

CITY OF LEESVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2018

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
 BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
 FUND FINANCIAL STATEMENTS (FFS)	
Major fund descriptions	9
Balance sheet - governmental funds	10
Reconciliation of the governmental funds balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances - governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	13
Statement of net position - proprietary funds	14
Statement of revenues, expenses, and changes in fund net position - proprietary funds	15
Statement of cash flows - proprietary funds	16-17
Notes to basic financial statements	18-51
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	53
Sales Tax Special Revenue Fund	54
Public Safety Special Revenue Fund	55
Schedule of changes in total OPEB liability	56
Schedule of employer's share of net pension liability	57
Schedule of employer contributions	58
Notes to required supplementary information	59-60
 OTHER SUPPLEMENTARY INFORMATION	
Statement of net position - compared to prior year totals	62

(continued)

TABLE OF CONTENTS (Continued)

	Page
Major Governmental Funds -	
Comparative balance sheet - major governmental funds	63
General Fund - budgetary comparison schedule	64
General Fund - budgetary comparison schedule - revenues	65
General Fund - budgetary comparison schedule- expenditures	66-68
Sales Tax Special Revenue Fund - budgetary comparison schedule	69
Public Safety Special Revenue Fund - budgetary comparison schedule	70-71
Nonmajor Governmental Funds -	
Nonmajor fund descriptions	73
Combining balance sheet	74
Combining statement of revenues, expenditures, and changes in fund balances	75
Nonmajor debt service funds -	
Combining balance sheet	77
Combining statement of revenues, expenditures, and changes in fund balances	78
Nonmajor capital projects funds -	
Combining balance sheet	80
Combining statement of revenues, expenditures, and changes in fund balances	81
Comparative statement of net position - proprietary funds	82
Comparative statement of revenues, expenses, and changes in fund net position - proprietary funds	83
 INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	85-86
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	87-88
Schedule of expenditures of federal awards	89
Notes to schedule of expenditures of federal awards	90
Schedule of findings and questioned costs	91
Summary schedule of current and prior year audit findings and corrective action plan	92-99

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INDEPENDENT AUDITOR'S REPORT

WWW.KCSRCPAS.COM

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, 2018, 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.

Auditor's Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 24 to the financial statements, the City of Leesville, Louisiana adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than 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 changes in total OPEB liability, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 53 - 60 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, Louisiana's 2017 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, were 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 November 5, 2018, 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 the effectiveness of the City of Leesville, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Leesville, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 5, 2018

BASIC FINANCIAL STATEMENTS

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

CITY OF LEESVILLE, LOUISIANA

Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 2,526,950	\$ 62,319	\$ 2,589,269
Receivables, net	535,089	434,499	969,588
Due from other governmental agencies	279,204	2,199,227	2,478,431
Inventories	168,820	-	168,820
Other assets	68,990	9,282	78,272
Restricted assets:			
Cash and interest-bearing deposits	993,884	922,458	1,916,342
Capital assets:			
Land and construction in progress	1,411,859	180,910	1,592,769
Capital assets, net	<u>13,418,825</u>	<u>16,574,193</u>	<u>29,993,018</u>
Total assets	<u>19,403,621</u>	<u>20,382,888</u>	<u>39,786,509</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>1,712,193</u>	<u>259,524</u>	<u>1,971,717</u>
LIABILITIES			
Accounts and other payables	675,199	32,575	707,774
Interest payable	22,489	12,383	34,872
Advance fuel sales	9,896	-	9,896
Internal balances	2,269,399	(2,269,399)	-
Customer deposits payable	-	229,062	229,062
Long-term liabilities:			
Compensated absences payable	338,841	44,259	383,100
Bonds, notes, and leases due within one year	638,862	418,734	1,057,596
Bonds, notes, and leases due after one year	2,196,823	5,026,124	7,222,947
OPEB obligation payable	1,165,789	249,813	1,415,602
Net pension liability	<u>4,582,993</u>	<u>670,713</u>	<u>5,253,706</u>
Total liabilities	<u>11,900,291</u>	<u>4,414,264</u>	<u>16,314,555</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>443,925</u>	<u>14,400</u>	<u>458,325</u>
NET POSITION			
Net investment in capital assets	12,988,884	11,996,320	24,985,204
Restricted for debt service	595,770	-	595,770
Restricted for capital projects	1,031,354	-	1,031,354
Unrestricted (deficit)	<u>(5,844,410)</u>	<u>4,217,428</u>	<u>(1,626,982)</u>
Total net position	<u>\$ 8,771,598</u>	<u>\$ 16,213,748</u>	<u>\$ 24,985,346</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, 2018

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	\$ 1,171,115	\$ 488,628	\$ -	\$ 20,032	\$ (662,455)	\$ -	\$ (662,455)
Public safety	4,263,101	380,752	276,186	-	(3,606,163)	-	(3,606,163)
Public works	1,395,479	-	13,785	10,000	(1,371,694)	-	(1,371,694)
Economic development	630,577	142,382	-	794,061	305,866	-	305,866
Culture and recreation	579,229	14,428	-	41,119	(523,682)	-	(523,682)
Interest on long-term debt	81,396	-	-	-	(81,396)	-	(81,396)
Total governmental activities	<u>8,120,897</u>	<u>1,026,190</u>	<u>289,971</u>	<u>865,212</u>	<u>(5,939,524)</u>	<u>-</u>	<u>(5,939,524)</u>
Business-type activities:							
Sewer	1,336,909	874,101	-	-	-	(462,808)	(462,808)
Water	1,148,211	1,549,302	-	200,034	-	601,125	601,125
Fort Polk Vegetation Control	537,359	868,466	-	-	-	331,107	331,107
Total business-type activities	<u>3,022,479</u>	<u>3,291,869</u>	<u>-</u>	<u>200,034</u>	<u>-</u>	<u>469,424</u>	<u>469,424</u>
Total	<u>\$ 11,143,376</u>	<u>\$ 4,318,059</u>	<u>\$ 289,971</u>	<u>\$ 1,065,246</u>	<u>(5,939,524)</u>	<u>469,424</u>	<u>(5,470,100)</u>
General revenues:							
Taxes -							
Ad valorem taxes, levied for general maintenance					221,514	-	221,514
Ad valorem taxes, levied for street improvements					412,090	-	412,090
Ad valorem taxes, levied for sewer system					-	119,199	119,199
Sales and use taxes, levied for public works and recreation					2,810,978	-	2,810,978
Sales and use taxes, levied for public safety					1,384,512	-	1,384,512
Franchise taxes					474,903	-	474,903
Grants and contributions not restricted to specific programs -							
State sources					19,805	-	19,805
Interest and investment earnings					11,326	1,710	13,036
Nonemployer pension contribution					131,111	16,342	147,453
Miscellaneous					178,965	6,358	185,323
Transfers					575,000	(575,000)	-
Total general revenues and transfers					<u>6,220,204</u>	<u>(431,391)</u>	<u>5,788,813</u>
Change in net position					280,680	38,033	318,713
Net position, as restated - July 1, 2017					<u>8,490,918</u>	<u>16,175,715</u>	<u>24,666,633</u>
Net position - June 30, 2018					<u>\$ 8,771,598</u>	<u>\$ 16,213,748</u>	<u>\$ 24,985,346</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.

