes X No

b. Federal Awards

None reported.

**Section II. Financial Statement Findings**

#2018-001 – Segregation of Duties

Condition:	In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.
Criteria:	Segregation of conflicting duties within accounting functions is a basic internal control.
Cause:	Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to lack of resources, the Town is unable to implement a segregated system of internal control.
Effect:	Inadequate segregation of duties within the accounting functions.
Recommendation:	Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.
Response:	The Town does not believe that it would be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

TOWN OF LEONVILLE, LOUISIANA  
Schedule of Findings and Responses  
Year Ended June 30, 2018

#2018-002 – Payroll

- Condition: The Town has not accumulated the necessary documentation to establish unused vacation and sick leave for some employees.
- Criteria: The Town has a policy that grants vacation and sick leave based on time of service and allows for the accumulation of a maximum of 30 days of sick leave to be carried over. Vacation must be used during the year granted. Sick leave is not payable upon termination or retirement.
- Cause: No written verification of vacation and sick leave is being kept for all employees.
- Effect: The Town does not have records to support unused vacation and sick leave in case of employee departure or extended illness.
- Recommendation: Establish the necessary record keeping policies to keep track of all vacation and sick leave for all employees and maintain records in employee files.
- Response: The Town will establish the necessary record keeping to track vacation and sick leave for all employees and will reconstruct the amount of unused sick leave available at June 30, 2018 for each employee, to establish a beginning balance.

**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, 2018

#2017-001 – Segregation of Duties

Condition: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

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

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to lack of resources, the Town is unable to implement a segregated system of internal control.

Effect: Inadequate segregation of duties within the accounting functions.

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

Response: The Town does not believe that it would be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

Status: This finding has been repeated.

#2017-002 – Reserve Funds – Water Fund

Condition: The Town did not comply with the required reserve requirements as mandated by the USDA Rural Development.

Criteria: The loan agreement with USDA Rural Development required the Town to fund a Depreciation Reserve for Short Lived Assets Account with an initial deposit of \$89,580 and monthly deposits of \$2,200 to be made until the balance reaches \$277,670.

Cause: The initial funding was deposited into the Contingency and Depreciation Reserve account in error and has remained in that account.

Effect: This has caused the Depreciation Reserve for Short Lived Assets Account to be under funded in the amount of \$87,286.47 as of June 30, 2017.

Recommendation: We recommend that the Town transfer the necessary funds out of the Contingency and Depreciation Reserve and deposit them into the Depreciation Reserve for Short Lived Assets.

Response: The Town will make the necessary transfer of funds to be in compliance with the loan agreement.

Status: This finding has been cleared.

TOWN OF LEONVILLE, LOUISIANA  
Status of Prior Audit Findings  
Year Ended June 30, 2018

#2017-003 – Reserve Funds – Sewer Fund

- Condition: The Town did not comply with the required reserve requirements as mandated by the USDA Rural Development.
- Criteria: The loan agreement with USDA Rural Development requires that the Town fund a Contingency and Depreciation Fund by making monthly payments of \$276.94, until the fund reaches a balance of \$66,466.
- Cause: Payment of capital improvements in the amount of \$12,819 were made out of the Fund without prior approval of USDA and not replaced with the \$12,700 of grant funds that were received for these expenditures.
- Effect: This has caused the Contingency and Depreciation Fund Account to be under funded in the amount of \$8,875 as of June 30, 2017.
- Recommendation: We recommend that the Town seek prior approval for future uses of the Contingency and Depreciation Reserve Fund and that a transfer of the \$12,700 grant funds be made.
- Response: The Town will make the necessary transfer of funds to be in compliance with the loan agreement and will seek prior approval of any future expenditures out of the Contingency and Depreciation Funds.
- Status: This finding has been cleared.

