

**CITY OF LEESVILLE, LOUISIANA**

Financial Report

Year Ended June 30, 2015

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## INDEPENDENT AUDITORS' REPORT

The Honorable Rick Allen, Mayor  
and Members of the City Council  
City of Leesville, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leesville, Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Leesville, Louisiana's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leesville, Louisiana, as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As described in Note 23 to the financial statements, the City of Leesville, Louisiana adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of funding progress, schedules of employer's share of net pension liability, and schedules of employer contributions on pages 67 - 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City of Leesville, Louisiana has omitted management's discussion and analysis that, 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 omitted information.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Leesville, Louisiana's basic financial statements. The combining and comparative statements and various schedules included in other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The prior year comparative information on the combining and comparative statements has been derived from the City of Leesville's 2014 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they were derived.

The various schedules included in other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have issued our report dated December 15, 2015, on our consideration of the City of Leesville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Leesville, Louisiana's internal control over financial reporting and compliance.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
December 15, 2015

## **BASIC FINANCIAL STATEMENTS**

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



## CITY OF LEESVILLE, LOUISIANA

Statement of Net Position  
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 1,602,031	\$ 752,251	\$ 2,354,282
Receivables	847,427	430,770	1,278,197
Due from other governmental agencies	26,646	2,628,053	2,654,699
Inventories	167,101	-	167,101
Other assets	223,272	8,066	231,338
Restricted assets:			
Cash and interest-bearing deposits	-	713,481	713,481
Capital assets:			
Land and construction in progress	908,639	6,915,147	7,823,786
Capital assets, net	<u>13,858,817</u>	<u>9,759,663</u>	<u>23,618,480</u>
Total assets	<u>17,633,933</u>	<u>21,207,431</u>	<u>38,841,364</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of of resources related to pensions	<u>811,840</u>	<u>351,847</u>	<u>1,163,687</u>
LIABILITIES			
Accounts and other payables	367,310	377,619	744,929
Interest payable	25,212	17,578	42,790
Advance fuel sales	3,338	-	3,338
Internal balances	819,238	(819,238)	-
Long-term liabilities:			
Customer deposits payable	-	235,480	235,480
Compensated absences payable	242,924	39,870	282,794
Bonds, notes, and leases due within one year	356,234	231,000	587,234
Bonds, notes, and leases due after one year	1,919,460	5,087,938	7,007,398
OPEB obligation payable	2,920,355	547,567	3,467,922
Net pension liability	<u>3,037,415</u>	<u>347,726</u>	<u>3,385,141</u>
Total liabilities	<u>9,691,486</u>	<u>6,065,540</u>	<u>15,757,026</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>1,585,726</u>	<u>679,389</u>	<u>2,265,115</u>
NET POSITION			
Net investment in capital assets	12,491,762	11,696,671	24,188,433
Restricted for debt service	557,666	-	557,666
Restricted for capital projects	21,532	-	21,532
Unrestricted (deficit)	<u>(5,902,399)</u>	<u>3,117,678</u>	<u>(2,784,721)</u>
Total net position	<u>\$ 7,168,561</u>	<u>\$14,814,349</u>	<u>\$21,982,910</u>

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

CITY OF LEESVILLE, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2015

Activities	Expenses	Program Revenues			Net (Expense) 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	\$ 855,717	\$ 492,941	\$ -	\$ -	\$ (362,776)	\$ -	\$ (362,776)
Public safety	4,009,023	415,233	188,183	-	(3,405,607)	-	(3,405,607)
Public works	1,109,266	-	-	21,044	(1,088,222)	-	(1,088,222)
Economic development	719,978	127,079	-	669,099	76,200	-	76,200
Culture and recreation	425,865	19,897	-	12,428	(393,540)	-	(393,540)
Interest on long-term debt	77,717	-	-	-	(77,717)	-	(77,717)
Total governmental activities	<u>7,197,566</u>	<u>1,055,150</u>	<u>188,183</u>	<u>702,571</u>	<u>(5,251,662)</u>	<u>-</u>	<u>(5,251,662)</u>
Business-type activities:							
Sewer	1,125,801	896,774	-	1,761,271	-	1,532,244	1,532,244
Water	1,114,740	1,583,276	-	517,912	-	986,448	986,448
Total business-type activities	<u>2,240,541</u>	<u>2,480,050</u>	<u>-</u>	<u>2,279,183</u>	<u>-</u>	<u>2,518,692</u>	<u>2,518,692</u>
Total	<u>\$ 9,438,107</u>	<u>\$ 3,535,200</u>	<u>\$ 188,183</u>	<u>\$ 2,981,754</u>	<u>(5,251,662)</u>	<u>2,518,692</u>	<u>(2,732,970)</u>
General revenues:							
Taxes -							
Ad valorem taxes, levied for general maintenance					218,333	-	218,333
Ad valorem taxes, levied for street improvements					169,118	-	169,118
Ad valorem taxes, levied for sewer system					-	346,643	346,643
Sales and use taxes, levied for public works and recreation					3,071,034	-	3,071,034
Sales and use taxes, levied for public safety					1,512,599	-	1,512,599
Franchise taxes					509,209	-	509,209
Grants and contributions not restricted to specific programs -							
State sources					21,785	-	21,785
Interest and investment earnings					2,432	362	2,794
Nonemployer pension contribution					116,384	16,745	133,129
Miscellaneous					244,915	-	244,915
Transfers					31,571	(31,571)	-
Total general revenues and transfers					<u>5,897,380</u>	<u>332,179</u>	<u>6,229,559</u>
Change in net position					645,718	2,850,871	3,496,589
Net position, as restated - July 1, 2014					<u>6,522,843</u>	<u>11,963,478</u>	<u>18,486,321</u>
Net position - June 30, 2015					<u>\$ 7,168,561</u>	<u>\$ 14,814,349</u>	<u>\$ 21,982,910</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUND DESCRIPTIONS**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **Sales Tax Fund**

To account for the receipt and use of proceeds of the City's 1% sales and use tax. These taxes are dedicated and used for the purpose of constructing, improving, extending, and maintaining streets, sidewalks, bridges, drains, subsurface drainage, sewers and sewerage disposal works; fire department stations and facilities; and public parks and recreational facilities, and purchased and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities.

#### **Public Safety Fund**

To account for the receipt and use of proceeds of the City's 1/2% sales and use tax. These taxes are dedicated and used for the purpose of improving, operating, and maintaining the public safety services within the City of Leesville, specifically, to provide funds to acquire necessary police and fire protection equipment and other facilities so as to increase the level of services and protection in the City.

### **Enterprise Funds**

#### **Sewer Fund**

To account for the provision of sewerage services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

#### **Water Fund**

To account for the provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

## CITY OF LEESVILLE, LOUISIANA

Balance Sheet - Governmental Funds  
June 30, 2015

	General	Sales Tax	Public Safety	Other Governmental	Total
<b>ASSETS</b>					
Cash and interest-bearing deposits	\$ -	\$ 760,572	\$ -	\$ 841,459	\$ 1,602,031
Receivables -					
Due from other funds	524,431	-	-	180,972	705,403
Due from other governmental agencies	5,721	-	-	20,925	26,646
Other	204,034	429,157	214,236	-	847,427
Prepaid items	192,199	753	30,320	-	223,272
Inventories	167,101	-	-	-	167,101
Total assets	<u>\$ 1,093,486</u>	<u>\$ 1,190,482</u>	<u>\$ 244,556</u>	<u>\$ 1,043,356</u>	<u>\$ 3,571,880</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 130,732	\$ 18,366	\$ 36,702	\$ 12,184	\$ 197,984
Accrued liabilities	37,338	9,092	79,803	1,626	127,859
Contracts and retainage payable	12,583	-	-	28,884	41,467
Due to other funds	242,213	596,440	291,522	394,466	1,524,641
Advance fuel sales	3,338	-	-	-	3,338
Total liabilities	<u>426,204</u>	<u>623,898</u>	<u>408,027</u>	<u>437,160</u>	<u>1,895,289</u>
Fund balances -					
Nonspendable	359,300	753	30,320	-	390,373
Restricted for debt service	-	-	-	582,878	582,878
Restricted for capital projects	-	-	-	21,532	21,532
Assigned	-	565,831	-	1,786	567,617
Unassigned (deficit)	307,982	-	(193,791)	-	114,191
Total fund balances	<u>667,282</u>	<u>566,584</u>	<u>(163,471)</u>	<u>606,196</u>	<u>1,676,591</u>
Total liabilities and fund balances	<u>\$ 1,093,486</u>	<u>\$ 1,190,482</u>	<u>\$ 244,556</u>	<u>\$ 1,043,356</u>	<u>\$ 3,571,880</u>

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

CITY OF LEESVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2015

Total fund balances for governmental funds at June 30, 2015		\$ 1,676,591
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	\$ 289,026	
Construction in progress	619,613	
Buildings and improvements, net of \$5,188,784 accumulated depreciation	5,919,668	
Infrastructure, net of \$16,746,855 accumulated depreciation	7,310,458	
Equipment and vehicles, net of \$4,803,324 accumulated depreciation	<u>628,691</u>	14,767,456
The deferred outflows of contributions to retirement systems are not available resources, and therefore, are not reported in the funds		811,840
Long-term liabilities at June 30, 2015:		
Compensated absences	(242,924)	
Bonds payable	(1,789,000)	
Capital leases	(486,694)	
Accrued interest payable	<u>(25,212)</u>	(2,543,830)
OPEB obligation		(2,920,355)
Net pension liability		(3,037,415)
The deferred inflows of contributions to the retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds.		<u>(1,585,726)</u>
Total net position of governmental activities at June 30, 2015		<u>\$ 7,168,561</u>

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

## CITY OF LEESVILLE, LOUISIANA

Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2015

	General	Sales Tax	Public Safety	Other Governmental	Total
Revenues:					
Taxes -					
Ad valorem	\$ 218,333	\$ -	\$ -	\$ 169,118	\$ 387,451
Sales	-	3,071,034	1,512,599	-	4,583,633
Franchise	509,209	-	-	-	509,209
Licenses and permits	492,941	-	-	-	492,941
Intergovernmental	177,173	-	188,183	561,196	926,552
Fines and forfeits	-	-	248,634	-	248,634
Charges for services	127,079	19,897	166,599	-	313,575
Miscellaneous	150,937	79,282	57,780	354	288,353
Total revenues	<u>1,675,672</u>	<u>3,170,213</u>	<u>2,173,795</u>	<u>730,668</u>	<u>7,750,348</u>
Expenditures:					
Current:					
General government	842,035	75,154	5,440	-	922,629
Public safety	-	-	3,771,876	-	3,771,876
Public works	919,355	-	-	49,711	969,066
Economic development	182,696	-	-	-	182,696
Culture and recreation	-	353,083	-	-	353,083
Debt service	1,264	-	54,978	366,378	422,620
Capital outlay	219,949	5,202	120,259	569,774	915,184
Total expenditures	<u>2,165,299</u>	<u>433,439</u>	<u>3,952,553</u>	<u>985,863</u>	<u>7,537,154</u>
Excess (deficiency) of revenues over expenditures	<u>(489,627)</u>	<u>2,736,774</u>	<u>(1,778,758)</u>	<u>(255,195)</u>	<u>213,194</u>
Other financing sources (uses):					
Transfers in	644,571	-	1,705,000	241,780	2,591,351
Transfers out	(51,091)	(2,508,689)	-	-	(2,559,780)
Total other financing sources (uses)	<u>593,480</u>	<u>(2,508,689)</u>	<u>1,705,000</u>	<u>241,780</u>	<u>31,571</u>
Net changes in fund balances	103,853	228,085	(73,758)	(13,415)	244,765
Fund balances (deficit), beginning, as restated	<u>563,429</u>	<u>338,499</u>	<u>(89,713)</u>	<u>619,611</u>	<u>1,431,826</u>
Fund balances (deficit), ending	<u>\$ 667,282</u>	<u>\$ 566,584</u>	<u>\$ (163,471)</u>	<u>\$ 606,196</u>	<u>\$ 1,676,591</u>

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

CITY OF LEESVILLE, 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, 2015

Total net changes in fund balances for the year ended June 30, 2015 per the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 244,765
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 801,105
Depreciation expense for the year ended June 30, 2015	<u>(920,257)</u> (119,152)
Loss on disposal of assets	(55,018)
Principal retirement considered as an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balance	340,263
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on the accrual basis	4,640
Excess of compensated absences used over compensated absences earned	1,178
Pension (expense) benefit not requiring the use of current economic resources, and therefore, not recorded as a fund expenditure	327,298
Nonemployer contributions to the reitirement systems for the year ended June 30, 2015	116,384
Net OPEB obligation at June 30, 2015 not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure	<u>(214,640)</u>
Total changes in net position for the year ended June 30, 2015 per the Statement of Activities	<u>\$ 645,718</u>

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



## CITY OF LEESVILLE, LOUISIANA

Statement of Net Position - Proprietary Funds  
June 30, 2015

	Business -Type Activities - Enterprise Funds		
	Sewer	Water	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 290,618	\$ 461,633	\$ 752,251
Receivables:			
Accounts, net	159,295	271,475	430,770
Due from other funds	-	1,131,169	1,131,169
Due from other governmental agencies	208,927	2,419,126	2,628,053
Prepaid items	4,033	4,033	8,066
Total current assets	<u>662,873</u>	<u>4,287,436</u>	<u>4,950,309</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	-	713,481	713,481
Land and construction in progress	3,360,129	3,555,018	6,915,147
Capital assets, net of accumulated depreciation	<u>7,098,863</u>	<u>2,660,800</u>	<u>9,759,663</u>
Total noncurrent assets	<u>10,458,992</u>	<u>6,929,299</u>	<u>17,388,291</u>
Total assets	<u>11,121,865</u>	<u>11,216,735</u>	<u>22,338,600</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	<u>186,657</u>	<u>165,190</u>	<u>351,847</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	251,934	125,685	377,619
Due to other funds	311,931	-	311,931
Revenue bonds	-	231,000	231,000
Accrued interest payable	<u>-</u>	<u>17,578</u>	<u>17,578</u>
Total current liabilities	<u>563,865</u>	<u>374,263</u>	<u>938,128</u>
Noncurrent liabilities:			
Customer deposits payable	-	235,480	235,480
Compensated absences payable	26,759	13,111	39,870
OPEB obligation payable	304,204	243,363	547,567
Net pension liability	183,431	164,295	347,726
Revenue bonds payable	-	4,801,403	4,801,403
Note payable	<u>-</u>	<u>286,535</u>	<u>286,535</u>
Total noncurrent liabilities	<u>514,394</u>	<u>5,744,187</u>	<u>6,258,581</u>
Total liabilities	<u>1,078,259</u>	<u>6,118,450</u>	<u>7,196,709</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	<u>358,388</u>	<u>321,001</u>	<u>679,389</u>
<b>NET POSITION</b>			
Net investment in capital assets	10,339,116	1,357,555	11,696,671
Unrestricted (deficit)	<u>(467,241)</u>	<u>3,584,919</u>	<u>3,117,678</u>
Total net position	<u>\$ 9,871,875</u>	<u>\$ 4,942,474</u>	<u>\$ 14,814,349</u>