Fort Polk Vegetation Control Fund

Support Agreement (IGSA) between the United States Army Garrison - Polk (USAG-Polk) and the City of Leesville, Louisiana. 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, 2018

	General	Sales Tax	Public Safety	Other Governmental	Total
ASSETS					
Cash and interest-bearing deposits	\$ 28,140	\$ 1,576,079	\$ -	\$ 922,731	\$ 2,526,950
Receivables -					
Due from other funds	1,038,511	-	-	77,416	1,115,927
Due from other governmental agencies	5,400	-	-	273,804	279,204
Other	120,614	277,698	136,777	-	535,089
Prepaid items	51,076	4,177	13,737	-	68,990
Inventories	168,820	-	-	-	168,820
Restricted cash and interest-bearing deposits	-	-	-	993,884	993,884
Total assets	<u>\$ 1,412,561</u>	<u>\$ 1,857,954</u>	<u>\$ 150,514</u>	<u>\$ 2,267,835</u>	<u>\$ 5,688,864</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 56,238	\$ 4,335	\$ 31,032	\$ -	\$ 91,605
Accrued liabilities	17,876	4,397	33,503	-	55,776
Contracts and retainage payable	-	-	-	527,818	527,818
Due to other funds	869,531	1,358,499	1,142,227	15,069	3,385,326
Advance fuel sales	9,896	-	-	-	9,896
Total liabilities	<u>953,541</u>	<u>1,367,231</u>	<u>1,206,762</u>	<u>542,887</u>	<u>4,070,421</u>
Fund balances -					
Nonspendable	219,896	4,177	13,737	-	237,810
Restricted for debt service	-	-	-	618,259	618,259
Restricted for capital projects	-	-	-	1,031,354	1,031,354
Committed	-	486,546	-	-	486,546
Unassigned (deficit)	239,124	-	(1,069,985)	75,335	(755,526)
Total fund balances	<u>459,020</u>	<u>490,723</u>	<u>(1,056,248)</u>	<u>1,724,948</u>	<u>1,618,443</u>
Total liabilities and fund balances	<u>\$ 1,412,561</u>	<u>\$ 1,857,954</u>	<u>\$ 150,514</u>	<u>\$ 2,267,835</u>	<u>\$ 5,688,864</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, 2018

Total fund balances for governmental funds at June 30, 2018		\$ 1,618,443
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	1,122,833	
Buildings and improvements, net of \$5,969,431 accumulated depreciation	5,139,021	
Infrastructure, net of \$17,877,167 accumulated depreciation	7,823,408	
Equipment and vehicles, net of \$5,242,935 accumulated depreciation	<u>456,396</u>	14,830,684
The deferred outflows of contributions to the retirement system are not available resources, and therefore, are not reported in the funds.		
		1,712,193
Some liabilities are not due and payable from current financial resources and are, therefore not reported in the funds. These liabilities consist of the following:		
Compensated absences	(338,841)	
Bonds payable	(775,000)	
Certificates of indebtedness	(1,592,000)	
Capital leases	(468,685)	
Accrued interest payable	(22,489)	
Other post employment benefits	(1,165,789)	
Net pension liability	<u>(4,582,993)</u>	(8,945,797)
The deferred inflows of contributions to the retirement system are not payable from current expendable resources and, therefore are not reported in the funds.		
		<u>(443,925)</u>
Total net position of governmental activities at June 30, 2018		<u>\$ 8,771,598</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, 2018

	General	Sales Tax	Public Safety	Other Governmental	Total
Revenues:					
Taxes -					
Ad valorem	\$ 221,514	\$ -	\$ -	\$ 412,090	\$ 633,604
Sales	-	2,810,978	1,384,512	-	4,195,490
Franchise	474,903	-	-	-	474,903
Licenses and permits	488,628	-	-	-	488,628
Intergovernmental	65,391	-	276,186	833,411	1,174,988
Fines and forfeits	-	-	237,729	-	237,729
Charges for services	142,382	14,428	143,023	-	299,833
Miscellaneous	87,873	46,583	46,547	9,288	190,291
Total revenues	<u>1,480,691</u>	<u>2,871,989</u>	<u>2,087,997</u>	<u>1,254,789</u>	<u>7,695,466</u>
Expenditures:					
Current:					
General government	998,378	109,089	6,115	-	1,113,582
Public safety	-	-	3,929,399	-	3,929,399
Public works	1,099,894	-	-	7,905	1,107,799
Economic development	232,800	-	-	-	232,800
Culture and recreation	-	401,597	-	-	401,597
Debt service	86,603	-	63,839	620,374	770,816
Capital outlay	17,400	15,937	145,556	1,133,016	1,311,909
Total expenditures	<u>2,435,075</u>	<u>526,623</u>	<u>4,144,909</u>	<u>1,761,295</u>	<u>8,867,902</u>
Excess (deficiency) of revenues over expenditures	<u>(954,384)</u>	<u>2,345,366</u>	<u>(2,056,912)</u>	<u>(506,506)</u>	<u>(1,172,436)</u>
Other financing sources (uses):					
Proceeds from issuance of debt	80,000	-	-	-	80,000
Proceeds from capital lease	-	-	75,045	-	75,045
Transfers in	759,384	-	2,080,000	234,330	3,073,714
Transfers out	(2,500)	(2,496,214)	-	-	(2,498,714)
Total other financing sources (uses)	<u>836,884</u>	<u>(2,496,214)</u>	<u>2,155,045</u>	<u>234,330</u>	<u>730,045</u>
Net changes in fund balances	(117,500)	(150,848)	98,133	(272,176)	(442,391)
Fund balances (deficit), beginning	<u>576,520</u>	<u>641,571</u>	<u>(1,154,381)</u>	<u>1,997,124</u>	<u>2,060,834</u>
Fund balances (deficit), ending	<u>\$ 459,020</u>	<u>\$ 490,723</u>	<u>\$ (1,056,248)</u>	<u>\$ 1,724,948</u>	<u>\$ 1,618,443</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, 2018

Total net changes in fund balances for the year ended June 30, 2018 per the
statement of revenues, expenditures and changes in fund balances \$ (442,391)

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	\$ 1,291,671	
Depreciation expense for the year ended June 30, 2018	<u>(814,877)</u>	476,794

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds.
Neither transaction, however, has any effect on net position. Also,
governmental funds report the effect of premiums, discounts, and
similar items when debt is first issued, whereas these amounts are
amortized in the statement of activities over multiple periods.

Proceeds from issuance of debt received	(75,045)	
Repayment of long-term debt	<u>605,064</u>	530,019

Some long-term liabilities are not recognized at the fund level because
they do not represent a claim on current financial resources. Expenses
at the government-wide level are recognized when these liabilities are
incurred, while expenditures are recognized at the fund level when
cash payments are made. The amounts below represent the
difference between the expenses incurred at the government-wide
level and the current financial resources expended at the fund level.

