

TOWN OF LEONVILLE, LOUISIANA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

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VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type, activities, each major fund, and the aggregate remaining fund information of the Town of Leonville, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type, activities, each major fund, and the aggregate remaining fund information of the Town of Leonville, Louisiana, as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Leonville, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employers share of net pension liability, and schedule of employer contributions on pages 44 through 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

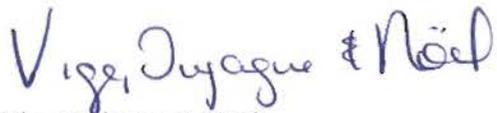
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023, on our consideration of the Town of Leonville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Leonville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Leonville, Louisiana's internal control over financial reporting and compliance.



Vige, Tujague & Noël
Eunice, Louisiana
November 14, 2023

BASIC FINANCIAL STATEMENTS

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

TOWN OF LEONVILLE, LOUISIANA
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 45,526	\$ 1,324,885	\$ 1,370,411
Receivables, net	265,381	151,074	416,455
Unbilled receivables	-	60,937	60,937
Prepaid insurance	14,250	56,511	70,761
Unamortized revenue bond insurance	-	26,571	26,571
Other assets	-	112,408	112,408
Total current assets	<u>325,157</u>	<u>1,732,386</u>	<u>2,057,543</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	-	33,083	33,083
Capital assets, net	1,881,301	10,832,211	12,713,512
Total noncurrent assets	<u>1,881,301</u>	<u>10,865,294</u>	<u>12,746,595</u>
Total assets	<u>2,206,458</u>	<u>12,597,680</u>	<u>14,804,138</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>154,902</u>	<u>117,314</u>	<u>272,216</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	249,398	88,937	338,335
Compensated absences	5,850	13,430	19,280
Current portion of bonds payable	-	190,000	190,000
Total current liabilities	<u>255,248</u>	<u>292,367</u>	<u>547,615</u>
Noncurrent liabilities:			
Customers deposits payable	-	41,359	41,359
Revenue bonds payable	-	4,775,000	4,775,000
Unamortized revenue bond premium	-	362,485	362,485
Net pension liability	310,130	350,549	660,679
Total noncurrent liabilities	<u>310,130</u>	<u>5,529,393</u>	<u>5,839,523</u>
Total liabilities	<u>565,378</u>	<u>5,821,760</u>	<u>6,387,138</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>28,678</u>	<u>9,558</u>	<u>38,236</u>
NET POSITION			
Invested in capital assets, net of related debt	1,881,301	5,504,726	7,386,027
Restricted for debt service	-	33,083	33,083
Unrestricted	<u>(113,997)</u>	<u>1,345,867</u>	<u>1,231,870</u>
Total net position	<u>\$ 1,767,304</u>	<u>\$ 6,883,676</u>	<u>\$ 8,650,980</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, 2023

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	\$ 112,514	\$ -	-	397,808	\$ 285,294	\$ -	\$ 285,294
Public safety:							
Police	246,138	20,535	1,500	-	(224,103)	-	(224,103)
Streets	104,634	-	-	-	(104,634)	-	(104,634)
Total governmental activities	463,286	20,535	1,500	397,808	(43,443)	-	(43,443)
Business-type activities:							
Utility	1,676,158	1,758,088	-	343,072	-	425,002	425,002
Total business-type activities	1,676,158	1,758,088	-	343,072	-	425,002	425,002
Total	\$ 2,139,444	\$ 1,778,623	\$ 1,500	\$ 740,880	(43,443)	425,002	381,559
General revenues:							
Taxes –							
Franchise and chain store taxes							
					85,489	-	85,489
Licenses and permits							
					35,341	-	35,341
Intergovernmental							
					47,430	-	47,430
Interest and investment earnings							
					12	6,166	6,178
Nonemployer pension contributions							
					6,993	38,743	45,736
Miscellaneous							
					7,119	21,522	28,641
Transfers							
					139,884	(139,884)	-
Total general revenues and transfers							
					322,268	(73,453)	248,815
Changes in net assets							
					278,825	351,549	630,374
Net position - June 30, 2022							
					1,488,479	6,532,127	8,020,606
Net position - June 30, 2023							
					\$ 1,767,304	\$ 6,883,676	\$ 8,650,980

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, 2023

	ASSETS		General Fund
Cash		\$	45,526
Receivables			
Franchise fees receivable			13,235
Grants receivable			246,214
Intergovernmental receivable			5,932
Prepaid insurance			14,250
	Total assets	\$	<u>325,157</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable		\$	131,979
Accrued liabilities			117,419
	Total liabilities		<u>249,398</u>
Fund balances:			
Unassigned			75,759
	Total fund balance		<u>75,759</u>
	Total liabilities and fund balance	\$	<u>325,157</u>

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

TOWN OF LEONVILLE, LOUISIANA
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2023

Total fund balances for governmental funds at June 30, 2023		\$ 75,759
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 \$152,692 accumulated depreciation	47,130	
Infrastructure, net of \$600,242 accumulated depreciation	1,822,135	
Equipment & other, net of \$140,548 accumulated depreciation	<u>3,124</u>	1,881,301
Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds		(183,906)
Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Compensated absences		<u>(5,850)</u>
Total net position of governmental activities at June 30, 2023		<u>\$ 1,767,304</u>

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

TOWN OF LEONVILLE, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2023

Revenues:	
Licenses and permits	\$ 35,341
Franchise fees	85,489
Fines and forfeits	20,535
Intergovernmental	446,738
Miscellaneous	7,131
Total revenues	<u>595,234</u>
Expenditures:	
Current –	
General government	109,601
Public safety:	
Police	214,807
Streets and drainage	24,539
Capital outlay	<u>399,444</u>
Total expenditures	<u>748,391</u>
Excess (deficiency) of revenues over expenditures	<u>(153,157)</u>
Other financing sources (uses):	
Operating transfers in	<u>139,884</u>
Total other financing sources (uses)	<u>139,884</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(13,273)
Fund balance, beginning	<u>89,032</u>
Fund balances, ending	<u><u>\$ 75,759</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, 2023

Total net changes in fund balances at June 30, 2023 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (13,273)
The change in net position reported for governmental activities in the statement of activities is different because:		
<p>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.</p>		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 399,444	
Depreciation expense for the year ended June 30, 2023	<u>(93,358)</u>	306,086
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(1,452)
Net effect of pension liability recognition		<u>(12,536)</u>
Total changes in net position at June 30, 2023 per Statement of Activities		<u><u>\$ 278,825</u></u>