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

CITY OF LEESVILLE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds  
For the Year Ended June 30, 2015

	Business -Type Activities - Enterprise Funds		
	Sewer	Water	Total
Operating revenues:			
Charges for services	\$ 896,774	\$ 1,583,276	\$ 2,480,050
Operating expenses:			
Salaries	330,524	266,549	597,073
Employee benefits	27,175	23,022	50,197
OPEB expense	86,001	21,597	107,598
Pension expense (benefit)	(94,048)	(84,239)	(178,287)
Operating supplies	56,480	145,088	201,568
Vehicle expense	20,286	29,017	49,303
Utilities and communications	120,303	161,912	282,215
Insurance	89,754	98,739	188,493
Legal and other professional	7,935	-	7,935
Repairs and maintenance	97,723	82,567	180,290
Bad debt	26,353	37,573	63,926
Miscellaneous	60,307	20,404	80,711
Depreciation	290,741	241,029	531,770
Total operating expenses	1,119,534	1,043,258	2,162,792
Operating income (loss)	(222,760)	540,018	317,258
Nonoperating revenues (expenses):			
Interest income	253	109	362
Ad valorem taxes	346,643	-	346,643
Nonemployer pension contribution	8,833	7,912	16,745
Interest expense	(6,267)	(71,482)	(77,749)
Total nonoperating revenues (expenses)	349,462	(63,461)	286,001
Income before contributions and transfers	126,702	476,557	603,259
Contributions	1,761,271	517,912	2,279,183
Transfers in (out)	215,468	(247,039)	(31,571)
Change in net position	2,103,441	747,430	2,850,871
Net position, beginning, as restated	7,768,434	4,195,044	11,963,478
Net position, ending	\$9,871,875	\$4,942,474	\$14,814,349

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

CITY OF LEESVILLE, LOUISIANA

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Total
Cash flows from operating activities:			
Receipts from customers	\$ 881,861	\$ 1,569,762	\$ 2,451,623
Payments to suppliers	(525,541)	(723,849)	(1,249,390)
Payments to employees	(391,057)	(317,072)	(708,129)
Net cash provided (used) by operating activities	(34,737)	528,841	494,104
Cash flows from noncapital financing activities:			
Nonemployer pension contribution	8,833	7,912	16,745
Transfers from (to) other funds	(121,071)	172,941	51,870
Net cash provided (used) by noncapital financing activities	(112,238)	180,853	68,615
Cash flows from capital and related financing activities:			
Proceeds from (principal paid) on bonds and notes payable	(320,000)	450,980	130,980
Interest and fiscal charges paid on revenue bonds	(9,440)	(72,947)	(82,387)
Net increase in customer meter deposits	-	8,946	8,946
Proceeds from ad valorem taxes	346,643	-	346,643
Proceeds from grants	1,937,388	303,834	2,241,222
Acquisition of property, plant and equipment	(1,807,616)	(598,451)	(2,406,067)
Net cash provided by capital and related financing activities	146,975	92,362	239,337
Cash flows from investing activities:			
Interest earned	253	109	362
Net increase in cash and cash equivalents	253	802,165	802,418
Cash and cash equivalents, beginning of period	290,365	372,949	663,314
Cash and cash equivalents, end of period	\$ 290,618	\$ 1,175,114	\$ 1,465,732
Supplemental data:			
Bonds payable forgiven	\$ -	\$ 214,078	\$ 214,078

(continued)

CITY OF LEESVILLE, LOUISIANA

Statement of Cash Flows  
Proprietary Funds (Continued)  
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (222,760)	\$ 540,018	\$ 317,258
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	290,741	241,029	531,770
Changes in current assets and liabilities:			
(Increase) decrease in accounts receivable	(14,913)	(13,514)	(28,427)
Decrease in prepaid items	475	11,126	11,601
Decrease in accounts payable	(44,929)	(157,407)	(202,336)
Increased (decrease) in compensated absences payable	1,092	(2,729)	(1,637)
Increase in OPEB obligation payable	86,001	25,160	111,161
Decrease in net pension liability	(326,301)	(292,262)	(618,563)
Increase in deferred outflows of resources	(162,531)	(143,581)	(306,112)
Increase in deferred inflows of resources	<u>358,388</u>	<u>321,001</u>	<u>679,389</u>
Net cash provided (used) by operating activities	<u>\$ (34,737)</u>	<u>\$ 528,841</u>	<u>\$ 494,104</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 and interest-bearing deposits - unrestricted	\$ 214,639	\$ -	\$ 214,639
Cash and interest-bearing deposits - restricted	<u>75,726</u>	<u>372,949</u>	<u>448,675</u>
Total cash and cash equivalents, beginning of period	<u>290,365</u>	<u>372,949</u>	<u>663,314</u>
Cash and cash equivalents, end of period -			
Cash and interest-bearing deposits - unrestricted	290,618	461,633	752,251
Cash and interest-bearing deposits - restricted	<u>-</u>	<u>713,481</u>	<u>713,481</u>
Total cash and cash equivalents, end of period	<u>290,618</u>	<u>1,175,114</u>	<u>1,465,732</u>
Net increase	<u>\$ 253</u>	<u>\$ 802,165</u>	<u>\$ 802,418</u>

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

## CITY OF LEESVILLE, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of Leesville, Louisiana (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

The City of Leesville, Louisiana was incorporated by proclamation of the Governor on February 15, 1900. The City operates under the council-administrator form of government, governed by the mayor and a six-member board. The City is located in the parish of Vernon and has a population of approximately 6,600.

As the municipal governing authority, for reporting purposes, the City of Leesville, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and (d) organizations that are closely related to, or financially integrated with the primary government.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's government authority (Mayor and Council) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

## CITY OF LEESVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

The City of Leesville is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the City and do not present information on any other governmental unit.

#### B. Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the City as an economic unit. The government-wide financial statements report the City's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

##### Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the City. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The City uses the following funds, grouped by fund type.

##### Governmental Funds -

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

##### General Fund

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

## CITY OF LEESVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the City. The following are the City's major Special Revenue Funds:

The Sales Tax Special Revenue Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

The Public Safety Special Revenue Fund is used to account for the proceeds of a ½ cent sales and use tax that is legally restricted to expenditures for specific purposes.

#### Capital Projects Funds

Capital Projects Funds are used to report resources that are restricted, committed, or assigned to expenditures for major capital acquisition and construction separately from ongoing operational activities. The City has no major capital projects funds.

#### Debt Service Funds

Debt Service Funds are used to account for and report resources that are restricted, committed, or assigned to expenditures for principal and interest. The City has no major debt service funds.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and nonmajor funds aggregated. A reconciliation is presented to summarize the differences in fund balances of the governmental fund financial statement and the net position of the governmental activities in the government-wide financial statements.

#### Proprietary Funds –

Proprietary funds are used to account for the City's ongoing operations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the City are enterprise funds.

## CITY OF LEESVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Enterprise funds

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds 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 be financed or recovered primarily through user charges; or (b) where the governing body has decided that 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 City's enterprise funds are the Sewer Fund and the Water Fund.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The City considers reimbursement amounts received within one year as available. The City accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments, are recorded as expenditures when paid.



## CITY OF LEESVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the City. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the City and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

#### D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

##### Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the City. Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The City may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

For the purpose of the proprietary funds statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

##### Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer’s utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for customers’ utility receivables was \$244,042 at June 30, 2015. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

## CITY OF LEESVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans are reported as “advances to and from other funds.” Interfund receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

#### Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. All inventories are accounted for in the General Fund as assets when purchased and recorded as expenditures when consumed. Inventory items consumed by other funds are recorded through the interfund receivable/payable accounts.

#### Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015 are recorded as prepaid items.

#### Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary funds that are legally restricted as to their use. The restricted assets in the water and sewer funds are related to the utility meter deposits and revenue bond accounts.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$5,000 or more for capitalizing capital assets.

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

## CITY OF LEESVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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 assets. 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 and improvements	20-40 years
Equipment and vehicles	5-10 years
Utility system and improvements	25-50 years
Infrastructure	20-40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

#### 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 public improvement bonds payable, revenue bonds payable, notes payable, compensated absences, and utility meter deposits payable.

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. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

#### Compensated Absences

Sick leave is earned at the rate of one day for each month worked, with a limit of twelve days per year. One-third of accumulated sick leave up to 80 days is payable at termination of employments. Vacation leave is earned over a calendar year basis at an amount dependent upon years of service. Accumulated vacation time up to 160 hours is payable at termination of employment.

For fund financial statements, vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the governmental fund that will pay it. In the government-wide statements, amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt.

## CITY OF LEESVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reported deferred outflows of resources related to pensions of \$1,163,687 at June 30, 2015.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reported deferred inflows of resources related to pensions of \$2,265,115 at June 30, 2015.

See Note 14 for additional information related to deferred outflows of resources and deferred inflows of resources related to pensions.

#### Equity Classifications

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

- a. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, and contributors, laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the City's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

## CITY OF LEESVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

In the fund statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The City's nonspendable fund balance includes inventories and prepaid items.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the City through formal legislative action of the Mayor and Council and does not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of an Ordinance (Law) by the Mayor and Council.
- d. Assigned includes fund balance amounts that are constrained by the City's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the City Administrator and approval of a Resolution by the Mayor and Council.
- e. Unassigned includes fund balance amounts which have not been classified within the above mentioned categories.

It is the City's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the City uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements.

## CITY OF LEESVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### E. Revenues, Expenditures, and Expenses

##### Revenues

The City considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The City generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The City's major revenues sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are two classifications of programmatic revenues for the City, grant revenue and program revenue. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the City's general revenues. The primary sources of program revenues are fees, fines, and charges paid by recipients of goods and services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and earned income in connection with the operation of the City's utility system.

Interest income is recorded as earned in the fund holding the interest bearing asset.

Substantially all other revenues are recorded when received.

##### Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expense are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

##### 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

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

F. Revenue Restrictions

The City 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 Restrictions of Use</u>
Ad valorem taxes	See Note 2
Sales tax	See Note 3
Sewer and water revenue	Utility operations

The City uses unrestricted resources only when restricted resources are fully depleted.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2015, taxes of 17.50 mills were levied on property with assessed valuations totaling \$42,530,160 and were dedicated as follows:

General maintenance	5.15 mills
Street improvements	4.05 mills
Sewer system	4.15 mills
Sewer District III	<u>4.15 mills</u>
Total	<u>17.50 mills</u>

Total taxes levied were \$744,294. Taxes receivable at June 30, 2015 totaled \$330.

(3) Sales and Use Tax

- A. Proceeds of the 1% sales and use tax levied by the City of Leesville, Louisiana beginning July 1, 2005 (2015 collections \$3,071,034) are dedicated for the following purposes in the following order:

Constructing, improving, extending, and maintaining streets, sidewalks, bridges, drains, subsurface drainage, sewers and sewerage disposal works; fire department stations and facilities; and public parks and recreational facilities, and purchased and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities.

- B. Proceeds of the 1/2% sales and use tax levied by the City of Leesville, Louisiana beginning April 1, 2004 (2015 collections \$1,512,599) are dedicated to the following purposes:

For improving, operating, and maintaining the public safety services within the City of Leesville, Louisiana, specifically, to provide funds to acquire necessary police and fire protection equipment and other facilities so as to increase the level of services and protection in the City.



# CITY OF LEESVILLE, LOUISIANA

## Notes to Basic Financial Statements (Continued)

### (4) Cash, Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2015, the City had cash and interest-bearing deposits (book balances) totaling \$3,067,763 as follows

Demand deposits	\$ 742,200
Money market accounts	2,110,860
Time deposits	<u>214,703</u>
Total	<u>\$ 3,067,763</u>

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or the City will not be able to recover the collateral securities that are in the possession of an outside party. Under state law, 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 the amount on deposit with the fiscal agent bank. 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. The following is a summary of deposit balances (bank balances) at June 30, 2015, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 3,418,120</u>
Insured	\$ 521,254
Uninsured and collateral held by pledging bank not in City's name	<u>2,896,866</u>
Total	<u>\$ 3,418,120</u>

Deposits in the amount of \$2,896,866 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the City's name (Category 3 deposits). The City does not have a policy for custodial credit risk.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Receivables

Receivables at June 30, 2015 of \$1,278,197 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts, net	\$ -	\$ 236,433	\$ 236,433
Unbilled utility	-	194,337	194,337
Ad valorem tax	330	-	330
Sales tax	640,533	-	640,533
Franchise tax	106,919	-	106,919
Licenses and permits	41,950	-	41,950
Other	57,695	-	57,695
Totals	<u>\$ 847,427</u>	<u>\$ 430,770</u>	<u>\$ 1,278,197</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units of \$2,654,699 at June 30, 2015 consisted of the following:

Governmental activities:

State of Louisiana - beer tax revenues receivable \$ 5,721

State of Louisiana - Louisiana Department of Transportation and  
Development - Airport Improvement grants 20,925

Business-type activities:

State of Louisiana - Division of Administration 236,709

State of Louisiana - Department of Health and Hospitals 2,391,344

Total \$ 2,654,699

(7) Restricted Assets

Restricted assets in the Enterprise Utility Funds consisted of the following at June 30, 2015:

Customers' deposits	\$ 235,480
Revenue bond reserve and sinking funds	<u>478,001</u>
Total Enterprise Utility Fund restricted assets	<u>\$ 713,481</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 339,026	\$ -	\$ 50,000	\$ 289,026
Construction in progress	1,048,764	678,292	1,107,443	619,613
Other capital assets:				
Buildings and improvements	11,108,452	-	-	11,108,452
Equipment and vehicles	5,473,111	90,011	131,107	5,432,015
Infrastructure	22,918,372	1,140,245	1,304	24,057,313
Totals	40,887,725	1,908,548	1,289,854	41,506,419
Less accumulated depreciation				
Buildings and improvements	4,925,619	263,165	-	5,188,784
Equipment and vehicles	4,694,148	235,369	126,193	4,803,324
Infrastructure	16,326,332	421,723	1,200	16,746,855
Total accumulated depreciation	25,946,099	920,257	127,393	26,738,963
Governmental activities, capital assets, net	<u>\$ 14,941,626</u>	<u>\$ 988,291</u>	<u>\$ 1,162,461</u>	<u>\$ 14,767,456</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 157,249	\$ -	\$ -	\$ 157,249
Construction in progress	4,491,348	2,283,081	16,531	6,757,898
Other capital assets:				
Plant and system	21,893,205	109,642	-	22,002,847
Equipment and vehicles	619,436	29,875	-	649,311
Totals	27,161,238	2,422,598	16,531	29,567,305
Less accumulated depreciation				
Plant and system	11,868,168	517,211	-	12,385,379
Equipment and vehicles	492,557	14,559	-	507,116
Total accumulated depreciation	12,360,725	531,770	-	12,892,495
Business-type activities, capital assets, net	<u>\$ 14,800,513</u>	<u>\$ 1,890,828</u>	<u>\$ 16,531</u>	<u>\$ 16,674,810</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 8,529
Public safety	185,836
Public works	168,430
Economic development	454,969
Culture and recreation	<u>102,493</u>
Total depreciation expense	<u>\$ 920,257</u>

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

Sewer	\$ 290,741
Water	<u>241,029</u>
Total depreciation expense	<u>\$ 531,770</u>

(9) Accounts and Other Payables

The accounts and other payables consisted of the following at June 30, 2015:

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 196,188	\$ 61,885	\$ 258,073
Salaries payable	127,689	26,627	154,316
Payroll tax and employee benefits payable	1,966	-	1,966
Contracts and retainage payable	<u>41,467</u>	<u>289,107</u>	<u>330,574</u>
Totals	<u>\$ 367,310</u>	<u>\$ 377,619</u>	<u>\$ 744,929</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Note Payable - Bank

The City obtained a line of credit at a local financial institution in order to fund emergency repairs. Under the terms of the bank line of credit agreement dated June 15, 2012, the City may borrow up to \$500,000 with interest at 3.8%. This agreement was renewed on July 3, 2014 with the principal due at July 3, 2015. The following is a summary of short-term debt transactions for the year ended June 30, 2015:

	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015
Line of credit -				
General Fund	\$ 25,713	\$ -	\$ 25,713	\$ -
Water Fund	91,689	-	91,689	-
	<u>\$ 117,402</u>	<u>\$ -</u>	<u>\$ 117,402</u>	<u>\$ -</u>

(11) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended June 30, 2015:

	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015	Amount due in one year
Long-term debt:					
Revenue bonds	\$ 6,765,837	\$ -	\$ 564,434	\$ 6,201,403	\$ 413,000
General obligation bonds	1,075,000	-	455,000	620,000	145,000
Note payable	336,753	-	50,218	286,535	-
Capital leases	516,957	-	30,263	486,694	29,234
Other liabilities:					
Compensated absences	285,609	-	2,815	282,794	-
	<u>\$ 8,980,156</u>	<u>\$ -</u>	<u>\$ 1,102,730</u>	<u>\$ 7,877,426</u>	<u>\$ 587,234</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Changes in Long-Term Liabilities (Continued)

Bonds payable at June 30, 2015 are comprised of the following individual issues:

Governmental activities:

General obligation bonds:

\$1,800,000 General Obligation Bonds, Series 2004, due in annual installments of \$85,000 - \$165,000 through February 1, 2019; interest at 4.40 - 3.63 percent, secured by ad valorem tax collections \$ 620,000

Revenue bonds:

\$1,344,000 Sales Tax Refunding Bonds, Series 2013, due in annual installments of \$175,000 - \$209,000 through August 1, 2020; interest at 2.25 percent, secured by sales tax collections 1,169,000

Total bonds payable applicable to governmental activities \$ 1,789,000

Business-type activities

Revenue bonds:

\$1,550,000 Water Improvement Bond, Series 2007, due in annual installments of \$75,000 - \$140,000 through August 1, 2022; interest at 0.10 - 4.70 percent; secured by Water Fund revenues \$ 955,000

\$4,800,000 Taxable Public Improvement Bonds, Series 2013, due in annual installments of \$131,000 - \$249,000 through August 1, 2034; interest at 2.95%, for the purpose of constructing and acquiring improvements, extensions and replacements to the waterworks system of the City. The bonds were sold to the Louisiana Department of Health and Hospitals, Drinking Water Revolving Loan Fund. Thirty percent (30%) of the City's obligation to repay the principal of the bonds will be forgiven simultaneously with the payment by the Department of each installment of the purchase price of the bonds. At the time of the debt forgiveness, these amounts are recognized as grant revenue. 4,077,403

Total bonds payable applicable to business-type activities \$ 5,032,403

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Changes in Long-Term Liabilities (Continued)

Capital leases payable at June 30, 2015 consisted of the following:

	Original Amount	Maturity Date	Interest Rates	Balance Outstanding
Fire equipment	\$ 666,583	04/25/28	4.98%	\$ 486,694

Annual debt service requirement of bonds outstanding are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	Principal payments	Interest payments	Principal payments	Interest payments	Principal payments	Interest payments
2016	\$ 327,000	\$ 46,511	\$ 231,000	\$ 149,171	\$ 558,000	\$ 195,682
2017	335,000	37,309	240,000	141,075	575,000	178,384
2018	352,000	27,668	250,000	132,497	602,000	160,165
2019	363,000	17,480	260,000	123,414	623,000	140,894
2020	203,000	6,986	270,000	113,698	473,000	120,684
2021-2025	209,000	2,351	1,234,000	420,161	1,443,000	422,512
2026-2030	-	-	982,000	260,427	982,000	260,427
2031-2035	-	-	1,565,403	105,258	1,565,403	105,258
Total	<u>\$ 1,789,000</u>	<u>\$ 138,305</u>	<u>\$ 5,032,403</u>	<u>\$ 1,445,701</u>	<u>\$ 6,821,403</u>	<u>\$ 1,584,006</u>

Annual debt service requirements to maturity for capital leases are as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 30,624	\$ 24,355	\$ 54,979
2017	32,215	22,764	54,979
2018	33,820	21,159	54,979
2019	35,504	19,475	54,979
2020	37,223	17,755	54,978
2021 - 2025	216,080	58,814	274,894
2026 - 2027	101,228	10,700	111,928
	<u>\$ 486,694</u>	<u>\$ 175,022</u>	<u>\$ 661,716</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Changes in Long-Term Liabilities (Continued)

Leased equipment and vehicles under capital leases are included in capital assets at June 30, 2015 as follows:

Equipment and vehicles	\$ 830,481
Less: Accumulated depreciation	<u>(598,789)</u>
Net	<u>\$ 231,692</u>

Depreciation of leased equipment and vehicles under capital leases in the amount of \$61,381 for the year ended June 30, 2015 is included in depreciation expense.

Compensated absences payable is not amortizable because the timing of the payouts are based on factors outside the City's control.

Notes Payable:

On July 23, 2003, the City entered into an agreement with the Louisiana Department of Transportation and Development for utility relocation assistance funding. Issuance of future permits to the City by the Louisiana Department of Transportation and Development for location of additional longitudinal facilities within any state owned right of way is contingent upon repayment of this funding. The City must show a good faith effort to repay the debt by making annual payments to the Department of Transportation and Development of 5% of its gross income or 10% of its outstanding utility relocation assistance funding debt. The first payment must be made within one year of the date of invoicing to the City by the Department of Transportation and Development, and issuance of permits will remain suspended until the first payment is made. The City's payments are due by January 15th of each year. As of June 30, 2015, the City incurred \$535,778 in funding from this agreement. The relocation project was completed and had final inspection on July 13, 2010.

(12) Flow of Funds; Restrictions on Use

Business-type activities:

Water Fund –

Water Improvement Bond, Series 2007

Under the terms of the \$1,550,000 Water Improvement Bonds, Series 2007, the City is required to maintain an excess revenue bond sinking fund in an amount to pay promptly and fully the principal of and interest on the bonds by transferring monthly payments on or before the 20<sup>th</sup> day of each month commencing in August 2002 a sum equal to 1/6<sup>th</sup> of the next interest payment due and 1/12<sup>th</sup> of the next principal due.

During the year ended June 30, 2015, the monthly sinking fund transfers were made as required by the agreement.

(continued)



CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Flow of Funds; Restrictions on Use (Continued)

Public Improvement Bonds, Series 2013

Under the terms of the \$4,800,000 Taxable Public Improvement Bonds, Series 2013, the City is required to maintain a sinking fund in an amount to pay promptly and fully the principal of and interest on the bonds by transferring monthly payments on or before the 20<sup>th</sup> day of each month commencing in August 2013 a sum equal to 1/6<sup>th</sup> of the next interest payment due and 1/12<sup>th</sup> of the next principal due.

Under the terms of the \$4,800,000 Taxable Public Improvement Bonds, Series 2013, the City is required to maintain a reserve fund to be retained solely for the purpose of paying the principal of and interest on the bonds by transferring on or before the 20<sup>th</sup> day of each month a sum at least equal to 25% of the amount to be paid into the sinking fund until such time as there has been accumulated a sum equal to \$128,173.

Under the terms of the \$4,800,000 Taxable Public Improvement Bonds, Series 2013, the City is required to maintain a depreciation and contingency fund. The City is required to set aside into this fund monthly in advance on or before the 20<sup>th</sup> of each month a sum at least equal to 5% of the amount to be paid into the sinking fund until such time as there has been accumulated a sum equal to \$125,000.

During the year ended June 30, 2015, the monthly sinking, reserve, and depreciation and contingency fund transfers were not made as required by the agreement.

Governmental Activities:

Sales Tax Refunding Bonds, Series 2013

Under the terms of the \$1,344,000 Sales Tax Refunding Bonds, Series 2013, which were issued on April 2, 2013 to refund a portion of the Sales Tax Revenue Public Improvement Bonds, Series 2005, the City will maintain a sinking fund sufficient in amount to pay promptly and fully the principal of and interest on the bonds by transferring from the sales tax fund monthly in advance a sum equal to the principal and interest accruing on such bonds during the period together with such additional proportionate sum as may be required to pay the principal and interest as they become due.

During the year ended June 30, 2015, the monthly sinking fund transfers were made as required by the agreements.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Post Retirement Health Care and Life Insurance Benefits

**Plan Description:** Employees who retire from the City with twenty (20) years of service are eligible to continue health insurance coverage upon retirement up to the age of 65. The plan is a single-employer defined benefit health care plan administered by United Health Care. The City has the authority to establish and amend the benefit provisions of the plan. The plan does not issue a publicly available financial report.

**Funding Policy:** The City and retiree contribute the same percentage (approximately 78% and 22%, respectively) of the cost of the premiums for health insurance coverage.

**Annual OPEB Cost:** The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The amortization of the unfunded actuarial accrued liability is calculated assuming 30 level annual payments.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 488,389
Interest on net OPEB obligation	125,685
Adjustment to annual required contribution	<u>(201,133)</u>
Annual OPEB cost (expense)	412,941
Contributions made	<u>(87,140)</u>
Increase in net OPEB obligation	325,801
Net OPEB obligation - beginning of year	<u>3,142,121</u>
Net OPEB obligation - end of year	<u>\$ 3,467,922</u>

The City's estimated annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the prior three years assuming the plan is not prefunded:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	349,100	28.61%	2,910,830
6/30/2014	344,112	32.79%	3,142,121
6/30/2015	412,941	21.10%	3,467,922

The net OPEB benefit payable balance of \$3,467,922 is included in the statement of net position long-term liabilities. Of this amount, \$2,920,355 is applicable to governmental activities and \$547,567 is applicable to business-type activities.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Post Retirement Health Care and Life Insurance Benefits (Continued)

Funded Status and Funding Progress: The funded status of the plan as of July 1, 2014, was as follows:

Actuarial accrued liability (AAL)	\$ 2,859,537
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,859,537</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 1,930,733
UAAL as a percentage of covered payroll	148%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the unit credit actuarial cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Discount rate for valuing liabilities: 4.0% per annum, compounded annually.
2. Inflation rate: 2.5% per annum, compounded annually.
3. Mortality rates - Sex Distinct RP-2000 Combined Healthy Mortality Table projected to 2014 using scale AA. For pre-retirement, males set forward three years and females set back two years. For post-retirement, males set forward one year.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Post Retirement Health Care and Life Insurance Benefits (Continued)

4. Retirement rates - (Rates are the same for both male and female.)

<u>Age</u>	<u>Rate</u>
46 - 49	13.0%
50 - 54	22.0%
55 - 64	29.5%
65	83.0%

4. 100% of employees who are eligible for retiree medical benefits and Medicare are assumed to elect medical coverage in retirement.
5. For actives it is assumed that husbands are three years older than their wives. 80% of active participants making it to retirement are assumed to be married and elect spouse medical coverage.
6. It is assumed that the age adjusted retiree cost under the Alternative Measurement Methodology, allowed for plans with less than 100 participants, is as follows:

	<u>Medical and Rx</u>	
	<u>Retiree</u>	<u>Spouse</u>
Pre-65	\$ 11,400	\$ 11,378
Post-65	N/A	N/A

7. Medical and prescription drug inflation (trend assumption)

<u>Year</u>	<u>Trend</u>
2014	4.5%
2015	4.5%
2016	4.8%
2017	5.1%
2018	5.3%
2019	5.4%
2020	5.2%
2021	5.3%
2022	5.4%
2023	5.7%
2024	5.9%
2025	6.0%
2026-2032	5.9%
-	-
-	-
2092	4.5%

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Louisiana, the Municipal Police Employees' Retirement System (MPERS) of Louisiana, and the Firefighters' Retirement System (FRS) of Louisiana, and additions to/deductions from the systems' fiduciary net position have been determined on the same basis as they are reported by the systems. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. Municipal Employees' Retirement System of Louisiana (MERS) -

Plan Description: Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:1731 to provide retirement, disability and survivor benefits to employees of all incorporated villages, towns and cities throughout the State of Louisiana. MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City are members of Plan B. MERS issues a publicly available financial report that may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Benefits Provided: The following is a 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.