Compensated absences	14,012	
Accrued interest	4,356	
OPEB obligation	10,500	
Net pension liability	<u>(312,610)</u>	<u>(283,742)</u>

Total changes in net position for the year ended June 30, 2018 per the
statement of activities \$ 280,680

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

CITY OF LEESVILLE, LOUISIANA

Statement of Net Position - Proprietary Funds
June 30, 2018

	Business -Type Activities - Enterprise Funds			
	Sewer	Water	Fort Polk Vegetation Control	Total
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 62,319	\$ -	\$ -	\$ 62,319
Receivables:				
Accounts, net	160,003	274,496	-	434,499
Due from other funds	662,468	1,746,624	-	2,409,092
Due from other governmental agencies	-	2,015,007	184,220	2,199,227
Prepaid items	3,118	3,118	3,046	9,282
Total current assets	<u>887,908</u>	<u>4,039,245</u>	<u>187,266</u>	<u>5,114,419</u>
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	-	922,458	-	922,458
Land and construction in progress	132,984	47,926	-	180,910
Capital assets, net of accumulated depreciation	9,505,965	6,332,507	735,721	16,574,193
Total noncurrent assets	<u>9,638,949</u>	<u>7,302,891</u>	<u>735,721</u>	<u>17,677,561</u>
Total assets	<u>10,526,857</u>	<u>11,342,136</u>	<u>922,987</u>	<u>22,791,980</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	<u>142,216</u>	<u>117,308</u>	<u>-</u>	<u>259,524</u>
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts and other payables	17,966	12,085	2,524	32,575
Due to other funds	-	-	139,693	139,693
Capital lease	5,021	5,021	148,692	158,734
Accrued interest payable	<u>32</u>	<u>32</u>	<u>-</u>	<u>64</u>
Total	<u>23,019</u>	<u>17,138</u>	<u>290,909</u>	<u>331,066</u>
Current liabilities (payable from restricted assets):				
Customer deposits payable	-	229,062	-	229,062
Revenue bonds	-	260,000	-	260,000
Accrued interest payable	<u>-</u>	<u>12,319</u>	<u>-</u>	<u>12,319</u>
Total	<u>-</u>	<u>501,381</u>	<u>-</u>	<u>501,381</u>
Total current liabilities	<u>23,019</u>	<u>518,519</u>	<u>290,909</u>	<u>832,447</u>
Noncurrent liabilities:				
Compensated absences payable	30,148	10,681	3,430	44,259
OPEB obligation payable	138,785	55,514	55,514	249,813
Net pension liability	360,135	310,578	-	670,713
Revenue bonds payable	-	4,284,202	-	4,284,202
Capital lease	7,006	7,006	592,027	606,039
Note payable	<u>-</u>	<u>135,883</u>	<u>-</u>	<u>135,883</u>
Total noncurrent liabilities	<u>536,074</u>	<u>4,803,864</u>	<u>650,971</u>	<u>5,990,909</u>
Total liabilities	<u>559,093</u>	<u>5,322,383</u>	<u>941,880</u>	<u>6,823,356</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>7,793</u>	<u>6,607</u>	<u>-</u>	<u>14,400</u>
NET POSITION				
Net investment in capital assets	9,626,922	2,369,398	-	11,996,320
Unrestricted (deficit)	<u>475,265</u>	<u>3,761,056</u>	<u>(18,893)</u>	<u>4,217,428</u>
Total net position	<u>\$ 10,102,187</u>	<u>\$ 6,130,454</u>	<u>\$ (18,893)</u>	<u>\$ 16,213,748</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, 2018

	Business -Type Activities - Enterprise Funds			
	Sewer	Water	Fort Polk Vegetation Control	Total
Operating revenues:				
Charges for services	\$ 874,101	\$ 1,549,302	\$ 868,466	\$ 3,291,869
Miscellaneous	44	6,314	-	6,358
Total operating revenues	<u>874,145</u>	<u>1,555,616</u>	<u>868,466</u>	<u>3,298,227</u>
Operating expenses:				
Salaries	284,903	204,029	50,235	539,167
Employee benefits	22,821	11,420	8,410	42,651
OPEB expense	75,982	(85,690)	55,514	45,806
Pension expense (benefit)	121,672	107,390	-	229,062
Operating supplies	34,909	159,510	24,454	218,873
Vehicle expense	14,991	34,524	27,576	77,091
Utilities and communications	127,638	138,166	540	266,344
Insurance	79,930	104,477	22,358	206,765
Legal and other professional	17,500	19,305	10,000	46,805
Repairs and maintenance	58,018	40,638	52,116	150,772
Contracted services	-	-	257,174	257,174
Bad debt	34,404	23,330	-	57,734
Miscellaneous	44,983	1,156	-	46,139
Depreciation	<u>418,548</u>	<u>303,447</u>	<u>24,602</u>	<u>746,597</u>
Total operating expenses	<u>1,336,299</u>	<u>1,061,702</u>	<u>532,979</u>	<u>2,930,980</u>
Operating income (loss)	<u>(462,154)</u>	<u>493,914</u>	<u>335,487</u>	<u>367,247</u>
Nonoperating revenues (expenses):				
Interest income	255	1,455	-	1,710
Ad valorem taxes	119,199	-	-	119,199
Nonemployer pension contribution	8,749	7,593	-	16,342
Interest expense	<u>(610)</u>	<u>(86,509)</u>	<u>(4,380)</u>	<u>(91,499)</u>
Total nonoperating revenues (expenses)	<u>127,593</u>	<u>(77,461)</u>	<u>(4,380)</u>	<u>45,752</u>
Income (loss) before contributions and transfers	(334,561)	416,453	331,107	412,999
Contributions	-	200,034	-	200,034
Transfers out	<u>-</u>	<u>(225,000)</u>	<u>(350,000)</u>	<u>(575,000)</u>
Change in net position	(334,561)	391,487	(18,893)	38,033
Net position, beginning, as restated	<u>10,436,748</u>	<u>5,738,967</u>	<u>-</u>	<u>16,175,715</u>
Net position (deficit), ending	<u>\$ 10,102,187</u>	<u>\$ 6,130,454</u>	<u>\$ (18,893)</u>	<u>\$ 16,213,748</u>

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, 2018

	Business-Type Activities - Enterprise Funds			
	Sewer	Water	Fort Polk Vegetation Control	Total
Cash flows from operating activities:				
Receipts from customers	\$ 848,479	\$ 1,506,552	\$ 684,246	\$ 2,355,031
Payments to suppliers	(411,910)	(551,861)	(397,264)	(963,771)
Payments to employees	(338,375)	(243,687)	(52,691)	(582,062)
Other receipts	44	6,314	-	6,358
Net cash provided by operating activities	<u>98,238</u>	<u>717,318</u>	<u>234,291</u>	<u>815,556</u>
Cash flows from noncapital financing activities:				
Net increase in customer meter deposits	-	7,653	-	7,653
Transfers to other funds	<u>(237,404)</u>	<u>(948,946)</u>	<u>(210,307)</u>	<u>(1,186,350)</u>
Net cash used by noncapital financing activities	<u>(237,404)</u>	<u>(941,293)</u>	<u>(210,307)</u>	<u>(1,178,697)</u>
Cash flows from capital and related financing activities:				
Net proceeds from (principal paid) on bonds and notes payable	(4,807)	(215,242)	740,719	(220,049)
Interest and fiscal charges paid on revenue bonds	(629)	(88,308)	(4,380)	(88,937)
Proceeds from ad valorem taxes	119,199	-	-	119,199
Proceeds from grants	-	227,474	-	227,474
Acquisition of property, plant and equipment	<u>(13,108)</u>	<u>(33,159)</u>	<u>(760,323)</u>	<u>(46,267)</u>
Net cash provided (used) by capital and related financing activities	<u>100,655</u>	<u>(109,235)</u>	<u>(23,984)</u>	<u>(8,580)</u>
Cash flows from investing activities:				
Interest earned	<u>255</u>	<u>1,455</u>	<u>-</u>	<u>1,710</u>
Net decrease in cash and cash equivalents	(38,256)	(331,755)	-	(370,011)
Cash and cash equivalents, beginning of period	<u>100,575</u>	<u>1,254,213</u>	<u>-</u>	<u>1,354,788</u>
Cash and cash equivalents, end of period	<u>\$ 62,319</u>	<u>\$ 922,458</u>	<u>\$ -</u>	<u>\$ 984,777</u>
Supplemental data:				
Bonds payable forgiven	<u>\$ -</u>	<u>\$ 44,332</u>	<u>\$ -</u>	<u>\$ 44,332</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Statement of Cash Flows
 Proprietary Funds (Continued)
 For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Sewer	Water	Fort Polk Vegetation Control	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$(462,154)	\$ 493,914	\$ 335,487	\$ 31,760
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	418,548	303,447	24,602	721,995
Amortization	-	-	-	-
Pension expense	88,918	78,963	-	167,881
OPEB expense	75,982	(85,690)	55,514	(9,708)
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	(25,622)	(42,750)	(184,220)	(68,372)
Decrease in prepaid items	2,049	2,049	(3,046)	4,098
Decrease in accounts payable	(681)	(33,113)	2,524	(33,794)
Increase in compensated absences payable	1,198	498	3,430	1,696
Net cash provided by operating activities	<u>\$ 98,238</u>	<u>\$ 717,318</u>	<u>\$ 234,291</u>	<u>\$ 815,556</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	\$ 100,575	\$ -	\$ -	\$ 100,575
Cash and interest-bearing deposits - restricted	-	1,254,213	-	1,254,213
Total cash and cash equivalents, beginning of period	<u>100,575</u>	<u>1,254,213</u>	<u>-</u>	<u>1,354,788</u>
Cash and cash equivalents, end of period -				
Cash and interest-bearing deposits - unrestricted	\$ 62,319	\$ -	\$ -	62,319
Cash and interest-bearing deposits - restricted	-	922,458	-	922,458
Total cash and cash equivalents, end of period	<u>62,319</u>	<u>922,458</u>	<u>-</u>	<u>984,777</u>
Net decrease	<u>\$ (38,256)</u>	<u>\$ (331,755)</u>	<u>\$ -</u>	<u>\$ (370,011)</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 6,286.