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

TOWN OF LEONVILLE, LOUISIANA
Proprietary Fund
Statement of Net Position
June 30, 2023

	<u>Utility Fund</u>
ASSETS	
Cash	\$ 1,324,885
Receivables:	
Accounts receivable	151,074
Unbilled receivables	60,937
Other receivables	50
Restricted assets	
Cash and cash equivalents	33,083
Prepaid insurance	56,511
Unamortized revenue bond insurance	26,571
Utility property plant and equipment	17,559,351
Accumulated depreciation	(6,727,140)
Due from other funds	112,358
Total assets	<u>12,597,680</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>117,314</u>
LIABILITIES	
Current liabilities:	
Accounts payable	57,516
Accrued liabilities	19,008
Compensated absences	13,430
Accrued interest payable	12,413
Current portion of revenue bonds payable	190,000
Total current liabilities	<u>292,367</u>
Noncurrent liabilities:	
Payable from restricted assets-	
Customers' deposits	41,359
Revenue bonds payable	4,775,000
Unamortized bond premium	362,485
Net pension liability	350,549
Total noncurrent liabilities	<u>5,529,393</u>
Total liabilities	<u>5,821,760</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>9,558</u>
NET POSITION	
Investment in general fixed assets, net of related debt	5,504,726
Restricted for debt service/customer deposits	33,083
Unrestricted	1,345,867
Total net position	<u>\$ 6,883,676</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, 2023

	<u>Utility Fund</u>
Operating revenues:	
Charges for services –	
Gas sales	\$ 105,210
Water sales	1,490,082
Sewer service charges	107,561
Penalties and late fees	55,235
Miscellaneous revenues	21,522
Total operating revenues	<u>1,779,610</u>
Operating expenses:	
Cost of sales and services	44,480
General and administrative	1,138,429
Depreciation	372,870
Total operating expenses	<u>1,555,779</u>
Operating income	<u>223,831</u>
Nonoperating revenues (expenses):	
Interest income	6,166
Interest expense	(120,379)
Nonemployer pension contributions	38,743
Total nonoperating revenues (expenses)	<u>(75,470)</u>
Income before contributions and transfers	<u>148,361</u>
Operating contributions and transfers:	
Capital contributions	343,072
Operating transfers out	(139,884)
Total operating contributions and transfers	<u>203,188</u>
Change in net position	351,549
Net position, beginning	<u>6,532,127</u>
Net position, ending	<u>\$ 6,883,676</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, 2023

	<u>Utility Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,655,177
Payments to suppliers	(739,949)
Payments to employees	(468,975)
Other receipts	21,522
Net cash provided (used) by operating activities	<u>467,775</u>
Cash flows from noncapital financing activities:	
Nonemployer pension contributions	38,743
Cash paid to other funds	(139,884)
Net cash provided (used) by noncapital financing activities	<u>(101,141)</u>
Cash flows from capital and related financing activities:	
Principal paid on debt	(185,000)
Interest paid on debt	(120,841)
Revenue bond insurance	1,334
Revenue bond premium	(33,659)
Proceeds from meter deposits (net)	12,894
Contributed capital	343,072
Acquisition of property, plant and equipment	(88,535)
Net cash provided (used) by capital and related financing activities	<u>(70,735)</u>
Cash flows from investing activities:	
Interest on investments	<u>6,166</u>
Net cash provided by investing activities	<u>6,166</u>
Net increase (decrease) in cash and cash equivalents	302,065
Cash and cash equivalents, beginning of period	<u>1,055,903</u>
Cash and cash equivalents, end of period	<u>\$ 1,357,968</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, 2023

	<u>Utility Fund</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 223,831
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	372,870
Changes in current assets and liabilities:	
(Increase) decrease in accounts receivable	11,436
(Increase) decrease in unbilled receivables	(4,559)
(Increase) decrease in other receivables	(50)
(Increase) decrease in prepaid insurance	7,969
(Increase) decrease in due from others	(109,738)
Increase (decrease) in accounts payable	2,213
Increase (decrease) in accrued liabilities	(912)
Increase (decrease) in compensated absences	3,458
Increase (decrease) in net pension liability	<u>(38,743)</u>
Net cash provided (used) by operating activities	<u>\$ 467,775</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:	
Cash and cash equivalents, beginning of period –	
Cash – unrestricted	\$ 1,027,539
Cash – restricted	<u>28,364</u>
Total cash and cash equivalents	<u>1,055,903</u>
Cash and cash equivalents, end of period –	
Cash – unrestricted	1,324,885
Cash -- restricted	<u>33,083</u>
Total cash and cash equivalents	<u>1,357,968</u>
Net increase (decrease)	<u>\$ 302,065</u>

Noncash Investing, Capital and Financing Activities

In 2023, Town of Leonville had \$33,659 of bond premium amortized within interest expense. This amount is included within the principal paid on water & sewer revenue refunding bonds, series 2021.

In 2023, Town of Leonville had \$1,334 of bond insurance amortized within insurance expense. This amount is included within the principal paid on water & sewer revenue refunding bonds, series 2021.

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

TOWN OF LEONVILLE, LOUISIANA
Notes to Financial Statements

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

Measurement Focus

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

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

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

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

Basis of Accounting

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

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

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

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

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

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

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

Bad debts are written off when accounts become worthless.

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

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

Program revenues

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

Allocation of indirect expenses

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

D. Capital Assets

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

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

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

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

E. Budgets and Budgetary Accounting

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

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

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

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Any budgetary revisions require the approval of the Mayor and Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year end June 30, 2023.

F. Encumbrances

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

G. Cash and Cash Equivalents

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

H. Interest-bearing Deposits

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

I. Statement of Cash Flows

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

J. Short Term Interfund Receivables / Payables

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

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items.

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

L. Vacation and Sick Leave

Vacation and sick leave are recorded as expenditures of the period in which paid. The vacation policy was amended by ordinance #4-2021. A vacation year is defined as a full calendar year beginning January 1st and ending on the last day of December. Only forty (40) hours of accumulated vacation time can be paid out on final pay period in December. Anything over forty (40) hours will be lost with no carry over. Unused vacation is payable at time of termination of employment, limited to forty (40) hours. Compensated absences payable has been accrued for the unused vacation as of June 30, 2023.

Sick leave of 80 hours is granted on January 1st of each year to full time employees. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Therefore, no liability has been recorded in the financial statements at June 30, 2023.