#2017-004 – Payroll

- Condition: The Town has not accumulated the necessary documentation to establish unused vacation and sick leave for some employees.
- Criteria: The Town has a policy that grants vacation and sick leave based on time of service and allows for the accumulation of a maximum of 30 days of sick leave to be carried over. Vacation must be used during the year granted. Sick leave is not payable upon termination or retirement.
- Cause: No written verification of vacation and sick leave is being kept for all employees.
- Effect: The Town does not have records to support unused vacation and sick leave in case of employee departure or extended illness.
- Recommendation: Establish the necessary record keeping policies to keep track of all vacation and sick leave for all employees and maintain records in employee files.

TOWN OF LEONVILLE, LOUISIANA  
Status of Prior Audit Findings  
Year Ended June 30, 2018

Response: The Town will establish the necessary record keeping to track vacation and sick leave for all employees and will reconstruct the amount of unused sick leave available at June 30, 2017 for each employee, to establish a beginning balance.

Status: This finding has been repeated.

TOWN OF LEONVILLE, LOUISIANA  
Schedule of Mayor and Alderman  
Year Ended June 30, 2018

<u>Name</u>	<u>Office and Term</u>	<u>Compensation</u>
Joel Lanclos, Jr. P.O. Box 116 Leonville, LA 70551 337-879-2556	Mayor December 31, 2018	\$ 1,320
Nicholas Degueyter P.O. Box 442 Leonville, LA 70551 337-879-7026	Alderman December 31, 2018	1,320
Kerry Willingham P.O. Box 162 Leonville, LA 70551 337-879-2287	Alderman December 31, 2018	1,320
Brandon C. Herpin P.O. Box 375 Leonville, LA 70551 337-879-9507	Alderman December 31, 2018	1,320
Kirk Stelly P.O. Box 573 Leonville, LA 70551 337-879-2497	Alderman December 31, 2018	1,320
Benita Kennerson P.O. Box 354 Leonville, LA 70551 337-879-3236	Alderman December 31, 2018	1,320
		<u>\$ 7,920</u>

TOWN OF LEONVILLE, LOUISIANA  
 Schedule of Rates and Accounts Receivable  
 Year Ended June 30, 2018

The aging of accounts receivable for the sewer system and water system as of June 30, 2018 is as follows:

Amounts Receivable

<u>Days</u>	<u>(Sewer) Amounts</u>	<u>(Water) Amounts</u>
0-30	\$ 9,593	\$ 142,877
31-60	1,091	12,209
61-90	418	3,483
Over -90	23	5,758
	<u>\$ 11,125</u>	<u>\$ 164,327</u>
Residential Users -	460	2,796
Commercial Users -	12	12

As of June 30, 2018, the sewer rates were as follows (rate on actual water usage):

Residential \$10.50 for the first 2,000 gallons  
 \$ 1.50 per thousand or part thereof over 2,000 gallons and under 10,000 gallons  
 \$ .05 per thousand or part thereof over 10,000 gallons

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

Low Pressure Grinder Pump Rates \$9.50 for the first 2,000 gallons  
 \$1.50 per thousand or part thereof over 2,000 gallons and under 10,000 gallons  
 \$ .05 per thousand or part thereof over 10,000 gallons

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

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

\$10.50 for the first 2,000 gallons  
 \$ 1.50 per thousand or part thereof over 2,000 gallons and under 10,000 gallons  
 \$ .05 per thousand or part thereof over 10,000 gallons

As of June 30, 2018, the water rates were as follows:

Residential \$24.94 for the first 2,000 gallons  
 \$ 2.75 per thousand thereafter

Small Business \$24.94 for the first 2,000 gallons  
 \$ 2.75 per thousand thereafter

Commercial \$78.38 for the first 25,000 gallons  
 \$ 2.75 per thousand or part thereof over 25,000 gallons

TOWN OF LEONVILLE, LOUISIANA  
 Schedule of Insurance  
 Year Ended June 30, 2018

<u>Company</u>	<u>Policy Type</u>	<u>Policy Period</u>	<u>Coverage</u>
LA Municipal Risk Management	General Liability	12/19/17 - 12/19/18	\$ 500,000
	Law Enforcement		500,000
	Errors and Omissions		500,000
	Auto		500,000
	Workers Compensation	01/01/18 - 01/01/19	Legal limits
Risk Management Agency	Commercial Property	01/14/18 - 01/14/19	1,179,335
Lloyds of London	Auto Physical Damage	12/19/17 - 12/19/18	114,420
Hartford Fire Insurance Co.	Employee Theft	02/25/18 - 02/25/19	1,004,250