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

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

Eligibility for Retirement for Plan B members hired on or after January 1, 2013 is as follows:

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

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

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. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

**Survivor Benefits:** Upon death of any member of Plan B with five (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.

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

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

**Disability Benefits:** For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service; in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

Cost of Living Increases: MERS 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 MERS to grant an additional cost of living increase 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.

Deferred Benefits: Plan B provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2014, the actual employer contribution rate was 8.75% for Plan B. For the year ended June 30, 2014, the actuarially determined employer contribution rate was 9.82% for Plan B. The actuarially determined rate is the rate calculated to provide employer contributions that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. In accordance with state statute, MERS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Contributions to the pension plan from the City were \$118,786 and \$197,193 for the years ended June 30, 2015 and 2014, respectively.

Employer Allocations: The schedule of employer allocations reports the required projected employer contributions in addition to the employer allocation percentage. The required projected employer contributions are used to determine the proportionate relationship of each employer to all employers of MERS. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected contribution effort to the plan for the next fiscal year. The employers' projected contribution effort was actuarially determined by MERS's actuary. The employers' projected contribution effort was calculated by multiplying the projected future compensation of active members in MERS on June 30, 2014 by the next fiscal year's employers' actuarially required contribution rate. Projected future compensation was calculated by multiplying compensation by a payroll factor of 1.023 for Plan B.

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CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

Compensation was determined as follows:

- a. Actual earned compensation for active members enrolled in MERS the entire fiscal year, plus;
- b. Annualized compensation for active members on June 30, 2014 enrolled in MERS for a portion of the fiscal year. Annualized compensation was calculated using actual compensation and the employee's date of hire.

The payroll factor was actuarially determined using salary assumptions for expected net changes in active members plus expected new hires and their payroll over the next fiscal year. The next fiscal year's employers' actuarially required contribution rate was 9.6% for Plan B.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the City reported a liability of \$833,647 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City's proportion was 1.77562%, which was an increase of 1.0049% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$98,578 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$526,004.

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to MERS from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ 8,836
Net differences between projected and actual earnings on plan investments	-	46,391
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	421,452	894,168
Contributions subsequent to the measurement date	68,530	-
Total	<u>\$ 489,982</u>	<u>\$ 949,395</u>

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CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

	<u>Business-type Activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ 6,324
Net differences between projected and actual earnings on plan investments	-	33,197
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	301,591	639,868
Contributions subsequent to the measurement date	<u>50,256</u>	<u>-</u>
Total	<u>\$ 351,847</u>	<u>\$ 679,389</u>

Deferred outflows of resources of \$118,786 related to MERS resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERS will be recognized in pension expense (benefit) as follows:

<u>Fiscal Year Ended</u>	
6/30/2016	\$ (550,954)
6/30/2017	(550,954)
6/30/2018	216,065
6/30/2019	(19,898)

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

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CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability of MERS as of June 30, 2015 are as follows:

Valuation Date	June 30, 2014 and 2013
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.5%, net of investment income
Inflation Rate	3.0% per annum
Salary Increases, including inflation and merit	5.75 percent (3% inflation and 2.75% merit)
Mortality Rates	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a reliable experience. The aggregated data was collected over the period July 1, 2006 through June 30, 2010. The data was then 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 MERS's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

Discount rate: The discount rate used to measure MERS's pension liability was 7.75%. 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 MERS's actuary. Based on those assumptions, MERS'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.

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CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents MERS's net pension liability of the participating employers calculated using the discount rate of 7.75%, 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, or one percentage point higher than the current rate as of June 30, 2014:

	1.0% Decrease 6.5%	Current Discount Rate 7.5%	1.0% Increase 8.5%
Employ's proportionate share of the net pension liability	\$ 1,219,408	\$ 833,647	\$ 504,225

Change in Net Pension Liability: The changes in the MERS's net pension liability for the year ended June 30, 2014 were recognized in the current reporting period except as follows:

- a. Differences between Expected and Actual Experience - Differences between expected and actual experience with regard to economic or demographic factors in the measurement of MERS's pension liability 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 difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$20,213 for Plan B for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for Plan B for the year ended June 30, 2014 was \$5,053 and \$15,160, respectively.
- b. Differences between Projected and Actual Investment Earnings - 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 in the amount of \$79,588 for Plan B for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for Plan B for the year ended June 30, 2014 was \$19,897 and \$59,691, respectively.
- c. Change in Proportion - Changes in the employer's proportionate share of MERS's 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. The change in proportion resulted in a deferred outflow of resources in the amount of \$960,076 for Plan B for the year ended June 30, 2015. Pension expense and remaining deferred outflow for Plan B for the year ended June 30, 2014 was \$240,019 and \$720,057, respectively.

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CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

- d. Contributions – Proportionate Share -Differences between contributions remitted to MERS and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by MERS and contributions reported by the participating employer.

B. Municipal Police Employees' Retirement System of Louisiana (MPERS) –

Plan Description: Police officers of the City are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to police officers in Louisiana. The Municipal Police Employees' Retirement System is the administrator of this plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. MPERS issues a publicly available financial report that may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. 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 MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service, not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

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CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

Membership Commencing January 1, 2013 - Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If the deceased member had less than ten years of service, the 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 (COLA) 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 MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 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 MPERS shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of MPERS'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 MPERS's investment portfolio

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CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

**Initial Benefit Option Plan:** In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in 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.

**Contributions:** Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2014, total contributions due for employers and employees were 41%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 33.5% and 7.5%, respectively. The actuarial required employer and employee combined contribution for June 30, 2014 was 41.53%. Contributions to the pension plan from the City were \$118,042 and \$225,626 for the years ended June 30, 2015 and 2014, respectively.

**Non-employer contributions:** MPERS 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 during the year ended June 30, 2014 and excluded from pension expense.

**Employer Allocations:** The schedule of employer allocations reports the required projected combined (employer and employee) contributions in addition to the employer allocation percentage. The required combined contributions are used to determine the proportionate relationship of each employer to all employers of MPERS. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts. The allocation method used in determining each employer's proportion was based on the combined (employer and employee) projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected combined contribution effort to the plan for the next fiscal year. The combined projected contribution effort was actuarially determined by MPERS's actuary. The combined projected contribution effort was calculated by multiplying the projected future compensation of active members in MPERS on June 30, 2014 by the next fiscal year's combined actuarially required contribution rate. Projected future compensation was calculated by multiplying compensation by a payroll factor of 1.008.

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CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

Compensation was determined as follows:

- a. Actual earned compensation for active members enrolled in MPERS the entire fiscal year, plus;
- b. Annualized compensation for active members on June 30, 2014 enrolled in MPERS for a portion of the fiscal year. Annualized compensation was calculated using actual compensation and the employee's date of hire.

The payroll factor was actuarially determined using salary assumptions for expected net changes in active members plus expected new hires and their payroll over the next fiscal year. The next fiscal year's net combined employer and employees' actuarially required contribution rate is 39.80%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the City reported a liability of \$1,535,468 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City's proportion was 0.245436%, which was an increase of 0.011077% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$192,422 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$16,189.

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to MPERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 27,005
Changes of assumptions	-	416
Net difference between projected and actual earnings on pension plan investments	-	347,474
Change in proportion and differences between Employer contributions and proportionate share of contributions	17,798	66,366
Employer contributions subsequent to the measurement date	188,042	-
Total	<u>\$ 205,840</u>	<u>\$ 441,261</u>

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CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

Deferred outflows of resources of \$188,042 related to MPERS resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Fiscal Year Ended</u>	
6/30/2016	\$ (112,198)
6/30/2017	(112,198)
6/30/2018	(112,199)
6/30/2019	(86,868)

Contributions – Proportionate Share - Differences between contributions remitted to MPERS and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by MPERS and contributions reported by the participating employer.

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.

A summary of the actuarial methods and assumptions used in determining MPERS total pension liability as of June 30, 2014 are as follows:

Valuation Date	June 30, 2014 and 2013
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.5%, net of investment income
Inflation Rate	3.0% per annum
Salary Increases, including inflation and merit	Vary from 10.0% in the first year of service to 4.0% after 30 years

Mortality Rates	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
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CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

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, 2003 through June 30, 2008 and review of similar law enforcement mortality. The data was then 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 MPERS's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

**Discount Rate:** The discount rate used to measure MPERS's net pension liability was 7.5%. 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 MPERS's actuary. Based on those assumptions, MPERS'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 of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:** The following presents MPERS's net pension liability of the participating employers calculated using the discount rate of 7.5%, 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, or one percentage point higher than the current rate.

	1.0% Decrease 6.5%	Current Discount Rate 7.5%	1.0% Increase 8.5%
Employ's proportionate share of the net pension liability	\$ 2,216,952	\$ 1,535,468	\$ 963,083

**Change in Net Pension Liability:** The changes in MPERS's net pension liability for the year ended June 30, 2015 were recognized in the current reporting period as pension expense except as follows:

- a. Differences between Expected and Actual Experience - Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability 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 difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$36,007 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was \$9,002 and \$27,005, respectively.

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CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

- b. Differences between Projected and Actual Investment Earnings - 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 in the amount of \$434,342 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was \$88,868 and \$347,474, respectively.
- c. Changes of Assumptions or Other Inputs - 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. Changes of assumptions or other inputs resulted in a deferred inflow of resources in the amount of \$555 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was \$139 and \$416, respectively.
- d. Change in Proportion - Changes in the employer's proportionate shares of MPERS's 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 a 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. The change in proportion resulted in a deferred inflow of resources in the amount of \$88,487 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was \$22,121 and \$66,366, respectively.

C. Firefighters Retirement System of Louisiana (FRS) –

Plan Description: The Firefighters' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in FRS is a condition of employment for any full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the FRS. The FRS provides retirement benefits for their members. The projection 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 FRS 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 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general informational purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the FRS, unless the person becomes a member by reasons of a merger or unless the FRS received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen year shall become a member of the

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

FRS. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of FRS, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with the FRS, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Deferred Benefits: After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Initial Benefit Option Plan: Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Contributions: Employer contributions are actuarially determined each year. For the year ended June 30, 2014, employer and employee contributions for members above the poverty line were 28.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 30.25% and 8.0%, respectively. Contributions to the pension plan from the City were \$116,018 and \$120,315 for the years ended June 30, 2015 and 2014, respectively.

Non-employer Contributions: FRS 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 during the year ended June 30, 2014 and excluded from pension expense.

Employer Allocations: The schedule of employer allocations reports the required projected combined (employer and employee) contributions in addition to the employer allocation percentage. The required combined contributions are used to determine the proportionate relationship of each employer to all employers of the Firefighters' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts. The allocation method used in determining each employer's proportion was based on the combined (employer and employee) projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected combined contribution effort to the plan for the next fiscal year. The combined projected contribution effort was actuarially determined by the System's actuary. The combined projected contribution effort was calculated by multiplying the projected future compensation of active members in the System on June 30, 2014 by the next fiscal year's combined actuarially required contribution rate. Projected future compensation was calculated by multiplying compensation by a payroll factor of 1.033.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

Compensation was determined as follows:

- a. Actual earned compensation for active members enrolled in FRS the entire fiscal year, plus;
- b. Annualized compensation for active members on June 30, 2014 enrolled in FRS for a portion of the fiscal year. Annualized compensation was calculated using actual compensation and the employee's date of hire.

The payroll factor was actuarially determined using salary assumptions for expected net changes in active members plus expected new hires and their payroll over the next fiscal year. The next fiscal year's net combined employer and employees' actuarially required contribution rate is 37.50%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the City reported a liability of \$1,016,026 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City's proportion was 0.22832%, which was a decrease of 0.01729% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$131,432 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$13,233

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 24,871
Changes of assumptions	-	624
Net difference between projected and actual earnings on pension plan investments	-	90,181
Change in proportion and differences between Employer contributions and proportionate share of contributions	-	79,394
Employer contributions subsequent to the measurement date	<u>116,018</u>	<u>-</u>
Total	<u>\$ 116,018</u>	<u>\$ 195,070</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

Deferred outflows of resources of \$116,018 related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Fiscal Year Ended</u>	
6/30/2016	\$ (40,027)
6/30/2017	(40,027)
6/30/2018	(40,027)
6/30/2019	(40,027)
6/30/2020	(17,482)
Thereafter	(17,480)

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 FRS's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability of FRS as of June 30, 2015 are as follows:

Valuation Date	June 30, 2014 and 2013
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	7.5% per annum
Inflation Rate	3.0% per annum
Mortality Rates	RP-2000 Healthy Annuitant Mortality Table
	RP-2000 Employee Mortality Table
	RP-2000 Disabled Lives Mortality Table
Cost of Living Adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2004 through June 30, 2009. The data was then 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 FRS's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

**Discount Rate:** The discount rate used to measure the total pension liability was 7.5%. 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 FRS's actuary. Based on those assumptions, FRS'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 of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:** The following presents FRS's net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5%, or one percentage point higher 8.5% than the current rate.

	1.0% Decrease 6.5%	Current Discount Rate 7.5%	1.0% Increase 8.5%
Employ's proportionate share of the net pension liability	\$ 1,493,726	\$ 1,016,026	\$ 613,484

**Change in Net Pension Liability:** The changes in FRS's net pension liability for the year ended June 30, 2014 were recognized in the current reporting period as pension expense except as follows:

- a. **Differences between Expected and Actual Experience** - Differences between expected and actual experience with regard to economic or demographic factors in the measurement of FRS's total pension liability 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 difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$29,016 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was \$4,145 and \$24,871, respectively.
- b. **Differences between Projected and Actual Investment Earnings** - 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 in the amount of \$112,723 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was \$22,542 and \$90,181, respectively.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans (Continued)

- c. Changes of Assumptions or Other Inputs - 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. Changes of assumptions or other inputs resulted in a deferred inflow of resources in the amount of \$728 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was \$104 and \$624, respectively.
- d. 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 a 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. The change in proportion resulted in a deferred inflow of resources in the amount of \$89,640 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was \$12,806 and \$76,834, respectively.
- e. Contributions – Proportionate Share: Differences between contributions remitted to FRS and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

(15) Employee Retirement

A. Social Security System

Employees of the City of Leesville who are not eligible to participate in any other retirement system are members of the Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (7.65 percent contributed by the City; 7.65 percent contributed by the employee). The City's contributions during the year ending June 30, 2015 amounted to \$258,858.