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, 2023, there was \$33,083 restricted for debt service and \$0 for utility meter deposits.

N. Long-term Debt

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

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

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

O. Equity Classifications

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

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

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

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

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

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

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

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

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

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

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

P. Revenues, Expenditures, and Expenses

Operating (Nonoperating) Revenues and Expenses

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

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

Expenditures/Expenses

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

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

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

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

Interfund Transfers

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

Q. Allowances for Doubtful Accounts

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

R. Revenue Restrictions

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

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

S. Deferred Outflows of Resources and Deferred Inflows of Resources

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

U. Subsequent Events

FASB issued SFAS No 165, Subsequent Events (ASC 855) establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We have evaluated events subsequent to the balance sheet through November 14, 2023, the date the financial statements were available to be issued.

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

(2) Deposits with Financial Institutions

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

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

At June 30, 2023, the Town has cash and cash equivalents (book balances) totaling \$1,403,494 as follows:

Demand deposits	\$ 1,403,494
Total	\$ 1,403,494

These deposits are stated at cost, which approximates market. Deposit balances (bank balances) at June 30, 2023, are secured as follows:

	Regions Bank	Washington State Bank	
	Interest Bearing	Interest Bearing	Non Interest Bearing
Bank balances	\$ 33,083	\$ 1,339,710	\$ 36,552
Federal deposit insurance	\$ 250,000	\$ 250,000	\$ 250,000
Pledged securities (Category 3)	-	1,245,000	-
Total	250,000	1,495,000	250,000
Excess/(Shortage)	\$ 216,917	\$ 155,290	\$ 213,448

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, 2023.

Proprietary Fund:

Utility Fund

Debt Service Fund

Total Restricted Assets

	\$ 33,083
	\$ 33,083

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

(4) Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,912	\$ -	\$ -	\$ 8,912
Other capital assets:				
Buildings	199,822	-	-	199,822
Infrastructure	2,022,933	399,444	-	2,422,377
Equipment	143,672	-	-	143,672
Totals	2,375,339	399,444	-	2,774,783
Less accumulated depreciation				
Buildings	147,766	4,926	-	152,692
Infrastructure	520,147	80,095	-	600,242
Equipment	132,211	8,337	-	140,548
Total accumulated depreciation	800,124	93,358	-	893,482
Governmental activities, capital assets, net	\$ 1,575,215	\$ 306,086	\$ -	\$ 1,881,301
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 74,860	\$ -	\$ -	\$ 74,860
Other capital assets:				
Utility system and extensions	16,822,077	88,535	(24,280)	16,886,332
Machinery and equipment	598,159	-	-	598,159
Totals	17,495,096	88,535	(24,280)	17,559,351
Less accumulated depreciation				
Utility system and extensions	5,866,515	347,661	(24,280)	6,189,896
Machinery and equipment	512,035	25,209	-	537,244
Total accumulated depreciation	6,378,550	372,870	(24,280)	6,727,140
Business type activities, capital assets, net	\$ 11,116,546	\$ (284,335)	\$ -	\$ 10,832,211

Depreciation expense was charged to governmental activities as follows:

General governmental	\$ 4,926
Police	8,337
Streets	80,095
Total depreciation expense	\$ 93,358

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

Gas	\$ 16,814
Water	218,359
Sewer	137,697
Total depreciation expense	\$ 372,870

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, 2023:

	Payable at July 1, 2022	Additions	Retirements	Payable at June 30, 2023
Water & sewer revenue refunding bonds, series 2021	\$ 5,150,000	\$ -	\$ (185,000)	\$ 4,965,000
	<u>\$ 5,150,000</u>	<u>\$ -</u>	<u>\$ (185,000)</u>	<u>\$ 4,965,000</u>
Add: Unamortized premium on bond issue				<u>362,485</u>
Total reported on statement of net position				<u>\$ 5,327,485</u>

Revenue bonds payable at June 30, 2023 is comprised of the following individual issues:

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

	<u>\$ 4,965,000</u>
Total Revenue Bonds Payable	4,965,000
Less Current Portion	<u>190,000</u>
Revenue Bonds Payable	<u>\$ 4,775,000</u>

Sewer and Water Debt Reserve Requirements

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

Water and Sewer Revenue Refunding Bonds, Series 2021

All payments of principal of and interest in the Bonds are to be made from a debt service fund established by the Town, the "Bond Fund". The Bond Fund serves as a debt service fund for the payment of principal and interest on the bonds. Amounts deposited into the bond Fund which are required to pay a portion of the next maturing principal of and next due interest on the Bonds are expected to be deposited monthly (but not more than one (1) year prior to such payment). All such amounts together with investment income thereon will be used to pay such principal and interest within thirteen (13) months from the date of receipt. The balance in the Bond Fund at year end amounted to \$33,083 and followed the Bond instrument.

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

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

Year Ending June 30,	Total	Principal Payments	Interest Payments
2024	338,950	190,000	148,950
2025	338,250	195,000	143,250
2026	342,400	205,000	137,400
2027	341,250	210,000	131,250
2028	339,950	215,000	124,950
2029-2033	1,699,100	1,175,000	524,100
2034-2038	1,697,200	1,360,000	337,200
2039-2043	1,539,200	1,415,000	124,200
	<u>\$ 6,636,300</u>	<u>\$ 4,965,000</u>	<u>\$ 1,671,300</u>

Interest expense totaled \$120,379 and is included in business type activities as an expense. Interest expense has been reduced by bond premium amortization of \$33,659 for the year.

(6) Utility Customer Deposits

The accounts of the Town include a liability for utility customer deposits of \$41,145. As of June 30, 2023, the Town has a meter deposit account with a balance of \$0 specifically set aside for customer meter deposits.

(7) Pension Plans

Plan Descriptions

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

Plan Description- MERS

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

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

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

and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana; the commissioner of administration, who shall be a nonvoting member; and the State Treasurer, who shall be a nonvoting member.

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

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

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

Eligibility Requirements:

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

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

Benefits Provided:

Retirement Benefits- MERS

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

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

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

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

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

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

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

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

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

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

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Cost of Living Increases

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Contributions:

The MERS employer contribution rates are established annually under La R.S 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. For the year ending June 30, 2023 the employer contribution rate for MERS Plan B was 15.5%. Employer contributions to MERS was \$53,226, for the year ended June 30, 2023. 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, 2023, the Town of Leonville recognized revenue as a result of support received from non-employer contributing entities of \$12,579 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, 2023, the Town of Leonville reported a liability for MERS of \$380,040, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2022, 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, 2022, the Town of Leonville's proportion for MERS was 0.432855%. This reflects a decrease for MERS 0.00465% from its proportion measured as of June 30, 2021.