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 corresponding totals for all funds of that category or type (total governmental or enterprise funds) and at least five percent of the corresponding total for all governmental and enterprise funds combined 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 balance 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 statements 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.

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

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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, the Water Fund, and the Fort Polk Vegetation Control Fund.

Enterprise fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. The enterprise fund financial information is presented under the business-type activities column.

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 grant revenue 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 expenditures 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 sales and use taxes and franchise taxes. Business-type activities report customers’ 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 \$453,994 at June 30, 2018. 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.

Inventories

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, 2018 are recorded as prepaid items. The City utilizes the consumption method to account for 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 cost is not available. Donated assets are recorded as capital assets at acquisition value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets.

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

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

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 acquired or constructed with the proceeds of the debt 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, certificates of indebtedness, capital leases payable, note 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 employment. 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. Compensated absence liabilities are computed using the regular pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and medicare taxes and retirement contributions compiled using rates in effect at that date. All compensated absences liabilities are accrued when incurred in the government-wide and proprietary fund financial statements. On the governmental fund statements, compensated absences are only accrued if the obligation has matured, in other words, the obligation becomes due and payable because of employee resignations or retirements.

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 section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plans. The City reported deferred outflows of resources of \$1,971,717 at June 30, 2018.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate section represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one item that qualifies for reporting in this category, the deferred inflow of resources attributable to its pension plans. The City reported deferred inflows of resources of \$458,325 at June 30, 2018.

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 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, or 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, donors, 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 three classifications of programmatic revenues for the City, program specific grant and contributions revenue (operating and capital) and charges for services. 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. Charges for services are revenues 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

G. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reported period. 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, 2018, taxes of 17.56 mills were levied on property with assessed valuations totaling \$42,639,360 and were dedicated as follows:

General maintenance	5.10	mills
Street improvements	4.05	mills
Sewer and street maintenance	<u>8.41</u>	<u>mills</u>
Total	<u>17.56</u>	<u>mills</u>

Total taxes levied were \$748,754. Taxes receivable at June 30, 2018 totaled \$7,501.

(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 for a period of 25 years expiring on July 1, 2030 (2018 collections \$2,810,978) 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, 2016 authorized to be collected in perpetuity (2018 collections \$1,384,512) 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, 2018, the City had cash and interest-bearing deposits (book balances) totaling \$4,505,611 as follows

Demand deposits	\$ 487,658
Money market accounts	3,803,059
Time deposits	<u>214,894</u>
Total	<u>\$ 4,505,611</u>

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 collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. 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. Deposit balances (bank balances) at June 30, 2018, are secured as follows:

Bank balances	<u>\$ 4,967,578</u>
Federal deposit insurance	\$ 523,269
Pledged securities	<u>4,444,309</u>
Total	<u>\$ 4,967,578</u>

Deposits in the amount of \$4,444,309 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. 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, 2018 of \$969,588 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts, net	\$ -	\$ 200,271	\$ 200,271
Unbilled utility	-	234,228	234,228
Sales tax	414,475	-	414,475
Franchise tax	103,376	-	103,376
Other	<u>9,737</u>	<u>-</u>	<u>9,737</u>
Totals	<u>\$ 535,089</u>	<u>\$ 434,499</u>	<u>\$ 969,588</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units of \$2,478,431 at June 30, 2018 consist of the following:

Governmental activities:

State of Louisiana - beer tax revenues receivable	\$ 5,400
State of Louisiana - Louisiana Department of Transportation and Development - Airport Improvement grants	30,621
Federal Aviation Administration - Airport Improvement Program grant	243,183

Business-type activities:

United States Army Garrison - Polk	184,220
State of Louisiana - Department of Health and Hospitals	<u>2,015,007</u>
Total	<u>\$ 2,478,431</u>

(7) Restricted Assets

Restricted assets consist of the following at June 30, 2018:

Governmental activities:

Construction	\$ 993,884
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Business-type activities:

Customer deposits	229,062
Revenue bond reserve and sinking funds	<u>693,396</u>
Total restricted assets	<u>\$ 1,916,342</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

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

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 289,026	\$ -	\$ -	\$ 289,026
Construction in progress	728,421	1,133,016	738,604	1,122,833
Other capital assets:				
Buildings and improvements	11,108,452	-	-	11,108,452
Equipment and vehicles	5,676,613	158,656	135,938	5,699,331
Infrastructure	24,961,972	738,603	-	25,700,575
Totals	<u>42,764,484</u>	<u>2,030,275</u>	<u>874,542</u>	<u>43,920,217</u>
Less accumulated depreciation				
Buildings and improvements	5,710,998	258,433	-	5,969,431
Equipment and vehicles	5,192,622	186,251	135,938	5,242,935
Infrastructure	17,506,974	370,193	-	17,877,167
Total accumulated depreciation	<u>28,410,594</u>	<u>814,877</u>	<u>135,938</u>	<u>29,089,533</u>
Governmental activities, capital assets, net	<u>\$14,353,890</u>	<u>\$1,215,398</u>	<u>\$ 738,604</u>	<u>\$14,830,684</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 157,249	\$ -	\$ -	\$ 157,249
Construction in progress	70,443	38,017	84,799	23,661
Other capital assets:				
Plant and system	29,900,289	84,799	-	29,985,088
Equipment and vehicles	526,279	768,573	-	1,294,852
Totals	<u>30,654,260</u>	<u>891,389</u>	<u>84,799</u>	<u>31,460,850</u>
Less accumulated depreciation				
Plant and system	13,582,761	697,046	-	14,279,807
Equipment and vehicles	376,389	49,551	-	425,940
Total accumulated depreciation	<u>13,959,150</u>	<u>746,597</u>	<u>-</u>	<u>14,705,747</u>
Business-type activities, capital assets, net	<u>\$16,695,110</u>	<u>\$ 144,792</u>	<u>\$ 84,799</u>	<u>\$16,755,103</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 12,361
Public safety	128,226
Public works	171,392
Economic development	397,776
Culture and recreation	<u>105,122</u>
 Total depreciation expense	 <u>\$ 814,877</u>