B. Deferred Compensation Plan

The City of Leesville offers its employees participation in the State of Louisiana Public Employees Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission and established in accordance with Internal Revenue Code Section 457. Complete disclosure relating to the plan are included in the separately issued audit report for the plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana, 70804-9397.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Litigation and Claims

At June 30, 2015, the City of Leesville was a defendant in several lawsuits. The City's legal counsel has reviewed the claims and lawsuits, in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City not covered by insurance. As a result of the review, there are no claims and lawsuits which might result in a liability to the City which are not considered covered by insurance.

(17) Risk Management

The City is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(18) On-Behalf Payment of Salaries

The State of Louisiana paid the City's policemen and firemen \$161,366 of supplemental pay during the year ended June 30, 2015. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and Public Safety Special Revenue Fund financial statements.

(19) Deficit Fund Balance

The Public Safety Fund had a deficit fund balance at June 30, 2015 of \$163,471. This deficit will be eliminated by increasing revenues and/or reducing expenditures.

(20) Compensation, Benefits, and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor Rick Allen for the year ended June 30, 2015 follows:

Purpose	Amount
Salary	\$ 12,500
Per diem	1,535
Registration fees	791
Conference travel	691
	<u>\$ 15,517</u>



CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(21) Compensation of City Officials

A detail of compensation paid to the Mayor and Council Members for the year ended June 30, 2015 follows:

Rick Allen, Mayor	\$ 12,500
Council Members:	
Willie Mae Kennedy	7,250
Milton D. Dowd	7,250
Christopher Robertson	7,250
Anthony Shapkoff	6,960
William Thomas	7,250
Alice F. Guess	7,250
Total	<u>\$ 55,710</u>

(22) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2015:

	Interfund Receivables	Interfund Payables
Major governmental funds:		
General Fund	\$ 524,431	\$ 242,213
Sales Tax Fund	-	596,440
Public Safety Fund	-	291,522
Non major governmental funds:		
Sales Tax Sinking Fund	-	394,466
2004 GOB Street Improvements	180,972	-
Total governmental funds	<u>705,403</u>	<u>1,524,641</u>
Proprietary funds:		
Sewer Fund	-	311,931
Water Fund	1,131,169	-
Total proprietary funds	<u>1,131,169</u>	<u>311,931</u>
Total	<u>\$ 1,836,572</u>	<u>\$ 1,836,572</u>

The amounts due to various other funds are for short-term loans.

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(22) Interfund Receivables/Payables (Continued)

B. Transfers consisted of the following at June 30, 2015:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 644,571	\$ 51,091
Sales Tax Fund	-	2,508,689
Public Safety Fund	1,705,000	-
Non major governmental funds:		
Mainstreet Program Fund	51,091	-
Sales Tax Sinking Fund	190,689	-
Total governmental funds	<u>2,591,351</u>	<u>2,559,780</u>
Proprietary funds:		
Sewer Fund	215,468	-
Water Fund	-	247,039
Total proprietary funds	<u>215,468</u>	<u>247,039</u>
Total	<u>\$ 2,806,819</u>	<u>\$ 2,806,819</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(23) New Accounting Pronouncements

During the fiscal year ended June 30, 2015, the City of Leesville adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangement that meet the criteria established by this standard.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(24) Beginning Net Position Adjustment

The City has determined that certain transactions were recorded incorrectly in a prior year as a result of incorrect information provided by outside entities. These errors resulted in an overstatement of franchise tax receivable/revenue and an overstatement of retirement payables/expenditures.

The following schedule reconciles June 30, 2014, net position as previously reported, to beginning net position, as restated, as a result of a the correction of errors described above and the reclassification of previously reported liabilities and deferred outflows of resources related to pensions by the adoption of GASB Statement 68.

Governmental activities:

Net position, previously reported	\$ 10,834,526
Prior period adjustment:	
Correction of error	(56,700)
Change in accounting principle:	
Net effect of recording net pension liability	<u>(4,254,983)</u>
Net position, as restated	<u>\$ 6,522,843</u>

Business-type activities:

Net position, previously reported	\$ 12,882,291
Prior period adjustment:	
Correction of error	\$ 1,741
Change in accounting principle:	
Net effect of recording net pension liability	<u>(920,554)</u>
Net position, as restated	<u>\$ 11,963,478</u>

Major governmental funds:

General Fund Fund -

Fund balance, previously reported	\$ 633,428
Prior period adjustment:	
Correction of error	<u>(69,999)</u>
Fund balance, as restated	<u>\$ 563,429</u>

Sales Tax Fund -

Fund balance, previously reported	\$ 338,252
Prior period adjustment:	
Correction of error	<u>247</u>
Fund balance, as restated	<u>\$ 338,499</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(25) Beginning Net Position Adjustment (Continued)

Public Safety Fund -	
Fund balance, previously reported	\$ (102,639)
Prior period adjustment:	
Correction of error	<u>12,926</u>
Fund balance, as restated	<u>\$ (89,713)</u>
Nonmajor governmental funds -	
Fund balance, previously reported	\$ 619,485
Prior period adjustment:	
Correction of error	<u>126</u>
Fund balance, as restated	<u>\$ 619,611</u>
Proprietary funds:	
Sewer Fund -	
Net position, previously reported	\$ 8,253,085
Prior period adjustment:	
Correction of error	955
Change in accounting principle:	
Net effect of recording net pension liability	<u>(485,606)</u>
Net position, as restated	<u>\$ 7,768,434</u>
Water Fund -	
Net position, previously reported	\$ 4,629,206
Prior period adjustment:	
Correction of error	786
Change in accounting principle:	
Net effect of recording net pension liability	<u>(434,948)</u>
Net position, as restated	<u>\$ 4,195,044</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

CITY OF LEESVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 973,982	\$ 856,433	\$ 727,542	\$(128,891)
Licenses and permits	397,500	435,395	492,941	57,546
Intergovernmental	131,500	59,441	177,173	117,732
Charges for services	148,600	126,565	127,079	514
Miscellaneous	124,395	114,231	150,937	36,706
Total revenues	<u>1,775,977</u>	<u>1,592,065</u>	<u>1,675,672</u>	<u>83,607</u>
Expenditures:				
Current:				
General government:				
General and administrative	714,618	783,501	678,976	104,525
Executive	77,335	94,088	89,773	4,315
Legal	59,050	73,679	73,286	393
Public works	1,001,892	979,583	919,355	60,228
Economic development	204,349	231,220	182,696	48,524
Debt service	-	43,271	1,264	42,007
Capital outlay	97,000	107,566	219,949	(112,383)
Total expenditures	<u>2,154,244</u>	<u>2,312,908</u>	<u>2,165,299</u>	<u>147,609</u>
Deficiency of revenues over expenditures	<u>(378,267)</u>	<u>(720,843)</u>	<u>(489,627)</u>	<u>231,216</u>
Other financing sources (uses):				
Transfers in	613,000	658,000	644,571	(13,429)
Transfers out	<u>(46,999)</u>	<u>(51,091)</u>	<u>(51,091)</u>	<u>-</u>
Total other financing sources (uses)	<u>566,001</u>	<u>606,909</u>	<u>593,480</u>	<u>(13,429)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	187,734	(113,934)	103,853	217,787
Fund balance, beginning, as restated	<u>563,429</u>	<u>563,429</u>	<u>563,429</u>	<u>-</u>
Fund balance, ending	<u>\$ 751,163</u>	<u>\$ 449,495</u>	<u>\$ 667,282</u>	<u>\$ 217,787</u>

CITY OF LEESVILLE, LOUISIANA  
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,900,000	\$ 2,877,532	\$ 3,071,034	\$ 193,502
Charges for services	54,500	22,031	19,897	(2,134)
Miscellaneous	91,022	136,977	79,282	(57,695)
Total revenues	<u>3,045,522</u>	<u>3,036,540</u>	<u>3,170,213</u>	<u>133,673</u>
Expenditures:				
Current:				
General government	107,576	97,453	75,154	22,299
Culture and recreation	337,331	367,561	353,083	14,478
Capital outlay	<u>7,200</u>	<u>12,200</u>	<u>5,202</u>	<u>6,998</u>
Total expenditures	<u>452,107</u>	<u>477,214</u>	<u>433,439</u>	<u>43,775</u>
Excess of revenues over expenditures	2,593,415	2,559,326	2,736,774	177,448
Other financing uses:				
Transfers out	<u>(2,521,021)</u>	<u>(2,541,021)</u>	<u>(2,508,689)</u>	<u>32,332</u>
Excess of revenues over expenditures and other uses	72,394	18,305	228,085	209,780
Fund balance, beginning, as restated	<u>338,499</u>	<u>338,499</u>	<u>338,499</u>	<u>-</u>
Fund balance, ending	<u>\$ 410,893</u>	<u>\$ 356,804</u>	<u>\$ 566,584</u>	<u>\$ 209,780</u>

CITY OF LEESVILLE, LOUISIANA  
Public Safety Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,450,000	\$ 1,430,765	\$ 1,512,599	\$ 81,834
Intergovernmental	211,250	228,778	188,183	(40,595)
Charges for services	164,500	171,200	166,599	(4,601)
Fines and forfeitures	271,000	216,576	248,634	32,058
Miscellaneous	<u>729,000</u>	<u>17,607</u>	<u>57,780</u>	<u>40,173</u>
Total revenues	<u>2,825,750</u>	<u>2,064,926</u>	<u>2,173,795</u>	<u>108,869</u>
Expenditures:				
Current:				
General government	-	-	5,440	(5,440)
Public Safety:				
Police	2,339,669	2,424,698	2,564,731	(140,033)
Fire	1,215,326	1,141,652	1,103,996	37,656
City Court	93,920	101,147	103,149	(2,002)
Debt service	55,000	55,000	54,978	22
Capital outlay	<u>109,280</u>	<u>141,487</u>	<u>120,259</u>	<u>21,228</u>
Total expenditures	<u>3,813,195</u>	<u>3,863,984</u>	<u>3,952,553</u>	<u>(88,569)</u>
Deficiency of revenues over expenditures	(987,445)	(1,799,058)	(1,778,758)	20,300
Other financing sources (uses):				
Transfers in	<u>1,525,000</u>	<u>1,705,000</u>	<u>1,705,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	537,555	(94,058)	(73,758)	20,300
Fund balance (deficit), beginning, as restated	<u>(89,713)</u>	<u>(89,713)</u>	<u>(89,713)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 447,842</u>	<u>\$ (183,771)</u>	<u>\$ (163,471)</u>	<u>\$ 20,300</u>



CITY OF LEESVILLE, LOUISIANA

Schedule of Funding Progress  
For the Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2011	\$ -	\$ 2,939,466	\$ 2,939,466	0.0%	\$1,363,773	216%
July 1, 2012	-	2,939,466	2,939,466	0.0%	2,608,950	113%
July 1, 2014	-	2,859,537	2,859,537	0.0%	1,930,733	148%

CITY OF LEESVILLE, LOUISIANA  
Municipal Employees' Retirement System of Louisiana - Plan B

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2015 \*

<u>Year ended June 30,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	1.775620%	\$ 833,647	\$1,253,098	66.5%	69.03%

\* 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.*

CITY OF LEESVILLE, LOUISIANA  
Municipal Police Employees' Retirement System of Louisiana

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2015 \*

<u>Year ended June 30,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.245436%	\$ 1,535,468	\$ 707,707	217.0%	75.10%

\* 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.*

CITY OF LEESVILLE, LOUISIANA  
Firefighters' Retirement System of Louisiana

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2015 \*

<u>Year ended June 30,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.228326%	\$ 1,016,026	\$ 456,415	222.6%	76.02%

\* 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.*

CITY OF LEESVILLE, LOUISIANA  
Municipal Employees' Retirement System of Louisiana - Plan B

Schedule of Employer Contributions  
For the Year Ended June 30, 2015

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 118,786	\$ 118,786	\$ 0	\$ 1,250,384	9.50%

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

CITY OF LEESVILLE, LOUISIANA  
Municipal Police Employees' Retirement System of Louisiana

Schedule of Employer Contributions  
For the Year Ended June 30, 2015

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 188,042	\$ 188,042	\$ 0	\$ 596,959	31.50%

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

CITY OF LEESVILLE, LOUISIANA  
Firefighters' Retirement System of Louisiana

Schedule of Employer Contributions  
For the Year Ended June 30, 2015

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 116,018	\$ 116,018	\$ 0	\$ 396,643	29.25%

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

CITY OF LEESVILLE, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. The City Administrator prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Council not later than May 15<sup>th</sup> of each fiscal year.
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 prior to the commencement of the fiscal year for which the budget is being adopted but no later than June 15<sup>th</sup> of each fiscal year.
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 Council.
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 (GAAP). Budgeted amounts are as originally adopted or as amended by the Council. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures Over Appropriations

The Public Safety Special Revenue Fund incurred expenditures in excess of appropriations totaling \$88,569 for the year ended June 30, 2015.