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

For the year ended June 30, 2023, 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	\$ 23,903	\$ 380,040

At June 30, 2022, 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	\$ -	\$ (4,835)
Changes in assumptions	4,064	-
Net difference between projected and actual earnings on pension plan investments	69,893	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(5,527)
Employer contributions subsequent to measurement date	53,226	-
Total	\$ 127,183	\$ (10,362)

During the year ended June 30, 2023, employer contributions totaling \$53,226 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, 2023. 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>
2023	\$ 9,756
2024	12,510
2025	7,535
2026	31,348
Total	\$ 61,149

Actuarial Assumptions

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

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

The components of the net pension liability of MERS employers as of June 30, 2023 are as follows:

	2023 MERS Plan B	2022 MERS Plan B
Total Pension Liability	\$ 1,248,305	\$ 1,214,791
Plan Fiduciary Net Position	(868,265)	(961,341)
Total Net Pension Liability	\$ 380,040	\$ 253,450
Plan Fiduciary Net Position % of Total Pension Liability	69.56%	79.14%

The Town of Leonville's allocation is 0.432855% of the Total Net Pension Liability for MERS.

The total pension liabilities for MERS in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	MERS
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years for Plan B
Investment rate of return	6.850%, net of investment expense
Inflation rate	2.500%
Projected salary increases	
1 to 4 years of service	7.40%
more than 4 years of service	4.90%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 6.850% for the year ended June 30, 2022.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Equity	53%	2.31%
Fixed Income	38%	1.65%
Alternatives	9%	0.39%
Total	100%	4.35%
Inflation		<u>2.60%</u>
Expected Nominal Return		<u>6.95%</u>

Discount Rates

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
MERS	\$ 518,066	\$ 380,040	\$ 263,302

Changes in Pension Liability

The changes in the net pension liability for the year ended June 30, 2022 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, 2022 in the amount of \$4,835.

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

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources as of June 30, 2022 in the amount of \$69,893.

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

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

addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

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

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

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

Cost of Living Adjustments

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

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

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.

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

For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

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

Initial Benefit Option Plan

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

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

The Town's contributions to the System for the year ended June 30, 2023 was \$30,015, 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, 2023, the Town reported a liability of \$280,369 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2022 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, 2023, the Town's proportion was 0.027455%, which was an increase of 0.009516% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the Town recognized pension expense of \$75,360.

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 \$6,107 of non-employer contribution revenue.

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

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,384	\$ (2,287)
Changes in assumptions	9,680	(2,087)
Net difference between projected and actual earnings on pension plan investments	50,103	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,851	(23,500)
Employer contributions subsequent to measurement date	30,015	-
Total	\$ 145,033	\$ (27,874)

The Town reported a total of \$30,015 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022 which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

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
2023	\$ (17,963)
2024	(21,416)
2025	(21,151)
2026	(26,278)
Total	\$ (86,808)

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, 2023, are as follows:

	2023	2022
Total Pension Liability	\$ 961,061	\$ 600,962
Plan Fiduciary Net Position	(680,422)	(504,437)
Total Collective Net Pension Liability	\$ 280,639	\$ 96,525
Plan Fiduciary Net Position % of Total Pension Liability	70.80%	84.49%

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the assumptions used in the June 30, 2022 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 are as follows:

Valuation Date	June 30, 2022	
Actuarial cost method	Entry Age Normal Cost	
Expected remaining service lives	2019 - 4 years 2018 - 4 years 2017 - 4 years 2016 - 4 years	
Investment rate of return	6.750%, net of investment expense	
Inflation rate	2.500%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.30%
	3-23	4.70%
Mortality	<p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.</p> <p>RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</p>	
Cost-of-Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>	

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.

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

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, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternative	14.00%	0.95%
Totals	100%	5.40%
Inflation		<u>2.66%</u>
Expected Nominal Return		<u>8.06%</u>

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

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.750%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.750% or one percentage point higher 7.750% than the current rate as of June 30, 2022.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$ 392,841	\$ 280,639	\$ 186,913

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2022 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, 2022 in the amount of \$2,287.

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

Differences between Projected and Actual Investment Earnings.

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources as of June 30, 2022 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, 2022 in the amounts of:

	Deferred Outflows	Deferred Inflows
2019	\$ 2,204	\$ -
2020	-	4,092
2021	12,650	-
2022	9,680	2,087

Change in Proportion:

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

Contributions – Proportionate Share

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

(8) Compensation of Town Officials

A detail of compensation paid to the mayor and Board of Alderman for the year ended June 30, 2023, follows:

Nicholas Degueyter, Mayor	12,000
Kerry Willingham	3,600
Brandon C. Herpin	2,400
Kirk Stelly	3,600
Bernita Kennerson	3,600
Billy Lanclos	3,600
Amanda Herpin	900

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

(9) Federally Assisted Funds

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

(10) Concentration of Risks

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

(11) Estimates

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

(12) Interfund Activities

Transfers to/from other funds at June 30, 2023, consist of the following:

From the Utility Fund to the General Fund for operations	<u>\$ 139,884</u>
Total	<u>\$ 139,884</u>

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

(13) On-Behalf Payments

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

(14) Evaluation of Subsequent Events

The Town has evaluated subsequent events through November 14, 2023, the date which the financial statements were available to be issued.

(15) Accounting Pronouncements

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEONVILLE, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Licenses and permits	\$ 35,100	\$ 30,209	\$ 35,341	\$ 5,132
Franchise fees	77,200	85,029	85,489	460
Fines and forfeits	23,000	20,719	20,535	(184)
Intergovernmental	55,425	385,586	446,738	61,152
Miscellaneous	4,402	6,328	7,131	803
Total revenues	<u>195,127</u>	<u>527,871</u>	<u>595,234</u>	<u>67,363</u>
Expenditures:				
Current –				
General government	82,888	77,291	109,601	(32,310)
Public safety:				
Police	205,400	201,429	214,807	(13,378)
Streets and drainage	14,700	26,034	24,539	1,495
Capital outlay	-	326,847	399,444	(72,597)
Total expenditures	<u>302,988</u>	<u>631,601</u>	<u>748,391</u>	<u>(116,790)</u>
Excess (deficiency) of revenues over expenditures	<u>(107,861)</u>	<u>(103,730)</u>	<u>(153,157)</u>	<u>(49,427)</u>
Other financing sources (uses):				
Operating transfers in	<u>78,000</u>	<u>78,000</u>	<u>139,884</u>	<u>61,884</u>
Total other financing sources (uses)	<u>78,000</u>	<u>78,000</u>	<u>139,884</u>	<u>61,884</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(29,861)	(25,730)	(13,273)	12,457
Fund balances, beginning	<u>125,930</u>	<u>125,930</u>	<u>89,032</u>	<u>(36,898)</u>
Fund balances, ending	<u>\$ 96,069</u>	<u>\$ 100,200</u>	<u>\$ 75,759</u>	<u>\$ (24,441)</u>