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

Sewer	\$ 418,548
Water	303,447
Fort Polk Vegetation Control	<u>24,602</u>
 Total depreciation expense	 <u>\$ 746,597</u>

(9) Accounts and Other Payables

The accounts and other payables of \$707,774 at June 30, 2018 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 92,176	\$ 8,881	\$ 101,057
Salaries payable	54,069	10,586	64,655
Payroll tax and employee benefits payable	1,136	-	1,136
Contracts and retainage payable	<u>527,818</u>	<u>13,108</u>	<u>540,926</u>
 Totals	 <u>\$ 675,199</u>	 <u>\$ 32,575</u>	 <u>\$ 707,774</u>

(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, 2017 with the principal due at July 3, 2018. The City utilized this line of credit during the year. There was no balance due at June 30, 2018.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(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, 2018:

	<u>Balance</u> <u>7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2018</u>	<u>Amount due</u> <u>in one year</u>
Long-term debt:					
Revenue bonds	\$ 5,500,534	\$ -	\$ 346,331	\$ 5,154,203	\$ 458,000
General obligation bonds	325,000	-	160,000	165,000	165,000
Certificates of indebtedness	1,798,000	-	206,000	1,592,000	211,000
Note payable	236,318	-	100,435	135,883	-
Capital leases	474,372	835,368	76,283	1,233,457	223,596
Other liabilities:					
Compensated absences	<u>391,986</u>	<u>-</u>	<u>8,886</u>	<u>383,100</u>	<u>-</u>
	<u>\$ 8,726,210</u>	<u>\$ 835,368</u>	<u>\$ 897,935</u>	<u>\$ 8,663,643</u>	<u>\$ 1,057,596</u>

Bonds payable at June 30, 2018 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 \$ 165,000

Certificates of indebtedness:

\$2,000,000 of Certificates of Indebtedness, Series 2016, due in annual installments of \$102,000 - \$247,000 through March 1, 2025; interest at 2.09 percent, secured by ad valorem tax collections 1,592,000

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 610,000

Total bonds payable applicable to governmental activities \$ 2,367,000

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 \$ 640,000

\$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. 3,904,203

Total bonds payable applicable to business-type activities \$ 4,544,203

Capital leases payable at June 30, 2018 consists of the following:

	Original Amount	Maturity Date	Interest Rates	Balance Outstanding
Fire equipment	\$ 666,583	04/25/28	4.98%	\$ 389,537
Utility and public works vehicles	72,203	11/15/20	4.25%	36,080
Police vehicles	75,045	03/05/21	4.00%	67,121
Maintenance equipment	<u>749,350</u>	03/27/23	4.39%	<u>740,719</u>
	<u>\$ 1,563,181</u>			<u>\$ 1,233,457</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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
2019	\$ 574,000	\$ 47,617	\$ 265,000	\$ 119,136	\$ 839,000	\$ 166,753
2020	418,000	33,758	275,000	109,273	693,000	143,031
2021	429,000	25,676	290,000	98,935	719,000	124,611
2022	226,000	19,772	301,000	88,160	527,000	107,932
2023	233,000	15,048	311,000	76,834	544,000	91,882
2024 - 2028	487,000	15,340	949,000	291,712	1,436,000	307,052
2029 - 2033	-	-	1,124,000	138,416	1,124,000	138,416
2034 - 2038	-	-	1,029,203	7,346	1,029,203	7,346
Total	<u>\$ 2,367,000</u>	<u>\$ 157,211</u>	<u>\$ 4,544,203</u>	<u>\$ 929,812</u>	<u>\$ 6,911,203</u>	<u>\$ 1,087,023</u>

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 223,596	\$ 52,147	\$ 275,743
2020	232,262	43,480	275,742
2021	222,780	33,146	255,926
2022	209,176	23,680	232,856
2023	152,153	14,267	166,420
2024 - 2028	193,490	24,898	218,388
	<u>\$ 1,233,457</u>	<u>\$ 191,618</u>	<u>\$ 1,425,075</u>

Leased equipment and vehicles under capital leases included in capital assets at June 30, 2018 are as follows:

Equipment and vehicles	\$ 1,738,626
Less: Accumulated depreciation	(843,342)
Net	<u>\$ 895,284</u>

Depreciation of leased equipment and vehicles under capital leases in the amount of \$97,531 for the year ended June 30, 2018 is included in depreciation expense.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Compensated absences payable is not amortizable because the timing of the payouts is 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, 2018, the City incurred \$535,778 in funding from this agreement. The relocation project was completed and had final inspection on July 13, 2010. The amount to be paid each year is determined by the Louisiana Department of Transportation and Development. This amount is invoiced to the City by the Louisiana Department of Transportation and Development. At June 30, 2018, the balance remaining on this note totaled \$135,883.

(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 20th day of each month commencing in August 2002 a sum equal to 1/6th of the next interest payment due and 1/12th of the next principal due.

During the year ended June 30, 2018, the monthly sinking fund transfers were made as required by the agreement.

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 20th day of each month commencing in August 2013 a sum equal to 1/6th of the next interest payment due and 1/12th of the next principal due.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 20th 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 20th 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, 2018, the monthly sinking, reserve, and depreciation and contingency fund transfers were 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, 2018, the monthly sinking fund transfers were made as required by the agreement.

Certificates of Indebtedness, Series 2016

Under the terms of the \$2,000,000 Certificates of Indebtedness, Series 2016 issued on January 28, 2016, the City will maintain a sinking fund and deposit from the first revenues of the tax received in any calendar year, a sum equal to the principal and/or interest falling due on the Certificates in that calendar year, together with such additional proportionate sum as may be required to pay principal and interest as the same become due and any amount required to pay the charges of the paying agent.

During the year ended June 30, 2018, the monthly sinking fund transfers were made as required by the agreement.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Post-Retirement Health Care Benefits

In adopting the requirements of GASB Statement No. 75 during the year ended June 30, 2018, She City recognizes the cost of postemployment healthcare benefits in the year when employee services are received, recognizes a liability for OPEB obligations, known as the net OPEB liability, on the statement of net position, and provides information useful in assessing potential demands on the City’s future cash flows. Changes in the net OPEB liability will be immediately recognized as OPEB expense on the statement of activities or reported as deferred inflows/outflows of resources depending upon the nature of the change.

Plan Description: The City provides certain continuing healthcare benefits for its retired employees. Employees hired on or before August 15, 2017 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 Blue Cross Blue Shield of Louisiana. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

The City pays a flat subsidy for medical coverage of \$329.24 for single coverage and \$684.35 including spouse coverage and 50% of dental and vision contribution for retirees and dependents. The City recognizes the cost of providing these benefits (the City’s portion of premiums) as an expenditure when the monthly premiums are due. The benefits are financed on a pay-as-you go basis.