TOWN OF LEONVILLE, LOUISIANA  
Schedule of Compensation, Benefits and Other Payments  
to Agency Head or Chief Executive Officer  
Year Ended June 30, 2018

Joel Lanclos, Jr., Mayor  
Period: 12 Months

Salary	\$1,300
--------	---------

# TOWN OF LEONVILLE

P. O. BOX 57  
LEONVILLE, LOUISIANA 70551-0057  
(337) 879-2601  
FAX (337) 879-7922

JOEL LANCIOS, JR.  
MAYOR

JOSEPH NOEL III  
CHIEF OF POLICE  
DOLORES MELANCON  
CLERK

COUNCIL MEMBERS  
NICHOLAS DEGUEYTER  
KERRY WILLINGHAM  
BENITA KENNERSON  
KIRK STELLY  
BRANDON HERPIN

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

RE: Management Response

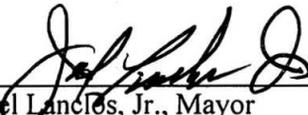
The following are our responses to your recommendations we received in the Town's Audited Financial Statement as of June 30, 2018.

## 2018-1 Segregation of Duties

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.

## 2018-002 Payroll

The Town will establish the necessary record keeping to track vacation and sick leave for all employees and will reconstruct the amount of unused sick leave available at June 30, 2018 for each employee, to establish a beginning balance.

  
\_\_\_\_\_  
Joel Lanclos, Jr., Mayor



TOWN OF LEONVILLE, LOUISIANA  
STATEWIDE AGREED UPON PROCEDURES REPORT  
YEAR ENDED JUNE 30, 2018



# VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2<sup>ND</sup> STREET  
P. O. BOX 1006  
EUNICE, LOUISIANA 70535

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

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

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by Town of Leonville, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Town of Leonville, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Report all exceptions to the following procedures, either after each procedure or after all procedures within each of the twelve AUP categories. "Random" selections may be made using Microsoft Excel's random number generator or an alternate method selected by the practitioner that results in an equivalent sample (e.g., those methods allowed under the AICPA Audit Guide - *Audit Sampling*).

## ***Written Policies and Procedures***

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

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

*The entity does not have any written policies and procedures addressing the functions noted above.*

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

*The entity does not have any written policies and procedures addressing the functions noted above.*

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

*The entity does not have any written policies and procedures addressing the functions noted above.*

d) **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).

*The entity does not have any written policies and procedures addressing the functions noted above.*

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

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

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

*The entity does not have any written policies and procedures addressing the functions noted above.*

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

required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

*There were not written policies and procedures noted, as the Town does not have any credit cards, debit cards, fuel cards, or P-cards.*

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

*The entity does not have any written policies and procedures addressing the functions noted above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*The entity does not have any written policies and procedures addressing the functions noted above.*

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

*The entity does not have any written policies and procedures addressing the functions noted above.*

### **Board or Finance Committee**

---

- 2. 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:

- a) 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.

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

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes included financial statements but did not present budget-to-actual comparisons.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

*Obtained the prior year audit report and observed that the unrestricted fund balance in the general fund had a positive ending balance.*

### ***Bank Reconciliations***

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3. Obtain a listing of client 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 selected each account, and observe that:

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

*Bank reconciliations were not prepared within 2 months of the related statement closing date.*

- b) Bank reconciliations include evidence that a member of management/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

*The bank reconciliations for all accounts examined did not have evidence of management review.*

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

*Obtained bank statements and reconciliations for all months in the fiscal period noting management's documentation of research for items that have been outstanding for more than 6 months.*

### ***Collections***

---

4. 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 and managements representation that the listing is complete.*

5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*Employees that are responsible for cash collections do share cash drawers.*

- b) Each employee responsible for collecting cash is not 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 secretary is only responsible for cash collection.*

- c) Each employee responsible for collecting cash is not 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.