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
General Fund
Budgetary Comparison Schedule of Revenues
Year Ended June 30, 2023

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Licenses and permits	\$ 35,100	\$ 30,209	\$ 35,341	\$ 5,132
Franchise fees	77,200	85,029	85,489	460
Fines and forfeits	23,000	20,719	20,535	(184)
Intergovernmental:				
State of Louisiana -				
Beer tax	1,700	1,644	1,434	(210)
Casino tax	30,500	28,435	26,736	(1,699)
On behalf payments	12,000	18,900	12,000	(6,900)
Grant revenue	4,000	329,347	399,308	69,961
Local Governments -				
Payments in lieu of taxes	2,250	2,285	2,285	-
Sewer District #1	4,975	4,975	4,975	-
Total intergovernmental	<u>55,425</u>	<u>385,586</u>	<u>446,738</u>	<u>61,152</u>
Miscellaneous	<u>4,402</u>	<u>6,328</u>	<u>7,131</u>	<u>803</u>
Total revenues	<u>\$ 195,127</u>	<u>\$ 527,871</u>	<u>\$ 595,234</u>	<u>\$ 67,363</u>

See Notes to Required Supplementary Information.

TOWN OF LEONVILLE, LOUISIANA
General Fund
Budgetary Comparison Schedule of Expenditures
Year Ended June 30, 2023

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
General government:				
Salaries	\$ 32,000	\$ 31,703	\$ 58,025	\$ (26,322)
Payroll taxes	5,600	5,480	5,263	217
Retirement and employee benefits	48	58	3,875	(3,817)
Accounting	5,400	5,195	5,195	-
Advertising	750	395	395	-
Due and subscriptions	400	-	-	-
Utilities	3,500	3,976	3,744	232
Insurance	13,000	13,966	10,720	3,246
Supplies	3,750	1,682	1,994	(312)
Telephone	3,800	2,323	2,322	1
Miscellaneous	14,640	12,513	18,068	(5,555)
Total general government	<u>82,888</u>	<u>77,291</u>	<u>109,601</u>	<u>(32,310)</u>
Public safety:				
Police department -				
Salaries	125,000	122,006	133,165	(11,159)
Payroll taxes	4,300	3,797	3,823	(26)
Retirement and employee benefits	27,400	30,426	36,830	(6,404)
Automobile expense	25,000	22,852	20,095	2,757
Supplies	2,000	600	550	50
Uniforms	700	1,120	1,120	-
Insurance	14,000	11,402	13,787	(2,385)
Miscellaneous	7,000	9,226	5,437	3,789
Total police department	<u>205,400</u>	<u>201,429</u>	<u>214,807</u>	<u>(13,378)</u>
Streets and drainage:				
Street materials	700	8,026	6,390	1,636
Street lighting	13,000	14,948	14,764	184
Miscellaneous	1,000	3,060	3,385	(325)
Total streets and drainage	<u>14,700</u>	<u>26,034</u>	<u>24,539</u>	<u>1,495</u>
Capital outlay:				
Equipment & buildings	-	326,847	399,444	(72,597)
Total expenditures	<u>\$ 302,988</u>	<u>\$ 631,601</u>	<u>\$ 748,391</u>	<u>\$ (116,790)</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, 2023

	Fiscal Year	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of It's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
MERS	2015	0.592369	\$ 238,144	\$ 401,884	54.26%	76.94%
MERS	2016	0.619489	421,034	429,841	97.95%	68.71%
MERS	2017	0.584307	484,337	429,929	112.66%	63.33%
MERS	2018	0.605243	523,676	449,245	138.83%	63.49%
MERS	2019	0.617622	522,404	457,705	114.14%	65.60%
MERS	2020	0.580696	508,001	443,921	114.44%	66.14%
MERS	2021	0.458975	415,935	321,271	129.47%	66.14%
MERS	2022	0.437505	349,975	336,232	104.09%	79.14%
MERS	2023	0.432855	380,040	348,000	109.21%	69.56%
MPERS	2015	0.03866	\$ 278,115	\$ 127,883	217.47%	75.10%
MPERS	2016	0.028543	223,605	76,349	292.87%	70.73%
MPERS	2017	0.025343	237,535	81,525	291.36%	66.04%
MPERS	2018	0.026915	234,979	80,349	292.45%	70.08%
MPERS	2019	0.024153	204,191	71,278	286.47%	71.88%
MPERS	2020	0.024385	221,457	76,151	290.81%	71.13%
MPERS	2021	0.022752	210,782	70,273	299.95%	70.86%
MPERS	2022	0.017939	96,525	54,728	176.37%	84.49%
MPERS	2023	0.027455	280,639	84,756	331.11%	70.80%

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, 2023

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
MERS	2015	\$ 46,620	\$ 46,620	\$ -	\$ 490,736	9.50%
MERS	2016	40,782	40,782	-	429,290	9.50%
MERS	2017	49,417	49,417	-	449,248	11.00%
MERS	2018	60,646	60,646	-	457,662	13.25%
MERS	2019	62,148	62,148	-	443,912	14.00%
MERS	2020	49,796	49,796	-	355,690	14.00%
MERS	2021	52,116	52,116	-	336,232	15.50%
MERS	2022	53,939	53,939	-	347,996	15.50%
MERS	2023	53,226	53,226	-	343,394	15.50%
MPERS	2015	\$ 23,816	\$ 23,816	\$ -	\$ 73,615	31.50%
MPERS	2016	20,942	20,942	-	70,990	29.50%
MPERS	2017	25,511	25,511	-	80,350	31.75%
MPERS	2018	21,918	21,918	-	71,278	30.75%
MPERS	2019	24,639	24,639	-	76,399	32.25%
MPERS	2020	24,154	24,154	-	74,319	32.50%
MPERS	2021	18,471	18,471	-	54,728	33.75%
MPERS	2022	25,215	25,215	-	84,757	29.75%
MPERS	2023	30,015	30,015	-	96,048	31.25%

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, 2023.