Plan Membership: Plan membership was as follows:

Status	Single	Employee + Dependent Coverage	Total
Active	29	22	51
Retired	6	3	9
Total	35	25	60

Benefits Provided: The plan provides healthcare, dental, and vision benefits for retirees and their dependents. Generally, employees hired prior to August 15, 2017, who retire with 20 years of service are eligible for benefits. Coverage is also provided to spouses and eligible children.

Net OPEB Liability of the City: The components of the net OPEB liability of the City were as follows:

Total OPEB Liability	\$ 1,415,602
OPEB Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u>\$ 1,415,602</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability 0%

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The following actuarial assumptions were applied to all periods in the measurement, unless otherwise specified:

In the June 30, 2018 actuarial valuation individual entry age normal cost method – level percentage of projected salary was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. The service cost was determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan’s benefit formula. This allocation is based on each participant’s service between date of hire and date of expected termination.
2. The annual per capita dental cost is a level \$272.76, and the annual per capita vision cost is \$82.44. The average per capita claim cost determined as of June 30, 2018 is:

Age	Medical	Age	Medical
55	\$ 10,315	60	\$ 11,958
56	\$ 10,624	61	\$ 12,316
57	\$ 10,943	62	\$ 12,686
58	\$ 11,271	63	\$ 13,066
59	\$ 11,609	64	\$ 13,458

3. 100% of all retirees who currently have healthcare coverage will continue with the same coverage. 100% of all actives hired prior to August 15, 2017 who currently have coverage will continue with individual coverage upon retirement. 100% of all actives who currently have spouse coverage will continue with spouse coverage upon retirement. It is assumed that retirees hired on or after August 15, 2017 will not continue coverage.
4. Health care cost trends are level 5.50% for medical and level 2.00% for dental/vision.
5. Mortality rates were based on RPH-2014 Total Table with projection MP-2017.
6. Termination rates from the Louisiana Municipal Employees Retirement System (“MERS”) actuarial valuation report were used for non-public safety employees. Termination rates from the Louisiana Municipal Police Employees Retirement System (“MPERS”) actuarial valuation report were used for police employees and from the Louisiana Fireman Retirement System (“FRS”) actuarial valuation report for fire employees.
7. Salary increases were 3.5%.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.88%. The discount rate was selected by reviewing the recently published Bond Buyer GO-20 bond index.

Changes in Actuarial Methods Since Prior Valuation: The actuarial cost method was updated from Projected Unit Cost Method to Individual Entry Age Normal Cost Method in accordance with GASB 75.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

In addition to the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment and retirement rates.

The following presents changes in the net OPEB liability.

Balance as of June 30, 2017	\$ 33,818
Changes for the year:	
Service cost	440,774
Interest cost	146,883
Benefit payments	<u>(73,761)</u>
Net change in total OPEB liability	<u>513,896</u>
Balance as of June 30, 2018	<u><u>\$ 547,714</u></u>

Total OPEB expense recognized is as follows:

Service cost	\$ 62,081
Interest cost	<u>54,390</u>
Total OPEB expense	<u><u>\$ 116,471</u></u>

Sensitivity of the Net OPEB Liability to changes in the Discount Rate: The following presents the City's net OPEB liability calculated using the discount rate of 3.88%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.88%) or one percentage point higher (4.88%) than the current rate:

	1% Decrease 2.88%	Current Discount Rate 3.88%	1% Increase 4.88%
Net OPEB Liability	<u>\$ 1,526,530</u>	<u>\$ 1,415,602</u>	<u>\$ 1,311,387</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the City's net OPEB liability, calculated using the current healthcare cost trend rates of 5.5%, as well as what the City's net OPEB liability would be if it were calculated using trend rates that are one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current trend rates:

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Net OPEB Liability	<u>\$ 1,267,092</u>	<u>\$ 1,415,602</u>	<u>\$ 1,590,432</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Pension Plans

The City participates in three cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all City employees participate in one of the following retirement systems:

Plan Descriptions

Municipal Employees’ Retirement System (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The City participates in Plan B.

State of Louisiana – Municipal Police Employees’ Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in the LRS 11:2211 and 11:2220.

State of Louisiana – Firefighters’ Retirement System (FRS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in the LRS 11:2251-2254 and 11:2256.

The system’s financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

A brief summary of eligibility and benefits of the plans are provided in the following table:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>
Final average salary	Highest 60 months	Highest 36 months or 60 months ²	Highest 36 months
Years of service required and/or age eligible for benefits	25 years any age 10 years age 60 20 years any age ¹	25 years any age 20 years age 55 12 years age 55 20 years any age ¹ 30 years any age ³ 25 years age 55 ³ 10 years age 60 ³	25 years any age 20 years age 50 12 years age 55
Benefit percent per years of service	3.00%	2.5% - 3.33% ⁴	3.33%

¹ With actuarial reduced benefits

² Membership commencing January 1, 2013

³ Under non hazardous duty sub plan commencing January 1, 2013

⁴ Membership commencing January 1, 2013 non hazardous duty plan 2.5%, hazardous duty plan 3.0%, membership prior to January 1, 2013 3.33%

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Contributions

Article X, Section 29 (E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee. In addition, MERS receives a percentage of ad valorem taxes collected parishes. Also, MPERS and FRS receive a percentage of insurance premium tax monies as additional employer contributions. These entities are not participating employers in the pension systems and are considered to be nonemployer contributing entities. Contributions of employers, and nonemployer contributing entities effective for the year ended June 30, 2018 for the defined benefit pension plans in which the City is a participating employer were as follows:

Plan	Active Member Contribution Percentage	Employer Contribution Percentage	Amount from Nonemployer Contributing Entities	Amount of Government Contributions
MERS	5.00%	13.25%	\$ 52,258	\$ 195,639
MPERS	10.00%	30.75%	55,522	289,922
FRS	10.00%	26.50%	39,673	82,431

Net Pension Liability

The City’s net pension liability at June 30, 2018 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the City is a participating employer. The City’s net pension liability for each plan was measured as of the plans’ measurement date (June 30, 2017 for all plans) 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 proportionate share of the net pension liability for each of the plans in which it participates was based on the City’s required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the City’s proportion for each plan and the change in proportion from the prior measurement date were as follows:

Plan	Proportionate Share of Net Pension Liability	Proportionate Share (%) of Net Pension Liability	Increase/(Decrease) from Prior Measurement Date
MERS	\$ 1,816,108	2.098982%	0.162872%
MPERS	2,539,165	0.290841%	0.047586%
FRS	898,433	0.156744%	0.009413%
Total	\$ 5,253,706		

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Since the measurement date of the net pension liability was June 30, 2017, the net pension liability is based upon fiduciary net position for each of the plans as of that date. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the City's net pension liability is available in the separately issued plan financial reports for that fiscal year. The financial report for each plan may be accessed on their website as follows:

- MERS - <http://www.mersla.com/>
- MPERS - <http://www.lampers.org/>
- FRS - <http://www.ffret.com.com/>

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the City is a participating employer:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>
Date of experience study on which significant assumptions are based	7/1/2009 - 6/30/2014	7/1/2009 - 6/30/2014	7/1/2009 - 6/30/2014
Expected remaining service lives	4	4	7
Inflation rate	2.775%	2.700%	2.775%
Investment rate of return	7.40%	7.325%	7.40%
Projected salary increases	5.00%	4.25% - 9.75%	4.75% - 15.0%
Projected benefit changes including COLAs	None	None	None
Source of mortality assumptions	(1), (2), (3)	(4), (5)	(3), (6)