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

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

*The employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash.*

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*The employees who have access to cash are covered by a bond or insurance policy for theft.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). *Alternately, 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:

- a) Observe that receipts are sequentially pre-numbered.

*Observed that receipts are not sequentially pre-numbered.*

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

*Daily cash collections are not supported by collection documentation. Receipts are issued only for actual cash transactions. No receipts are issued for payment in the form of a check.*

- c) 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.*

- d) 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).

*Deposits selected were made within one business day of receipt at the collection location.*

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

*Traced the actual deposit per the bank statement to the general ledger with no exception.*

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

- 8. 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).

*Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.*

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

*No exceptions noted.*

- b) At least two employees are involved in processing and approving payments to vendors.

*No exceptions noted.*

- c) 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.

*The town clerk is responsible for processing payments and also adds/modifies vendor files.*

- d) 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.

*No exceptions noted.*

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

*Obtained management's representation that the population is complete. No exceptions noted.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*Obtained management's representation that the population is complete. No exceptions noted.*

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

*No exceptions in prior year. This category was excluded from testing in the current year.*

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.
12. 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:
  - a) Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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).

### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

---

14. 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, 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:

*Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete.*

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*No exceptions noted.*

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

*No exceptions noted.*

- c) 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 policy (procedure #1h).

*No exceptions noted.*

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

*No exceptions noted.*

## ***Contracts***

---

*No exceptions in prior year. This category was excluded from testing in the current year.*

15. 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. *Alternately, 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:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

- d) 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.

### ***Payroll and Personnel***

---

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

*A listing of employees with their related salaries and management's representation that the listing is complete was obtained. Obtained personnel files for five randomly selected employees. No exceptions noted.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

*No exceptions noted.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*Did not have documentation of approval of leave requests.*

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

*Obtained written documentation of the entities written leave records on select employees. Not all employees have written leave records for sick and vacation leave taken.*

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*No employees received termination payments during the fiscal period.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed timely*

### **Ethics**

---

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Randomly selected five employees/officials from procedure #16 above. None of the five selected employees completed the required one hour of ethics training during the fiscal year.*

b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*There is no documentation to demonstrate that each employee has read the entity's ethics policy during the fiscal period.*

### **Debt Service**

---

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*There was no debt issuance during the fiscal period.*

22. 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.

*No exceptions noted.*

### **Other**

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*No exceptions in prior year. This category was excluded from testing in the current year.*

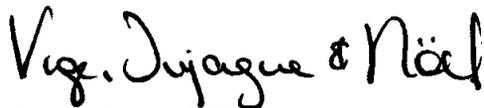
23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the

misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. 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.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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.

The purpose of this report is 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.



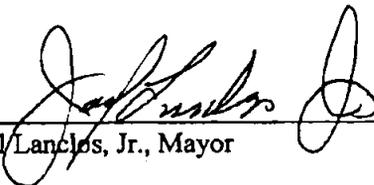
Vige, Tujague & Noel  
Eunice, Louisiana  
December 20, 2018

TOWN OF LEONVILLE, LOUISIANA

Management's Response to Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2018

Management Response to Item:

- 1                   The entity will compile and adopt a cumulative collection of policies and procedures addressing each of the required financial/business functions.
- 2b                  The entity will include monthly budget-to-actual comparisons on the General Fund and any additional major funds at each board meeting and reference the comparative statements in the minutes.
- 3                   A member of management or a board member with no involvement in the transactions associated with the bank account will review each monthly reconciliation and reconciliations will be completed within 2 months.
- 5a, 5b,5c,5d       Efforts will be made to segregate duties in these areas as much as possible with the limited number of employees involved.
- 74, 7b             Collection documentation will be maintained and available for all daily cash collections.
- 17b, 17c          The entity will maintain written leave records, for sick and vacation leave, for all employees.
- 20                  All employees will comply with mandatory ethics training requirements and documentation will be maintained in personnel files.

  
\_\_\_\_\_  
Joel Lancelis, Jr., Mayor