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations. The following individual fund had actual expenditure in excess of appropriations for the year ended June 30, 2023.

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
General Fund	\$ 302,988	\$ 631,601	\$ 748,391	\$ (116,790)

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

Note 3. Pension Plan – Changes of Assumptions

Changes of Benefit Terms

For MERS and MPERS, there were no changes of benefit terms for the year ended June 30, 2022.

Changes of Assumptions

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

Municipal Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2022, the discount rate was unchanged from 6.85% to 6.85%.

Municipal Police Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2022, the discount rate was unchanged from 6.75% to 6.75%.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LEONVILLE, LOUISIANA
Proprietary Fund
Schedule of Operating Expenses
Year Ended June 30, 2023

	<u>Utility Fund</u>
Operating expenses:	
Salaries	\$ 342,486
Payroll taxes	27,822
Retirement and employee benefits	62,470
Gas purchases	44,480
Chemicals	118,475
Insurance	125,817
Accounting and auditing	17,940
Engineering fees	6,000
Office supplies	8,698
Computer expense	19,325
Repairs and maintenance	157,145
Auto expenses and travel	45,817
Utilities	117,479
Telephone	7,178
Uniforms	3,945
Bad debts	12,328
Miscellaneous	65,504
Depreciation	<u>372,870</u>
Total operating expenses	<u><u>\$ 1,555,779</u></u>

**COMPLIANCE, INTERNAL CONTROL
AND
OTHER INFORMATION**

VIGE, TUJAGUE  NOEL
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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P. O. BOX 1006
EUNICE, LOUISIANA 70535

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Leonville, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Leonville, Louisiana's basic financial statements and have issued our report thereon dated November 14, 2023.

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 #2023-001 and #2023-002, which are considered to be significant deficiencies.

Compliance and Other Matters

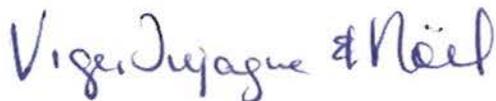
As part of obtaining reasonable assurance about whether Town of Leonville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items #2023-001 and #2023-002.

Town of Leonville, Louisiana's Response to Findings

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

Purpose of this Report

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



Vige, Tujague & Noël, CPA's
Eunice, Louisiana
November 14, 2023

TOWN OF LEONVILLE, LOUISIANA

Schedule of Findings and Responses
Year Ended June 30, 2023

We have audited the financial statements of Town of Leonville as of and for the year ended June 30, 2023, and have issued our report thereon dated November 14, 2023. 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, 2023, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statement Yes No

b. Federal Awards

None reported.

Section II. Financial Statement Findings

#2023-001 – Segregation of Accounting Functions

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

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

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

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

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

TOWN OF LEONVILLE, LOUISIANA
Schedule of Findings and Responses (continued)
Year Ended June 30, 2023

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

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

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

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

#2023-002 – Budget Variance

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

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

Cause: The Town did not properly amend the budget for expenditures paid out of the General Fund.

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

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

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

Section III. Summary of Other Audit Results

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

TOWN OF LEONVILLE, LOUISIANA
Status of Prior Audit Findings
Year Ended June 30, 2023

#2022-001 – Segregation of Accounting Functions

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

TOWN OF LEONVILLE, LOUISIANA
Schedule of Mayor and Alderman
Year Ended June 30, 2023

<u>Name</u>	<u>Office and Term</u>	<u>Compensation</u>
Nicholas Degueyter P.O. Box 442 Leonville, LA 70551 337-879-7026	Mayor December 31, 2026	\$ 12,000
Kerry Willingham P.O. Box 162 Leonville, LA 70551 337-879-2287	Alderman December 31, 2026	3,600
Brandon C. Herpin P.O. Box 375 Leonville, LA 70551 337-879-9507	Alderman December 31, 2022	2,400
Kirk Stelly P.O. Box 573 Leonville, LA 70551 337-879-2497	Alderman December 31, 2026	3,600
Benita Kennerson P.O. Box 354 Leonville, LA 70551 337-879-3236	Alderman December 31, 2026	3,600
Amanda Herpin P.O. Box 152 Leonville, LA 70551 337-247-1945	Alderman December 31, 2026	900
Billy Lanclos P.O. Box 313 Leonville, LA 70551 337-945-0586	Alderman December 31, 2026	3,600
		\$ 29,700

TOWN OF LEONVILLE, LOUISIANA
 Schedule of Rates and Accounts Receivable
 Year Ended June 30, 2023

The aging of accounts receivable for the Utility Fund includes the water system, gas system and sewer system as of June 30, 2023 is as follows:

Amounts Receivable (Water, Gas and Sewer)

<u>Days</u>	<u>Amounts</u>
Unbilled	<u>\$ 60,937</u>
Current	\$ 156,544
30	22,381
31-60	4,575
61-90	(256)
Over - 90	(59)
	<u>\$ 183,185</u>

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>
Residential Users -	335	2,954	458
Commercial Users -	16	33	15

As of June 30, 2022 to current, the gas rates were as follows:

- Residentail -0020 Residentail Gas
 \$10.00 flat rate includes 500 MCF's,
 \$.55 per 100 MCF's thereafter

- Commercial -0021 Commercial Non-taxable
 \$10.00 flat rate includes 500 MCF's,
 \$.55 per 100 MCF's thereafter

- Commercial -0022 Commercial Taxable
 \$10.00 flat rate includes 500 MCF's,
 \$.55 per 100 MCF's thereafter

Overage rate adjusted monthly based on cost of gas.