## **OTHER SUPPLEMENTARY INFORMATION**

CITY OF LEESVILLE, LOUISIANA

Statement of Net Position  
June 30, 2015  
With Comparative Totals for June 30, 2014

	2015			2014
	Governmental Activities	Business-Type Activities	Total	Totals
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 1,602,031	\$ 752,251	\$ 2,354,282	\$ 2,128,800
Receivables	847,427	430,770	1,278,197	1,076,790
Due from other governmental agencies	26,646	2,628,053	2,654,699	3,618,479
Inventories	167,101	-	167,101	155,168
Other assets	223,272	8,066	231,338	142,483
Restricted assets:				
Cash and interest-bearing deposits	-	713,481	713,481	448,675
Capital assets:				
Land and construction in progress	908,639	6,915,147	7,823,786	6,036,387
Capital assets, net	<u>13,858,817</u>	<u>9,759,663</u>	<u>23,618,480</u>	<u>23,705,752</u>
Total assets	<u>17,633,933</u>	<u>21,207,431</u>	<u>38,841,364</u>	<u>37,312,534</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	<u>811,840</u>	<u>351,847</u>	<u>1,163,687</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts and other payables	367,310	377,619	744,929	1,073,127
Interest payable	25,212	17,578	42,790	52,068
Advance fuel sales	3,338	-	3,338	4,309
Note payable	-	-	-	117,402
Internal balances	819,238	(819,238)	-	-
Long-term liabilities:				
Customer deposits payable	-	235,480	235,480	226,534
Compensated absences payable	242,924	39,870	282,794	285,609
Bonds, notes, and leases due within one year	356,234	231,000	587,234	415,000
Bonds, notes, and leases due after one year	1,919,460	5,087,938	7,007,398	8,279,547
OPEB obligation payable	2,920,355	547,567	3,467,922	3,142,121
Net pension liability	<u>3,037,415</u>	<u>347,726</u>	<u>3,385,141</u>	<u>-</u>
Total liabilities	<u>9,691,486</u>	<u>6,065,540</u>	<u>15,757,026</u>	<u>13,595,717</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	<u>1,585,726</u>	<u>679,389</u>	<u>2,265,115</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	12,491,762	11,696,671	24,188,433	21,247,517
Restricted for debt service	557,666	-	557,666	559,243
Restricted for capital projects	21,532	-	21,532	32,278
Unrestricted (deficit)	<u>(5,902,399)</u>	<u>3,117,678</u>	<u>(2,784,721)</u>	<u>1,877,779</u>
Total net position	<u>\$ 7,168,561</u>	<u>\$14,814,349</u>	<u>\$21,982,910</u>	<u>\$23,716,817</u>

## CITY OF LEESVILLE, LOUISIANA

Comparative Balance Sheet - General Fund and Major Special Revenue Funds  
June 30, 2015

	General		Sales Tax		Public Safety	
	2015	2014	2015	2014	2015	2014
ASSETS						
Cash and interest-bearing deposits	\$ -	\$ -	\$ 760,572	\$1,433,029	\$ -	\$ -
Receivables -						
Due from other funds	524,431	426,547	-	-	-	-
Due from other governmental agencies	5,721	5,770	-	-	-	-
Other	204,034	298,126	429,157	252,135	214,236	124,186
Prepaid items	192,199	66,774	753	1,306	30,320	54,736
Inventories	167,101	155,168	-	-	-	-
Total assets	<u>\$1,093,486</u>	<u>\$952,385</u>	<u>\$1,190,482</u>	<u>\$1,686,470</u>	<u>\$ 244,556</u>	<u>\$ 178,922</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 130,732	\$256,460	\$ 18,366	\$ 19,749	\$ 36,702	\$ 70,465
Accrued liabilities	37,338	32,475	9,092	6,878	79,803	68,623
Contracts and retainage payable	12,583	-	-	-	-	-
Due to other funds	242,213	-	596,440	1,321,591	291,522	142,473
Advance fuel sales	3,338	4,309	-	-	-	-
Note payable	-	25,713	-	-	-	-
Total liabilities	<u>426,204</u>	<u>318,957</u>	<u>623,898</u>	<u>1,348,218</u>	<u>408,027</u>	<u>281,561</u>
Fund balances -						
Nonspendable	359,300	221,942	753	1,306	30,320	54,736
Assigned	-	-	565,831	336,946	-	-
Unassigned (deficit)	<u>307,982</u>	<u>411,486</u>	<u>-</u>	<u>-</u>	<u>(193,791)</u>	<u>(157,375)</u>
Total fund balances	<u>667,282</u>	<u>633,428</u>	<u>566,584</u>	<u>338,252</u>	<u>(163,471)</u>	<u>(102,639)</u>
Total liabilities and fund balances	<u>\$1,093,486</u>	<u>\$952,385</u>	<u>\$1,190,482</u>	<u>\$1,686,470</u>	<u>\$ 244,556</u>	<u>\$ 178,922</u>

CITY OF LEESVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014

	Budget			Variance with Final Budget Positive (Negative)	2014
	Original	Final	Actual		
Revenues:					
Taxes	\$ 973,982	\$ 856,433	\$ 727,542	\$(128,891)	\$1,282,689
Licenses and permits	397,500	435,395	492,941	57,546	465,372
Intergovernmental	131,500	59,441	177,173	117,732	69,617
Charges for services	148,600	126,565	127,079	514	237,149
Miscellaneous	124,395	114,231	150,937	36,706	113,399
Total revenues	1,775,977	1,592,065	1,675,672	83,607	2,168,226
Expenditures:					
Current:					
General government:					
General and administrative	714,618	783,501	678,976	104,525	738,919
Executive	77,335	94,088	89,773	4,315	86,860
Legal	59,050	73,679	73,286	393	111,703
Public works	1,001,892	979,583	919,355	60,228	912,458
Economic development	204,349	231,220	182,696	48,524	317,938
Debt service	-	43,271	1,264	42,007	3,321
Capital outlay	97,000	107,566	219,949	(112,383)	194,055
Total expenditures	2,154,244	2,312,908	2,165,299	147,609	2,365,254
Deficiency of revenues over expenditures	(378,267)	(720,843)	(489,627)	231,216	(197,028)
Other financing sources (uses):					
Transfers in	613,000	658,000	644,571	(13,429)	711,507
Transfers out	(46,999)	(51,091)	(51,091)	-	(55,500)
Total other financing sources (uses)	566,001	606,909	593,480	(13,429)	656,007
Excess (deficiency) of revenues and other sources over expenditures and other uses	187,734	(113,934)	103,853	217,787	458,979
Fund balance, beginning, as restated	563,429	563,429	563,429	-	174,449
Fund balance, ending	\$ 751,163	\$ 449,495	\$ 667,282	\$ 217,787	\$ 633,428

CITY OF LEESVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015				
	Budget			Variance with Final Budget	2014
	Original	Final	Actual	Positive (Negative)	Actual
Taxes:					
Ad valorem	\$ 423,982	\$ 257,433	\$ 218,333	\$ (39,100)	\$ 234,794
Franchise	550,000	599,000	509,209	(89,791)	1,047,895
Total taxes	<u>973,982</u>	<u>856,433</u>	<u>727,542</u>	<u>(128,891)</u>	<u>1,282,689</u>
Licenses and permits:					
Occupational licenses	382,000	409,265	465,521	56,256	439,671
Permits	15,500	26,130	27,420	1,290	25,701
Total licenses and permits	<u>397,500</u>	<u>435,395</u>	<u>492,941</u>	<u>57,546</u>	<u>465,372</u>
Intergovernmental:					
State of Louisiana -					
Beer taxes	31,000	31,000	21,785	(9,215)	22,463
Federal and state grants	70,500	2,000	107,903	105,903	17,328
Payment in lieu of taxes	30,000	26,441	26,441	-	29,826
Total intergovernmental	<u>131,500</u>	<u>59,441</u>	<u>177,173</u>	<u>117,732</u>	<u>69,617</u>
Charges for services:					
Inspection fees	9,300	9,300	6,744	(2,556)	8,355
Airport hanger rent	26,000	26,000	23,325	(2,675)	25,155
Airport fuel sales	98,300	52,465	58,671	6,206	177,003
Industrial park	-	10,800	12,000	1,200	24,000
Miscellaneous	15,000	28,000	26,339	(1,661)	2,636
Total charges for services	<u>148,600</u>	<u>126,565</u>	<u>127,079</u>	<u>514</u>	<u>237,149</u>
Miscellaneous:					
Interest	750	800	930	130	777
Video bingo	65,000	54,000	58,061	4,061	59,097
Other sources	58,645	59,431	91,946	32,515	53,525
Total miscellaneous	<u>124,395</u>	<u>114,231</u>	<u>150,937</u>	<u>36,706</u>	<u>113,399</u>
Total revenues	<u>\$1,775,977</u>	<u>\$1,592,065</u>	<u>\$1,675,672</u>	<u>\$ 83,607</u>	<u>\$2,168,226</u>

CITY OF LEESVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			Variance with Final Budget	2014
	Budget		Actual	Positive	Actual
	Original	Final		(Negative)	
Current:					
General government:					
General and administrative -					
Salaries and wages	\$ 300,125	\$ 316,849	\$ 283,413	\$ 33,436	\$ 285,385
Payroll taxes	22,734	30,745	27,738	3,007	28,075
Retirement contribution	25,359	31,449	20,087	11,362	22,324
Deferred compensation	2,885	3,289	1,848	1,441	2,589
Hospitalization	28,650	29,547	27,191	2,356	22,279
Insurance	33,865	42,748	61,170	(18,422)	40,725
Materials and supplies	52,400	71,487	77,285	(5,798)	54,406
Advertisements and recordings	22,000	23,663	10,273	13,390	22,740
Accounting and auditing	46,000	17,705	12,415	5,290	53,580
Professional fees	13,000	10,242	1,350	8,892	-
Miscellaneous	35,450	61,482	63,883	(2,401)	66,045
Utilities and telephone	48,150	49,166	46,312	2,854	51,300
Repairs and maintenance	37,000	39,872	18,669	21,203	36,083
Dues	2,000	3,018	2,592	426	1,525
Travel	2,000	4,841	3,546	1,295	5,784
Uniforms	12,000	13,925	13,077	848	13,038
Annexation related costs	2,000	3,555	2,370	1,185	3,520
Legal fees	4,000	4,918	5,757	(839)	4,521
Fort Polk Progress	25,000	25,000	-	25,000	25,000
Total general and administrative	714,618	783,501	678,976	104,525	738,919
Executive -					
Salaries	56,500	58,370	56,311	2,059	54,436
Payroll taxes	4,435	4,956	3,652	1,304	4,001
Hospitalization	-	-	-	-	247
Insurance	2,900	3,289	4,137	(848)	844
Travel	7,500	10,000	9,302	698	5,799
Public relations	6,000	16,173	14,824	1,349	17,414
Vehicle expense	-	1,300	1,547	(247)	4,119
Total executive	77,335	94,088	89,773	4,315	86,860

(continued)

CITY OF LEESVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015				
	Budget			Variance with Final Budget	2014
	Original	Final	Actual	Positive (Negative)	Actual
Legal -					
Salaries	36,000	37,385	36,201	1,184	34,759
Payroll taxes	2,800	3,224	2,781	443	2,754
Insurance	250	250	175	75	59
Legal fees	20,000	32,820	34,129	(1,309)	74,131
Total legal	59,050	73,679	73,286	393	111,703
Public works:					
Salaries	416,248	435,382	430,440	4,942	384,414
Payroll taxes	35,370	45,334	30,618	14,716	28,657
Retirement contribution	35,586	37,392	37,661	(269)	29,170
Deferred compensation	400	-	-	-	-
Hospitalization	40,588	40,588	736	39,852	38,708
Maintenance and supplies	185,200	172,336	164,256	8,080	200,846
Dumpster service	5,500	5,925	5,523	402	6,221
Utilities and telephone	129,000	138,981	123,752	15,229	132,050
Insurance	74,500	70,013	114,319	(44,306)	34,305
Miscellaneous	79,500	33,632	12,050	21,582	58,087
Total public works	1,001,892	979,583	919,355	60,228	912,458
Economic development -					
Salaries	30,000	33,321	33,062	259	31,623
Payroll taxes	2,400	2,296	2,522	(226)	2,550
Maintenance and supplies	66,637	62,510	42,546	19,964	35,282
Fuel	80,460	86,342	53,842	32,500	137,503
Utilities and telephone	17,300	37,496	38,423	(927)	38,773
Insurance	4,470	4,907	9,612	(4,705)	62,955
Hospitalization	-	642	642	-	4,712
Miscellaneous	3,082	3,706	2,047	1,659	4,540
Total economic development	204,349	231,220	182,696	48,524	317,938

(continued)

CITY OF LEESVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			
	Budget		Variance with Final Budget Positive (Negative)	2014 Actual
	Original	Final	Actual	
Debt service:				
Retirement of principal	-	43,271	-	43,271
Interest and fiscal charges	-	-	1,264	(1,264)
Total debt service	-	43,271	1,264	42,007
Capital outlay:				
General government	20,000	30,566	6,314	24,252
Public works	77,000	77,000	83,727	(6,727)
Economic development	-	-	129,908	(129,908)
Total capital outlay	97,000	107,566	219,949	(112,383)
Total expenditures	<u>\$ 2,154,244</u>	<u>\$ 2,312,908</u>	<u>\$ 2,165,299</u>	<u>\$ 147,609</u>
				<u>\$ 2,365,254</u>



CITY OF LEESVILLE, LOUISIANA  
Special Revenue Fund  
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015				
	Budget			Variance with Final Budget Positive (Negative)	2014 Actual
	Original	Final	Actual		
Revenues:					
Taxes	\$ 2,900,000	\$ 2,877,532	\$ 3,071,034	\$ 193,502	\$ 2,799,009
Charges for services	54,500	22,031	19,897	(2,134)	60,604
Miscellaneous	91,022	136,977	79,282	(57,695)	17,420
Total revenues	<u>3,045,522</u>	<u>3,036,540</u>	<u>3,170,213</u>	<u>133,673</u>	<u>2,877,033</u>
Expenditures:					
Current -					
General government:					
Salaries and wages	40,000	23,692	4,652	19,040	38,278
Payroll taxes	3,100	1,220	511	709	2,557
Retirement contribution	3,800	3,800	550	3,250	3,140
Deferred compensation	1,110	1,110	-	1,110	923
Hospitalization	11,382	11,382	11,284	98	11,209
Collection fees	45,000	45,000	50,009	(5,009)	42,917
Miscellaneous	3,184	11,249	8,148	3,101	16,993
Total general government	<u>107,576</u>	<u>97,453</u>	<u>75,154</u>	<u>22,299</u>	<u>116,017</u>
Culture and recreation:					
Recreation department	105,275	116,043	110,990	5,053	101,947
Recreation complex	42,905	45,889	46,724	(835)	43,307
Neighborhood center	125,935	135,388	136,803	(1,415)	126,149
Leisure pool	63,216	70,241	58,566	11,675	74,654
Total culture and recreation	<u>337,331</u>	<u>367,561</u>	<u>353,083</u>	<u>14,478</u>	<u>346,057</u>
Capital outlay -					
Culture and recreation:					
Recreation department	7,200	7,200	4,949	2,251	24,257
Neighborhood center	-	5,000	253	4,747	400
Total capital outlay	<u>7,200</u>	<u>12,200</u>	<u>5,202</u>	<u>6,998</u>	<u>24,657</u>
Total expenditures	<u>452,107</u>	<u>477,214</u>	<u>433,439</u>	<u>43,775</u>	<u>486,731</u>
Excess of revenues over expenditures	2,593,415	2,559,326	2,736,774	177,448	2,390,302
Other financing uses:					
Transfers out	<u>(2,521,021)</u>	<u>(2,541,021)</u>	<u>(2,508,689)</u>	<u>32,332</u>	<u>(2,408,876)</u>
Excess (deficiency) of revenues over expenditures and other uses	72,394	18,305	228,085	209,780	(18,574)
Fund balance, beginning, as restated	<u>338,499</u>	<u>338,499</u>	<u>338,499</u>	<u>-</u>	<u>356,826</u>
Fund balance, ending	<u>\$ 410,893</u>	<u>\$ 356,804</u>	<u>\$ 566,584</u>	<u>\$ 209,780</u>	<u>\$ 338,252</u>