- (1) RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using Scale AA.
- (2) RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females.
- (3) RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.
- (4) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table projected to 2029 using Scale AA set back 1 year for females.
- (5) RP-2000 Disabled Lives Mortality Table set back 4 years for males and set back 3 years for females.
- (6) RP-2000 Combined Healthy with Blue Collar Adjustmetn Sex Distinct Table projected to 2031 using Scale AA.
- (7) RP-2000 Healthy Annuitant Sex Distinct Mortality Tables projected to 2031 using Scale AA.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Cost of Living Adjustments

The pension plans in which the City participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS, MPERS, and FRS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

Discount Rate

The discount rates used to measure the City’s total pension liability for each plan and the significant assumptions used in the determination of the discount rate for each plan are as follows:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>
Discount rate	7.40%	7.325%	7.4%
Change in discount rate from prior valuation	0.10%	0.175%	0.10%
Plan cash flow assumptions	(1)	(1)	(1)
Rates incorporated in the Discount Rate:			
Long-term Rate of Return	7.20%	8.19%	8.29%
Periods applied	All	All	All
Municipal Bond Rate	N/A	N/A	N/A

*Plan Cash Flow Assumptions:

- 1) Plan member contributions will be made at the current contributions rates and sponsor contributions will be made at the actuarially determined rates.

The discount rates used to measure the City’s total pension liability for each plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MERS, MPERS, and FRS, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The target allocation and best-estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following tables:

Asset Class	MERS*		MPERS*		FRS*	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
		Rate of Return		Rate of Return		Rate of Return
Fixed Income	35%	1.60%	21%	52.00%	23%	2.04%
Equities	50%	2.30%	53%	3.66%	57%	6.81%
Alternative Investments	15%	0.70%	20%	1.10%	10%	6.67%
Other	-		6%	0.16%	10%	4.59%
Total	<u>100%</u>		<u>100%</u>		<u>100%</u>	

*Arithmetic real rates of return

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2018, the City Jury recognized \$1,179,594 in pension expense (benefit) related to all defined benefit plans in which it participates. MERS, MPERS, and FRS recognized revenues in the amount of \$147,453 in ad valorem taxes and insurance premium tax monies collected from nonemployer contributing entities

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,139	\$ 109,045
Changes of assumptions	298,218	214
Net difference between projected and actual earnings on pension plan investments	571,091	-
Change in proportion and differences between employer contributions and proportionate share of contributions	508,277	349,066
Employer contributions subsequent to the measurement date	<u>567,992</u>	<u>-</u>
Total	<u>\$ 1,971,717</u>	<u>\$ 458,325</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$567,992 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

<u>Year Ended December 31</u>	<u>Net Amount Recognized in Pension Expense</u>
2019	\$ 374,467
2020	465,160
2021	237,753
2022	(120,892)
2023	(20,011)
Thereafter	<u>8,923</u>
	<u>\$ 945,400</u>

Sensitivity of the City’s Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate

The following presents the City’s proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the City’s proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>Net Pension Liability</u>		
		<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
MERS	7.40%	\$ 2,349,840	\$ 1,816,108	\$ 1,360,642
MPERS	7.325%	3,508,101	2,539,165	1,726,297
FRS	7.40%	<u>1,291,013</u>	<u>898,433</u>	<u>568,413</u>
Total		<u>\$ 7,148,954</u>	<u>\$ 5,253,706</u>	<u>\$ 3,655,352</u>

Payables to Pension Plans

At June 30, 2018, the City did not have any amounts payable to the pension plans for the outstanding amount of contributions due to the Systems for the year.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Employee Retirement – 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.

(16) Litigation and Claims

At June 30, 2018, 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 \$215,151 of supplemental pay during the year ended June 30, 2018. 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, 2018 of \$1,056,248. This deficit will be eliminated by increasing revenues and/or reducing expenditures as well as transfers from other funds.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(20) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2018:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 1,038,511	\$ 869,531
Sales Tax Fund	-	1,358,499
Public Safety Fund	-	1,142,227
Non major governmental funds:		
Main Street Program	75,335	-
2002 Certificates of Indebtedness	-	15,069
2004 GOB Street Improvements	2,081	-
Total governmental funds	<u>1,115,927</u>	<u>3,385,326</u>
Proprietary funds:		
Sewer Fund	662,468	-
Water Fund	1,746,624	-
Fort Polk Vegetation Control	-	139,693
Total proprietary funds	<u>2,409,092</u>	<u>139,693</u>
Total	<u>\$ 3,525,019</u>	<u>\$ 3,525,019</u>

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

B. Transfers consisted of the following at June 30, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 759,384	\$ 2,500
Sales Tax Fund	-	2,496,214
Public Safety Fund	2,080,000	-
Non major governmental funds:		
Mainstreet Program Fund	2,500	-
Sales Tax Sinking Fund	231,830	-
Total governmental funds	<u>3,073,714</u>	<u>2,498,714</u>
Proprietary funds:		
Water Fund	-	225,000
Fort Polk Vegetation Control	-	350,000
Total proprietary funds	<u>-</u>	<u>575,000</u>
Total	<u>\$ 3,073,714</u>	<u>\$ 3,073,714</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

(21) 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, 2018 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 13,000
Car allowance	619
Per diem	524
Reimbursements	1,101
Conference travel	865
	<u>\$ 16,109</u>

(22) Compensation of City Officials

A detail of compensation paid to the Mayor and Council Members for the year ended June 30, 2018 follows:

Rick Allen, Mayor	\$ 13,000
Council Members:	
Willie Mae Kennedy	7,250
Milton D. Dowd	7,250
Christopher Robertson	7,250
Anthony Shapkoff	7,250
William Thomas	7,250
Alice F. Guess	7,250
Total	<u>\$ 56,500</u>

(23) New Accounting Pronouncements

During the fiscal year ended June 30, 2018 , the City adopted Governmental Accounting Standards Board (GASB) approved Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* which replaces the requirement of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* and improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

CITY OF LEESVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

In March 2018, the Governmental Accounting Standards Board (GASB) approved Statement No. 88, *Certain Disclosure Related to Debt, including Direct Borrowings and Direct Placements*. GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of GASB Statement No. 88 must be implemented by the City for the year ending June 30, 2019. The effect of implementation of this statement on the City's financial statements has not yet been determined