TOWN OF LEONVILLE, LOUISIANA
 Schedule of Rates and Accounts Receivable (Continued)
 Year Ended June 30, 2023

As of June 30, 2022 to current, the sewer rates were as follows (rate on actual water usage):

Residential -0040	Residential \$12.50 base rate includes 1st 2,000 gallons, \$3.50 per 1,000 gallons thereafter
Commercial -0043	Commercial Non-taxable \$12.50 base rate includes 1st 2,000 gallons, \$3.50 per 1,000 gallons thereafter
Commercial -0044	Residential Piggyback 2 \$25.00 base rate includes 1st 4,000 gallons, \$3.50 per 1,000 gallons thereafter
Commercial -0045	Commercial - Housing Authority, 10 Non-taxable \$125.00 base rate includes 1st 20,000 gallons \$3.50 per 1,000 gallons thereafter
Commercial -0046	Commercial - Housing Authority, 2 Non-taxable \$25.00 base rate includes 1st 4,000 gallons \$3.50 per 1,000 gallons thereafter
Commercial -0047	Low Pressure Piggyback, 2 \$25.00 base rate includes 1st 4,000 gallons \$3.50 per 1,000 gallons thereafter
Commercial -0048	Residential Piggyback 3 37.50 base rate includes 1st 6,000 gallons. \$3.50 per 1,000 gallons thereafter
Commercial -0049	Residential Piggyback 24 \$300.00 base rate includes 1st 20,000 gallons, \$3.50 per 1,000 gallons thereafter

TOWN OF LEONVILLE, LOUISIANA
Schedule of Rates and Accounts Receivable (Continued)
Year Ended June 30, 2023

As of June 30, 2022 to current, the water rates were as follows:

Residential -0010	Individual Residential \$26.60 base rate includes 1st 2,000 gallons, \$3.30 per 1,000 gallons thereafter
Commercial -0011	Discount Commercial Taxable \$24.33 base rate includes 1st 2,000 gallons, \$2.97 per 1,000 gallons thereafter
Commercial -0012	Commercial Non-Taxable \$79.63 base rate includes 1st 25,000 gallons, \$3.30 per 1,000 gallons thereafter
Commercial -0013	Commercial Non-Taxable \$26.60 base rate includes 1st 2,000 gallons, \$3.30 per 1,000 gallons thereafter
Commercial -0014	Commercial Taxable \$79.63 base rate includes 1st 25,000 gallons, \$3.30 per 1,000 gallons thereafter
Commercial -0016	Small Business Taxable \$26.60 base rate includes 1st 2,000 gallons, \$3.30 per 1,000 gallons thereafter
Commercial -0017	St Landry #3 Special \$3.30 per 1,000 gallons

TOWN OF LEONVILLE, LOUISIANA
 Schedule of Insurance
 Year Ended June 30, 2023

<u>Company</u>	<u>Policy Type</u>	<u>Policy Period</u>	<u>Coverage</u>
LA Municipal Risk Management Agency	General Liability	12/19/22 - 12/19/23	\$ 500,000
	Law Enforcement		500,000
	Automobile Liability		500,000
	Errors and Omissions		500,000
LWCC	Workers Compensation	01/01/23 - 01/01/24	Legal limits
EMC Insurance	Commercial Property	03/25/23 - 03/25/24	9,451,003
Lloyds of London	Auto Physical Damage	12/19/22 - 12/19/23	224,897
Hartford Fire Insurance Co.	Employee Theft	02/25/23 - 02/25/24	1,004,250
Hartford Steam Boiler Co.	Boiler & Machinery	02/13/23 - 02/13/24	2,638,416
Build America Mutual Assurance Co.	Municipal Bond Insurance	04/28/21 - 06/30/43	Balance of bonds

TOWN OF LEONVILLE, LOUISIANA
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
Year Ended June 30, 2023

Nicholas Degueyter, Mayor
Period: 12 Months

Salary	\$12,000
Education	435
Mileage	433
Meals	325
Telephone	468
Travel	707

TOWN OF LEONVILLE, LOUISIANA
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
Cash Basis Presentation
Year Ended June 30, 2023

	First Six Month Period Ended 12/31/2022	Second Six Month Period Ended 06/30/2023
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	10,160	11,226
Service/Collection Fees	297	333
Subtotal Collections	10,457	11,559
Less: Disbursements To Governments & Nonprofits:		
Louisiana Commission on Law Enforcement, Criminal Court Costs/Fees	146	174
Louisiana Supreme Court, CMIS Collections	73	87
St. Landry Parish Crime Stoppers	146	174
Louisiana Supreme Court, Judicial College Collections	37	44
La Dept. of Health & Hospitals, Court Costs/fees	60	125
Less: Amounts Retained by Collecting Agency		
Self-Disbursed Town of Leonville, Criminal Court Cost/Fees	9,698	10,622
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Payments to 3rd Party Collection/Processing Agencies	297	333
Subtotal Disbursements/Retainage	10,457	11,559
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ -	\$ -

TOWN OF LEONVILLE

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

NICHOLAS DEGUEYTER
MAYOR
JOSEPH NOEL III
CHIEF OF POLICE
CHRISTINE TIDWELL
CLERK

COUNCIL MEMBERS
KERRY WILLINGHAM
BENITA KENNERSON
KIRK STELLY
BRANDON HERPIN
BILLY LANCLIOS

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

RE: Management Response

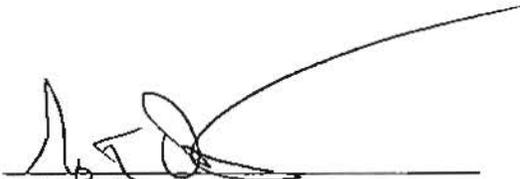
The following is our response to your recommendation we received in the Town's Audited Financial Statement as of June 30, 2023.

2023-001 Segregation of Accounting Functions

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

2023-002 Budget Variance

The Town accepts and agrees with the recommendation as presented.