CITY OF LEESVILLE, LOUISIANA  
Special Revenue Fund  
Public Safety Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015				
	Budget		Actual	Variance with Final Budget	2014
	Original	Final		Positive (Negative)	Actual
Revenues:					
Taxes	\$ 1,450,000	\$ 1,430,765	\$ 1,512,599	\$ 81,834	\$ 1,378,495
Intergovernmental	211,250	228,778	188,183	(40,595)	209,923
Fines and forfeitures	271,000	216,576	248,634	32,058	264,701
Charges for services	164,500	171,200	166,599	(4,601)	177,947
Miscellaneous	729,000	17,607	57,780	40,173	34,515
Total revenues	<u>2,825,750</u>	<u>2,064,926</u>	<u>2,173,795</u>	<u>108,869</u>	<u>2,065,581</u>
Expenditures:					
Current -					
General Government:					
Accounting and auditing	-	-	5,440	(5,440)	8,930
Public safety:					
Police -					
Salaries and wages	1,252,709	1,325,988	1,285,547	40,441	1,243,909
Payroll taxes	97,835	73,704	92,085	(18,381)	89,613
Retirement contribution	229,625	153,104	188,042	(34,938)	217,543
Hospitalization	135,000	141,033	174,543	(33,510)	131,793
Insurance	146,500	150,011	237,139	(87,128)	82,610
Telephone and utilities	43,000	47,550	48,481	(931)	43,859
Maintenance and supplies	182,500	240,944	284,568	(43,624)	203,602
Collection fee	23,000	21,993	24,661	(2,668)	21,257
Equipment lease	55,000	55,000	29,004	25,996	27,211
Prisoner expense	120,000	129,594	122,637	6,957	129,885
Miscellaneous	54,500	85,777	78,024	7,753	48,232
Total police	<u>2,339,669</u>	<u>2,424,698</u>	<u>2,564,731</u>	<u>(140,033)</u>	<u>2,239,514</u>
Fire -					
Salaries and wages	687,841	690,626	616,009	74,617	654,865
Payroll taxes	52,100	41,100	44,490	(3,390)	47,742
Retirement contribution	123,020	110,032	116,018	(5,986)	130,696
Hospitalization	100,000	40,022	106,489	(66,467)	83,979
Insurance	105,865	99,123	119,165	(20,042)	44,152
Telephone and utilities	32,000	35,402	31,087	4,315	31,079
Maintenance and supplies	72,000	78,136	53,667	24,469	77,968
Miscellaneous	42,500	47,211	17,071	30,140	29,734
Total fire	<u>1,215,326</u>	<u>1,141,652</u>	<u>1,103,996</u>	<u>37,656</u>	<u>1,100,215</u>

(continued)

CITY OF LEESVILLE, LOUISIANA  
Special Revenue Fund  
Public Safety Special Revenue Fund

Budgetary Comparison Schedule (Continued)  
For the Year Ended June 30, 2015  
With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			
	Budget		Variance with Final Budget	2014
	Original	Final	Positive (Negative)	Actual
Expenditures (continued):				
City Court -				
Salaries and wages	69,310	74,962	(2,994)	69,627
Payroll taxes	4,890	4,943	(557)	5,302
Hospitalization	-	-	-	-
Insurance	170	192	(13)	90
Miscellaneous	12,000	13,500	500	13,000
Utilities	7,550	7,550	1,062	7,281
Total city court	<u>93,920</u>	<u>101,147</u>	<u>(2,002)</u>	<u>95,300</u>
Debt service -				
Retirement of principal	30,000	30,000	(263)	127,563
Interest and fiscal charges	<u>25,000</u>	<u>25,000</u>	<u>285</u>	<u>29,284</u>
Total debt service	<u>55,000</u>	<u>55,000</u>	<u>22</u>	<u>156,847</u>
Capital outlay -				
Public safety:				
Police	43,780	76,487	(43,772)	37,522
Fire	<u>65,500</u>	<u>65,000</u>	<u>65,000</u>	<u>58,615</u>
Total capital outlay	<u>109,280</u>	<u>141,487</u>	<u>21,228</u>	<u>96,137</u>
Total expenditures	<u>3,813,195</u>	<u>3,863,984</u>	<u>(88,569)</u>	<u>3,696,943</u>
Deficiency of revenues over expenditures	(987,445)	(1,799,058)	20,300	(1,631,362)
Other financing sources (uses):				
Transfers in	<u>1,525,000</u>	<u>1,705,000</u>	<u>-</u>	<u>1,525,000</u>
Excess (deficiency) of revenues and other sources over expenditures	537,555	(94,058)	20,300	(106,362)
Fund balance (deficit), beginning, as restated	<u>(89,713)</u>	<u>(89,713)</u>	<u>-</u>	<u>3,723</u>
Fund balance (deficit), ending	<u>\$ 447,842</u>	<u>\$ (183,771)</u>	<u>\$ 20,300</u>	<u>\$ (102,639)</u>

**NONMAJOR GOVERNMENTAL FUNDS**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **Mainstreet Program Fund** -

To account for the activity to foster economic development and stimulate cultural tourism throughout the City's downtown area.

### **Debt Service Funds**

Debt service funds are used to accumulate resources to be used to make debt service principal and interest payments on general obligation long-term debt.

#### **Sales Tax Sinking Fund**

To accumulate monies for payment of the \$2,500,000 Public Improvement Sales Tax Bonds, Series 2005. Debt service is financed by the collection of sales taxes.

#### **2004 GOB Street Improvement Fund**

To accumulate monies for payment of the \$1,800,000 General Obligation Bonds, Series 2004. Debt service is financed by the collection of ad valorem taxes.

### **Capital Projects Funds**

Capital projects funds are used to accumulate resources to be used for the acquisition or construction of capital facilities.

#### **Airport Construction Fund** -

To account for improvements and rehabilitation costs associated with the City's airport which is funded by state and federal monies.

CITY OF LEESVILLE, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet  
June 30, 2015

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and interest-bearing deposits	\$3,412	\$796,372	\$41,675	\$ 841,459
Receivables -				
Due from other funds	-	180,972	-	180,972
Due from other governmental agencies	<u>-</u>	<u>-</u>	<u>20,925</u>	<u>20,925</u>
Total assets	<u>\$3,412</u>	<u>\$977,344</u>	<u>\$62,600</u>	<u>\$1,043,356</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$12,184	\$ 12,184
Accrued liabilities	1,626	-	-	1,626
Contracts and retainage payable	-	-	28,884	28,884
Due to other funds	<u>-</u>	<u>394,466</u>	<u>-</u>	<u>394,466</u>
Total liabilities	<u>1,626</u>	<u>394,466</u>	<u>41,068</u>	<u>437,160</u>
Fund balances:				
Restricted for debt service	-	582,878	-	582,878
Restricted for capital projects	-	-	21,532	21,532
Assigned	<u>1,786</u>	<u>-</u>	<u>-</u>	<u>1,786</u>
Total fund balances	<u>1,786</u>	<u>582,878</u>	<u>21,532</u>	<u>606,196</u>
Total liabilities and fund balances	<u>\$3,412</u>	<u>\$977,344</u>	<u>\$62,600</u>	<u>\$1,043,356</u>

CITY OF LEESVILLE, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2015

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:				
Taxes	\$ -	\$ 169,118	\$ -	\$ 169,118
Intergovernmental	-	-	561,196	561,196
Miscellaneous	-	354	-	354
Total revenues	<u>-</u>	<u>169,472</u>	<u>561,196</u>	<u>730,668</u>
Expenditures:				
Current -				
Public works	49,711	-	-	49,711
Debt service	-	366,378	-	366,378
Capital outlay	-	-	569,774	569,774
Total expenditures	<u>49,711</u>	<u>366,378</u>	<u>569,774</u>	<u>985,863</u>
Deficiency of revenues over expenditures	(49,711)	(196,906)	(8,578)	(255,195)
Other financing sources (uses):				
Transfers in	<u>51,091</u>	<u>190,689</u>	<u>-</u>	<u>241,780</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,380	(6,217)	(8,578)	(13,415)
Fund balances, beginning, as restated	<u>406</u>	<u>589,095</u>	<u>30,110</u>	<u>619,611</u>
Fund balances, ending	<u>\$ 1,786</u>	<u>\$ 582,878</u>	<u>\$ 21,532</u>	<u>\$ 606,196</u>

**NONMAJOR DEBT SERVICE FUNDS**



CITY OF LEESVILLE, LOUISIANA  
Nonmajor Debt Service Funds

Combining Balance Sheet  
June 30, 2015

	Sales Tax Sinking	2004 GOB Street Improvements	Total
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 735,904	\$ 60,468	\$ 796,372
Due from other funds	<u>-</u>	<u>180,972</u>	<u>180,972</u>
Total assets	<u>\$ 735,904</u>	<u>\$ 241,440</u>	<u>\$ 977,344</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Due to other funds	\$ 394,466	\$ -	\$ 394,466
Fund balances:			
Restricted for debt service	<u>341,438</u>	<u>241,440</u>	<u>582,878</u>
Total liabilities and fund balances	<u>\$ 735,904</u>	<u>\$ 241,440</u>	<u>\$ 977,344</u>

CITY OF LEESVILLE, LOUISIANA  
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2015

	Sales Tax Sinking	2004 GOB Street Improvements	Total
Revenues:			
Taxes	\$ -	\$ 169,118	169,118
Miscellaneous	280	74	354
Total revenues	280	169,192	169,472
Expenditures:			
Debt service	203,271	163,107	366,378
Excess (deficiency) of revenues over expenditures	(202,991)	6,085	(196,906)
Other financing sources (uses):			
Transfers in	190,689	-	190,689
Excess (deficiency) of revenues and other sources over expenditures and other uses	(12,302)	6,085	(6,217)
Fund balances, beginning	353,740	235,355	589,095
Fund balances, ending	\$ 341,438	\$ 241,440	\$ 582,878

## CITY OF LEESVILLE, LOUISIANA

Comparative Statement of Position - Proprietary Funds  
June 30, 2015

	Business -Type Activities - Enterprise Funds					
	Sewer		Water		Total	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Current assets:						
Cash and interest-bearing deposits	\$ 290,618	\$ 214,639	\$ 461,633	\$ -	\$ 752,251	\$ 214,639
Receivables:						
Accounts, net	159,295	144,382	271,475	257,961	430,770	402,343
Due from other funds	-	-	1,131,169	1,551,149	1,131,169	1,551,149
Due from other governmental agencies	208,927	385,044	2,419,126	3,187,369	2,628,053	3,572,413
Prepaid items	4,033	4,508	4,033	15,159	8,066	19,667
Total current assets	<u>662,873</u>	<u>748,573</u>	<u>4,287,436</u>	<u>5,011,638</u>	<u>4,950,309</u>	<u>5,760,211</u>
Noncurrent assets:						
Restricted assets -						
Cash and interest-bearing deposits	-	75,726	713,481	372,949	713,481	448,675
Land and construction in progress	3,360,129	1,641,504	3,555,018	3,007,093	6,915,147	4,648,597
Capital assets, net of accumulated depreciation	7,098,863	7,300,613	2,660,800	2,851,303	9,759,663	10,151,916
Total noncurrent assets	<u>10,458,992</u>	<u>9,017,843</u>	<u>6,929,299</u>	<u>6,231,345</u>	<u>17,388,291</u>	<u>15,249,188</u>
Total assets	<u>11,121,865</u>	<u>9,766,416</u>	<u>11,216,735</u>	<u>11,242,983</u>	<u>22,338,600</u>	<u>21,009,399</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources related to pensions	<u>186,657</u>	<u>-</u>	<u>165,190</u>	<u>-</u>	<u>351,847</u>	<u>-</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts and other payables	251,934	297,818	125,685	283,878	377,619	581,696
Due to other funds	311,931	648,470	-	-	311,931	648,470
General obligation bonds	-	320,000	-	-	-	320,000
Revenue bonds	-	-	231,000	95,000	231,000	95,000
Note payable	-	-	-	91,689	-	91,689
Accrued interest payable	-	3,173	17,578	19,043	17,578	22,216
Total current liabilities	<u>563,865</u>	<u>1,269,461</u>	<u>374,263</u>	<u>489,610</u>	<u>938,128</u>	<u>1,759,071</u>
Noncurrent liabilities:						
Customer deposits payable	-	-	235,480	226,534	235,480	226,534
Compensated absences payable	26,759	25,667	13,111	15,840	39,870	41,507
OPEB obligation payable	304,204	218,203	243,363	218,203	547,567	436,406
Net pension liability	183,431	-	164,295	-	347,726	-
Revenue bonds payable	-	-	4,801,403	5,326,837	4,801,403	5,326,837
Note payable	-	-	286,535	336,753	286,535	336,753
Total noncurrent liabilities	<u>514,394</u>	<u>243,870</u>	<u>5,744,187</u>	<u>6,124,167</u>	<u>6,258,581</u>	<u>6,368,037</u>
Total liabilities	<u>1,078,259</u>	<u>1,513,331</u>	<u>6,118,450</u>	<u>6,613,777</u>	<u>7,196,709</u>	<u>8,127,108</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to pensions	<u>358,388</u>	<u>-</u>	<u>321,001</u>	<u>-</u>	<u>679,389</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets	10,339,116	8,694,670	1,357,555	227,178	11,696,671	8,921,848
Unrestricted (deficit)	<u>(467,241)</u>	<u>(441,585)</u>	<u>3,584,919</u>	<u>4,402,028</u>	<u>3,117,678</u>	<u>3,960,443</u>
Total net position	<u>\$ 9,871,875</u>	<u>\$ 8,253,085</u>	<u>\$ 4,942,474</u>	<u>\$ 4,629,206</u>	<u>\$ 14,814,349</u>	<u>\$ 12,882,291</u>