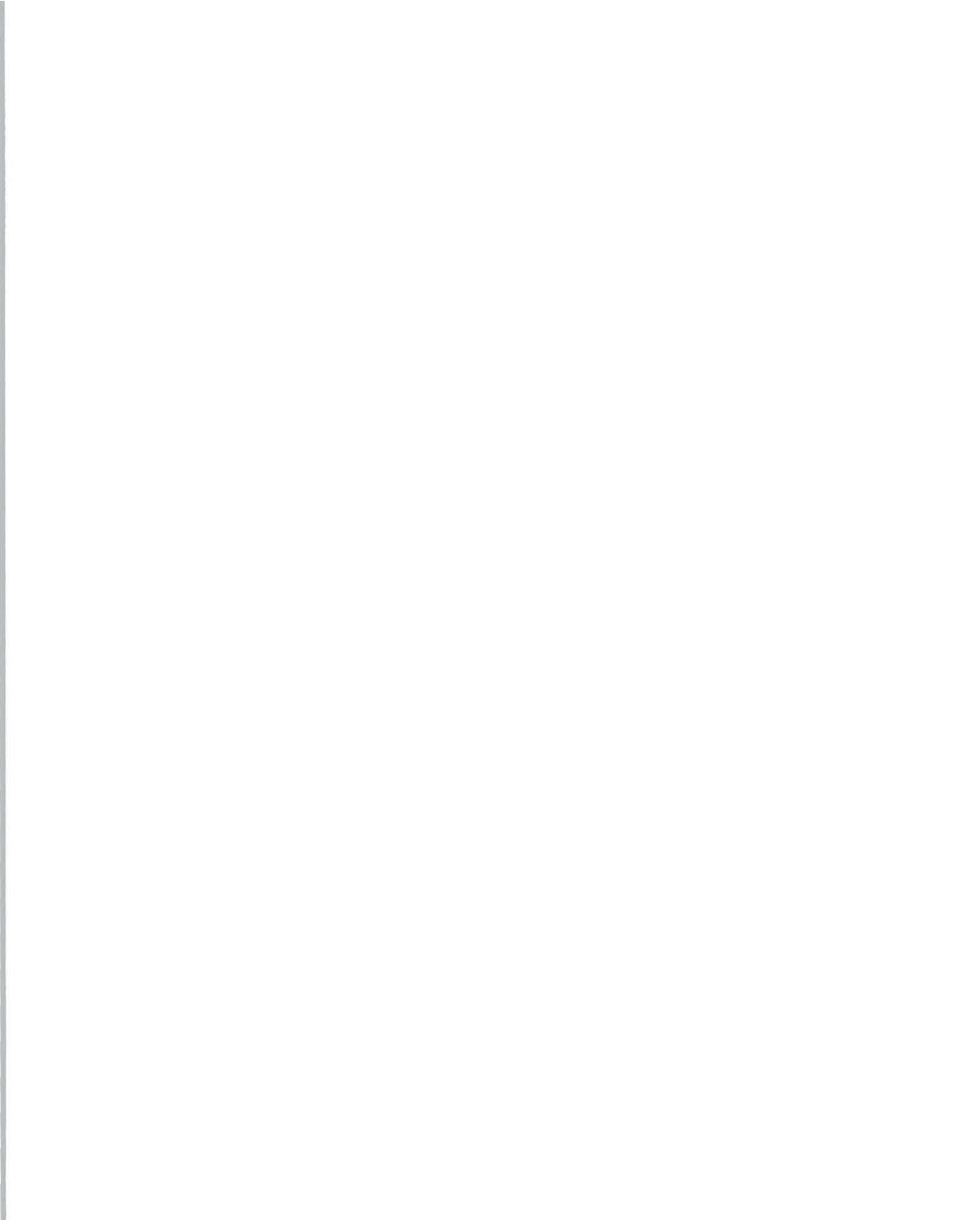


Nicholas Degueyter, Mayor

"This institution is an equal opportunity provider."



TOWN OF LEONVILLE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES REPORT
YEAR ENDED JUNE 30, 2023



VIGE, TUJAGUE  NOEL
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022, through June 30, 2023. Town of Leonville, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Town of Leonville, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022, through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
Written policies and procedures were obtained and do address the functions noted above.
 - b) **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process

of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

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

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

Written policies and procedures were obtained and do address 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).

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

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

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

- 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

2) Board or Finance Committee

- 1. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

The monthly board meeting minutes did not present budget-to-actual comparisons.

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

Obtained the prior year audit report and observed that the unassigned fund balance was a positive balance.

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

There were no audit findings requiring status updates in the prior year.

3) Bank Reconciliations

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

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

Bank reconciliations include evidence that they were prepared within two months of the related statement closing date.

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

Bank reconciliations include evidence that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each reconciliation.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
Bank reconciliations do not include evidence that management has researched items that were outstanding for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds transfers)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Observed that receipts are sequentially pre-numbered.

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

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

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

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

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

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

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

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

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

1. 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.

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

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

Observed that job duties are properly segregated regarding the functions noted above.

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

Observed that job duties are properly segregated regarding the functions noted above.

- 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;

Obtained written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

- 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; and

Obtained written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

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

The employee/official authorized to sign checks also approves the electronic release of funds.

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

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

Observed that the disbursements matched the related original itemized invoice and the supporting documentation indicates deliverables included on the invoice were received.

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

Observed that the disbursement documentation included evidence of segregation of duties tested.

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

Electronic disbursements were approved by those persons authorized and required to disburse funds.

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

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

Obtained a listing of all active credit cards and management's representation that the listing is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
No exceptions noted.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
No finance charges were assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
No exceptions noted.

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

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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
Observed that approved reimbursement rates were not more than those establishments by the State of Louisiana or the U.S. General Services Administration.
- ii. 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.
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
Observed that each reimbursement is supported by documentation of the business/public purpose.
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
Observed that each reimbursement was reviewed and approved by someone other than the person receiving reimbursement.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
No exceptions were found as a result of this procedure.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
Observed that the contract was approved by the board.
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments

were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

There were no amendments to the contract.

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

Observed that the invoice agreed to the terms and conditions of the contract.

9) Payroll and Personnel

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

Obtained a listing of employees and officials employed during the fiscal period, and management provided representation that the listing is complete. Randomly selected 5 employees and agreed paid salaries to authorized salaries/pay rates in the personnel files.

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

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

Observed that all selected employees documented their daily attendance and leave.

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

Observed that supervisors approved the attendance and leave of the selected employees.

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

Observed that leave accrued and taken during the pay period is reflected in the entity's cumulative leave records.

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

Observed that the rate paid to employees agrees to the authorized salary/pay rate found within the personnel file.

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

There were no termination payments during the fiscal year.

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

Management provided representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

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

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

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

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

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

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

An ethics designee has been appointed.

11) Debt Service

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

Management has asserted that the Entity did not have any debt issued during the fiscal year.

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

Obtained a listing of bonds outstanding at the end of the fiscal year and management's representation that the listing is complete. Randomly selected one note for inspection and determined that there is no reserve balance requirement.

12) Fraud Notice

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

Management has asserted that the Entity did not have any misappropriations of public funds or assets during the reporting period.

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

Observed that the entity has posted on its premises, the required notice.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe

evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

No exceptions noted.

14) Prevention of Sexual Harassment

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

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

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

Observed that the entity has posted its sexual harassment policy and complaint procedure.

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

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

Observed that the report included requirements as stated above.

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

Observed that the report included requirements as stated above.

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

Observed that the report included requirements as stated above.

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

Observed that the report included requirements as stated above.

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

There were no complaints.

Management's Response

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

We were engaged by Town of Leonville, Louisiana to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Vige, Tujague & Noël

Vige, Tujague & Noel

Eunice, Louisiana

November 14, 2023