CITY OF LEESVILLE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds  
For the Year Ended June 30, 2015

	Business -Type Activities - Enterprise Funds					
	Sewer		Water		Total	
	2015	2014	2015	2014	2015	2014
Operating revenues:						
Charges for services	\$ 896,774	\$ 897,749	\$ 1,583,276	\$ 1,693,882	\$ 2,480,050	\$ 2,591,631
Operating expenses:						
Salaries	330,524	328,033	266,549	299,883	597,073	627,916
Employee benefits	27,175	50,153	23,022	45,971	50,197	96,124
OPEB expense	86,001	117,830	21,597	42,549	107,598	160,379
Pension expense (benefit)	(94,048)	-	(84,239)	-	(178,287)	-
Operating supplies	56,480	57,986	145,088	186,759	201,568	244,745
Vehicle expense	20,286	28,669	29,017	50,609	49,303	79,278
Utilities and communications	120,303	127,076	161,912	202,407	282,215	329,483
Insurance	89,754	54,222	98,739	60,298	188,493	114,520
Legal and other professional	7,935	11,645	-	-	7,935	11,645.00
Repairs and maintenance	97,723	118,207	82,567	100,138	180,290	218,345
Bad debt	26,353	27,731	37,573	49,462	63,926	77,193
Miscellaneous	60,307	49,394	20,404	12,964	80,711	62,358
Depreciation	290,741	276,556	241,029	262,449	531,770	539,005
Total operating expenses	1,119,534	1,247,502	1,043,258	1,313,489	2,162,792	2,560,991
Operating income (loss)	(222,760)	(347,661)	540,018	381,908	317,258	34,247
Nonoperating revenues (expenses):						
Interest income	253	306	109	329	362	635
Ad valorem taxes	346,643	350,224	-	-	346,643	350,224
Nonemployer pension contribution	8,833	-	7,912	-	16,745	-
Interest expense	(6,267)	(15,511)	(71,482)	(39,121)	(77,749)	(54,632)
Total nonoperating revenues (expenses)	349,462	335,019	(63,461)	(38,792)	286,001	296,227
Income (loss) before contributions and transfers	126,702	(12,642)	476,557	343,116	603,259	330,474
Contributions	1,761,271	1,388,154	517,912	446,796	2,279,183	1,834,950
Transfers in (out)	215,468	295	(247,039)	11,122	(31,571)	11,417
Change in net position	2,103,441	1,375,807	747,430	801,034	2,850,871	2,176,841
Net position, beginning, as restated	7,768,434	6,877,278	4,195,044	3,828,172	11,963,478	10,705,450
Net position, ending	\$ 9,871,875	\$ 8,253,085	\$ 4,942,474	\$ 4,629,206	\$ 14,814,349	\$ 12,882,291

**INTERNAL CONTROL, COMPLIANCE  
AND OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

The Honorable Rick Allen, Mayor  
and Members of the City Council  
City of Leesville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leesville, Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Leesville, Louisiana's basic financial statements and have issued our report thereon dated December 15, 2015.

### Internal Control over Financial Reporting

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2015-001, 2015-002, 2015-003, and 2015-006 to be material weaknesses.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2015-004, 2015-005, 2015-007, and 2015-008 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Leesville, Louisiana's financial statements are free of 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2015-009, 2015-010, and 2015-011.

### **City of Leesville, Louisiana's Response to Findings**

The City of Leesville, Louisiana's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings. The City of Leesville, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statement 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Rick Allen, Mayor  
and Members of the City Council  
City of Leesville, Louisiana

### Report on Compliance for Each Major Federal Program

We have audited the City of Leesville, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Leesville, Louisiana's major federal programs for the year ended June 30, 2015. City of Leesville, Louisiana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the City of Leesville, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Leesville, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Leesville, Louisiana's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, City of Leesville, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

### **Report on Internal Control over Compliance**

Management of the City of Leesville, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Leesville, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Leesville, Louisiana's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
December 15, 2015

CITY OF LEESVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

Federal Grantor / Pass-Through Grantor / Program Name	Federal CFDA Number	Disbursements/ Expenditures
<u>U.S. Environmental Protection Agency</u>		
Passed-through State of Louisiana Department of Health and Hospitals:		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 309,879
<u>U.S. Department of Transportation</u>		
Airport Improvement Program *	20.106	427,234
Passed-through State of Louisiana Department of Public Safety and Corrections - Louisiana Highway Safety Commission Alcohol Open Container Requirements	20.607	21,044
Total U.S. Department of Transportation		448,278
<u>U.S. Department of Housing and Urban Development</u>		
Passed-through State of Louisiana Office of Community Development: Community Development Block Grants	14.228	23,450
<u>U.S. Department of Justice</u>		
Bulletproof Vest Partnership Program	16.607	<u>3,064</u>
TOTAL FEDERAL EXPENDITURES		<u>\$ 784,671</u>

\* Indicates Major Program

CITY OF LEESVILLE, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Leesville, Louisiana (the "City"). The City's reporting entity is defined in Note 1 to the financial statements for the year June 30, 2015. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The U.S. Department of Transportation: Airport Improvement Program was considered to be a major federal program.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's primary government financial statements for the year ended June 30, 2015.

(3) Relationship to Primary Government Financial Statements

Federal financial assistance revenues/expenditures are reported in the City's financial statements as follows:

From federal sources:

Government Fund Types -

General Fund	\$ 21,044
Special Revenue Funds	3,064
Capital Projects Funds	427,234

Proprietary Fund Type -

Sewer Fund	23,450
Water Fund	<u>309,879</u>

Total federal expenditures reported in the Schedule of Expenditures of Federal Awards	<u>\$ 784,671</u>
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(4) Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related financial reports.

CITY OF LEESVILLE, LOUISIANA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015

Part I. Summary of Auditor's Results:

1. An unmodified opinion was issued on the basic financial statements of the City of Leesville, Louisiana.
2. There were four significant deficiencies in internal control and four material weaknesses in internal control disclosed by the audit of the financial statements.
3. There were three instances of noncompliance disclosed by the audit of the financial statements.
4. There were no significant deficiencies in internal control over the major program disclosed by the audit of the financial statements.
5. An unmodified opinion was issued on compliance for the major program.
6. The audit disclosed no findings that are required to be reported in accordance with Section 510(a) of Circular A-133.
7. The major programs were:  
  
U.S. Department of Transportation: Airport Improvement Program CFDA No. 20.106.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. The auditee did not qualify as a low-risk auditee under Section 530 of Circular A-133.

Part II. Findings that are required to be reported in accordance with generally accepted Governmental Auditing Standards:

See Findings 2015-001 through 2015-011 the Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan.

CITY OF LEESVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2015

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There were no findings there are required to be reported under the above guidance.

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended June 30, 2015

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (06/30/15) --						
<u>Internal Control:</u>						
2015-001	Unknown	The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.		The City has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Rick Allen, Mayor	N/A
2015-002	2014	<p>The City did not prepare bank reconciliations for its operating cash account during the fiscal year. Timely reconciling all bank accounts is a key component of good controls over cash. Reconciling the bank balance with the book balance (general ledger) is necessary to ensure that (1) all receipts and disbursements are recorded (an essential process in ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance.</p> <p>State law [Louisiana Revised Statute (R.S.) 10:4-406(d) (2)] allows a municipality 30 days to examine bank statements and cancelled checks for unauthorized signatures or alterations. After 30 days, the municipality is precluded from asserting a claim against the bank for unauthorized signatures or alterations.</p> <p>We recommend that written bank reconciliations be prepared within 30 days of receipt of bank statements by an employee who does not have responsibility/authority to (1) sign checks; or (2) receive and deposit cash; or (3) authorize disbursements. The monthly bank reconciliations should be properly completed, dated, and signed by both the preparer and reviewer/approver and be maintained on file for subsequent review and audit.</p>		The City will implement procedures to ensure that all cash accounts are reconciled on a monthly basis.	Alice Eddington, Finance Director	6/30/2016

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2015

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (06/30/15) --						
<u>Internal Control:</u>						
2015-003	2015	The City does not have adequate controls over grant accounting. Policies and procedures should be established in order to centralize grant record keeping. Procedures should also be established to ensure grant activity recorded in the general ledger is reconciled to grant reports submitted to funding agencies.		The City will establish policies and procedures to centralize grant record keeping.	Alice Eddington, Finance Director	6/30/2016
2015-004	2015	The City does not have adequate internal controls over inventory. Thirty-four percent of items tested did not match the City's perpetual inventory records. Procedures should be implemented to restrict the number of employees with access to the warehouse, to properly document when items are removed and/or replaced in inventory, and to document which department should be charged for the inventory used.		The City will establish policies and procedures to strengthen controls over inventory and ensure each department is properly charged for all inventory used.	Alice Eddington, Finance Director	6/30/2016
2015-005	2015	The City should implement procedures to reconcile the daily fuel logs maintained by the maintenance department to the actual amount of fuel inventory on hand at the end of each month. Procedures should also be implemented to ensure that each department is properly charged for all fuel inventory used.		The City will establish policies and procedures to ensure actual fuel inventory is reconciled to the daily fuel logs and the general ledger each month. Procedures will also be implemented to ensure each department is properly charged for all fuel inventory used.	Alice Eddington, Finance Director	6/30/2016
2015-006	2015	Subsidiary customer utility accounts receivable trial balances are not being reconciled to the general ledger. Errors or irregularities could be made in the recording of deposits, billings, payments, adjustments or voided receipts without being detected in a timely manner. Procedures should be implemented to ensure the subsidiary customer utility accounts receivable trial balance are reconciled to the general ledger monthly.		The City will establish policies and procedures to ensure the subsidiary customer utility accounts receivable trial balance is reconciled to the general ledger on a monthly basis.	Alice Eddington, Finance Director	6/30/2016

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CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2015

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (06/30/15) --						
<u>Internal Control:</u>						
2015-007	2015	The City did not have proper controls of the maintenance of personnel files. One-half of personnel files tested did not contain the proper documentation to support deduction amounts withheld from employees' payroll check. Ten percent of files tested did not contain a current L-4 and I-9 form, and twenty-three percent of files tested did not have documentation of the current approved pay rates for the 2014 - 2015 fiscal year. Procedures should be implemented to ensure that personnel files are current and complete for all employees.		The City will establish policies and procedures to ensure personnel files are complete and contain all required current information.	Alice Eddington, Finance Director	6/30/2016
2015-008	2015	During the fiscal year ended June 30, 2015, the City overpaid workman's compensation insurance resulting in a credit balance of \$87,908. The worksheet used to calculate the City's monthly payment was not updated for the current year experience and safety factors. It is recommended that procedures be implemented to ensure the workman's compensation insurance calculation worksheet is updated at each policy renewal date in order to properly reflect payments due.		The City will establish policies and procedures to ensure payment's made for workman's compensation insurance are computed using the correct experience and safety factors.	Alice Eddington, Finance Director	6/30/2016
<u>Compliance:</u>						
2015-009	2015	The City did not comply with the provisions of LSA-RS 43:143 - 43:144 which requires that copies of all minutes, ordinances, resolutions, budgets, and proceedings must be furnished within 20 days of the official proceeding for publication in the official journal. The minutes of meetings from November 2014 through June 2015 were not published until July 2015.		The City will adhere to the provisions of LSA-RS 43:143 - 43:144 by submitting copies of all minutes, ordinances, resolutions, budgets, and proceedings to the official journal for publication within 20 days of the proceedings.	Alice Eddington, Finance Director	6/30/2016

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CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2015

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (06/30/15) --						
<u>Compliance:</u>						
2015-010	2015	The City did not comply with the sinking, reserve, and depreciation and contingency fund deposit requirements for the Public Improvement Bonds, Series 2013. The bond issue requires that amounts be transferred monthly into separate accounts. The required transfers were not made in full to these accounts for the fiscal year ended June 30, 2015. It is recommended that the City fully comply with the sinking, reserve, and depreciatoin and contingency fund deposit requirements by making transfers monthly as rquired by the bond covenant.		The City will fully comply with the sinking, reserve, and depreciation and contingency fund requirements of the Public Improvement Bonds, Series 2013.	Alice Eddington, Finance Director	6/30/2016
2015-011	2015	The City did not comply with the provisions of LSA-RS 39:1305(E) with respect to the Public Safety Special Revenue Fund. This statue states that when preparing and/or amending budgets, the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year. The amended budget adopted for the Public Safety Special Revenue Fund proposed expenditures exceeding estimated funds available for the ensuing fiscal year by \$183,771.		The City will adhere to the provisions of LSA-RS 39:1305(E) by adopting budgets in which the proposed expenditures do not exceed the total of estimated funds available for the ensuing year.	Alice Eddington, Finance Director	6/30/2016

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2015

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
PRIOR YEAR (06/30/14) --						
<u>Internal Control:</u>						
2014-001	Unknown	The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	See current year finding 2015-001		
2014-002	2014	<p>The City did not prepare bank reconciliations for its operating cash account during the fiscal year. Timely reconciling all bank accounts is a key component of good controls over cash. Reconciling the bank balance with the book balance (general ledger) is necessary to ensure that (1) all receipts and disbursements are recorded (an essential process in ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance.</p> <p>State law [Louisiana Revised Statute (R.S.) 10:4-406(d) (2)] allows a municipality 30 days to examine bank statements and cancelled checks for unauthorized signatures or alterations. After 30 days, the municipality is precluded from asserting a claim against the bank for unauthorized signatures or alterations.</p> <p>We recommend that written bank reconciliations be prepared within 30 days of receipt of bank statements by an employee who does not have responsibility/authority to (1) sign checks; or (2) receive and deposit cash; or (3) authorize disbursements. The monthly bank reconciliations should be properly completed, dated, and signed by both the preparer and reviewer/approver and be maintained on file for subsequent review and audit.</p>	No	See current year finding 2015-002		

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CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2015

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
PRIOR YEAR (06/30/14) --						
<u>Compliance:</u>						
2014-003	2014	The City did not amend the Sales Tax Fund budget in accordance with LSA-RS 39:1311(A)(1) & (2) that states when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted expenditures by five percent or more, the budget must be amended. Total expenditures exceeded budgeted expenditures by 10% or \$45,849.	Yes			