(24) Beginning Net Position Adjustment

During the fiscal year ended June 30, 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. This resulted in a restatement of previously reported net position, as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position, previously reported	\$ 6,371,542	\$ 15,808,473
Prior period adjustment:		
Change in accounting principle:		
Net effect of recording total OPEB liability	<u>2,119,376</u>	<u>367,242</u>
Net position, as restated	<u>\$ 8,490,918</u>	<u>\$ 16,175,715</u>
	<u>Proprietary Funds</u>	
	<u>Sewer Fund</u>	<u>Water Fund</u>
Net position, previously reported	\$ 10,323,782	\$ 5,484,691
Prior period adjustment:		
Change in accounting principle:		
Net effect of recording total OPEB liability	<u>112,966</u>	<u>254,276</u>
Net position, as restated	<u>\$ 10,436,748</u>	<u>\$ 5,738,967</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 838,891	\$ 764,740	\$ 696,417	\$ (68,323)
Licenses and permits	532,550	429,838	488,628	58,790
Intergovernmental	124,106	65,880	65,391	(489)
Charges for services	154,800	146,238	142,382	(3,856)
Miscellaneous	<u>69,176</u>	<u>91,454</u>	<u>87,873</u>	<u>(3,581)</u>
Total revenues	<u>1,719,523</u>	<u>1,498,150</u>	<u>1,480,691</u>	<u>(17,459)</u>
Expenditures:				
Current:				
General government:				
General and administrative	903,509	893,384	880,473	12,911
Executive	86,925	72,732	75,376	(2,644)
Legal	47,875	42,360	42,529	(169)
Public works	1,148,036	1,055,285	1,099,894	(44,609)
Economic development	239,830	160,917	232,800	(71,883)
Debt service	-	81,200	86,603	(5,403)
Capital outlay	<u>260,000</u>	<u>13,900</u>	<u>17,400</u>	<u>(3,500)</u>
Total expenditures	<u>2,686,175</u>	<u>2,319,778</u>	<u>2,435,075</u>	<u>(115,297)</u>
Deficiency of revenues over expenditures	<u>(966,652)</u>	<u>(821,628)</u>	<u>(954,384)</u>	<u>(132,756)</u>
Other financing sources (uses):				
Proceeds from issuance of debt	-	80,000	80,000	-
Transfers in	986,600	716,667	759,384	42,717
Transfers out	<u>(239,568)</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>747,032</u>	<u>794,167</u>	<u>836,884</u>	<u>42,717</u>
Net change in fund balance	(219,620)	(27,461)	(117,500)	(90,039)
Fund balance, beginning	<u>576,520</u>	<u>576,520</u>	<u>576,520</u>	<u>-</u>
Fund balance, ending	<u>\$ 356,900</u>	<u>\$ 549,059</u>	<u>\$ 459,020</u>	<u>\$ (90,039)</u>

CITY OF LEESVILLE, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 3,000,000	\$ 2,744,477	\$ 2,810,978	\$ 66,501
Charges for services	32,156	14,152	14,428	276
Miscellaneous	<u>50,229</u>	<u>55,474</u>	<u>46,583</u>	<u>(8,891)</u>
Total revenues	<u>3,082,385</u>	<u>2,814,103</u>	<u>2,871,989</u>	<u>57,886</u>
Expenditures:				
Current:				
General government	116,533	114,488	109,089	5,399
Culture and recreation	388,683	384,363	401,597	(17,234)
Capital outlay	<u>22,000</u>	<u>22,896</u>	<u>15,937</u>	<u>6,959</u>
Total expenditures	<u>527,216</u>	<u>521,747</u>	<u>526,623</u>	<u>(4,876)</u>
Excess of revenues over expenditures	2,555,169	2,292,356	2,345,366	53,010
Other financing uses:				
Transfers out	<u>(2,562,421)</u>	<u>(2,266,669)</u>	<u>(2,496,214)</u>	<u>(229,545)</u>
Net change in fund balance	(7,252)	25,687	(150,848)	(176,535)
Fund balance, beginning	<u>641,571</u>	<u>641,571</u>	<u>641,571</u>	<u>-</u>
Fund balance, ending	<u>\$ 634,319</u>	<u>\$ 667,258</u>	<u>\$ 490,723</u>	<u>\$ (176,535)</u>

CITY OF LEESVILLE, LOUISIANA
Public Safety Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 1,446,900	\$ 1,392,241	\$ 1,384,512	\$ (7,729)
Intergovernmental	228,455	258,394	276,186	17,792
Charges for services	72,850	132,864	143,023	10,159
Fines and forfeitures	182,000	223,048	237,729	14,681
Miscellaneous	<u>16,239</u>	<u>46,097</u>	<u>46,547</u>	<u>450</u>
Total revenues	<u>1,946,444</u>	<u>2,052,644</u>	<u>2,087,997</u>	<u>35,353</u>
Expenditures:				
Current:				
General government	-	-	6,115	(6,115)
Public Safety:				
Police	2,694,430	2,783,122	2,907,093	(123,971)
Fire	1,088,220	1,105,114	924,239	180,875
City Court	117,825	100,830	98,067	2,763
Debt service	-	-	63,839	(63,839)
Capital outlay	<u>100,000</u>	<u>61,916</u>	<u>145,556</u>	<u>(83,640)</u>
Total expenditures	<u>4,000,475</u>	<u>4,050,982</u>	<u>4,144,909</u>	<u>(93,927)</u>
Deficiency of revenues over expenditures	<u>(2,054,031)</u>	<u>(1,998,338)</u>	<u>(2,056,912)</u>	<u>(58,574)</u>
Other financing sources (uses):				
Proceeds from capital lease	-	-	75,045	75,045
Transfers in	<u>1,910,000</u>	<u>2,080,000</u>	<u>2,080,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,910,000</u>	<u>2,080,000</u>	<u>2,155,045</u>	<u>75,045</u>
Net change in fund balance	(144,031)	81,662	98,133	16,471
Fund balance (deficit), beginning	<u>(1,154,381)</u>	<u>(1,154,381)</u>	<u>(1,154,381)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (1,298,412)</u>	<u>\$ (1,072,719)</u>	<u>\$ (1,056,248)</u>	<u>\$ 16,471</u>

CITY OF LEESVILLE, LOUISIANA

Schedule of Changes in Total OPEB Liability
For the Year Ended June 30, 2018

	<u>2018</u>
Service cost	\$ 62,081
Interest cost	54,390
Benefit payments	<u>(81,165)</u>
Net change in total OPEB liability	35,306
Total OPEB liability -- beginning	<u>1,380,296</u>
Total OPEB liability -- ending	<u>\$1,415,602</u>
Net OPEB liability	\$1,415,602
Covered-employee payroll	\$1,744,817
Total OPEB liability as a percentage of covered-employee payroll	81.13%
Fiduciary Net Position	\$ -
Funded Ratio	0.0%

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

CITY OF LEESVILLE, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2018 *

Year ended December 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana - Plan B:					
2018	2.098982%	\$1,816,108	\$1,557,989	116.6%	63.49%
2017	1.936110%	\$1,604,858	\$1,371,725	117.0%	63.34%
2016	1.795844%	1,220,540	1,250,574	97.6%	68.71%
2015	1.775620%	833,647	1,253,098	66.5%	76.94%
Municipal Police Employees' Retirement System of Louisiana:					
2018	0.290841%	\$2,539,165	\$ 866,705	293.0%	70.08%
2017	0.243255%	2,279,985	687,910	331.4%	66.04%
2016	0.222398%	1,742,256	596,959	291.9%	70.73%
2015	0.245436%	1,535,468	707,707	217.0%	75.10%
Firefighters' Retirement System of Louisiana:					
2018	0.156744%	\$ 898,433	\$ 363,158	247.4%	73.55%
2017	0.147331%	963,678	347,797	277.1%	68.16%
2016	0.186639%	1,007,312	396,812	253.9%	72.45%
2015	0.228325%	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

Schedule of Employer Contributions
For the Year Ended June 30, 2018

Year ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System of Louisiana - Plan B:					
2018	\$ 195,639	\$ 195,639	\$ -	\$ 1,476,518	13.25%
2017	171,379	168,805	2,574	1,557,989	10.83%
2016	130,314	130,295	19	1,371,725	9.50%
2015	118,786	118,786	-	1,250,384	9.50%
Municipal Police Employees' Retirement System of Louisiana:					
2018	\$ 289,915	\$ 289,922	\$ (7)	\$ 942,814	30.75%
2017	275,179	275,180	(1)	866,705	31.75%
2016	202,933	203,882	(949)	687,910	29.64%
2015	188,042	188,042	-	596,959	31.50%
Firefighters' Retirement System of Louisiana:					
2018	\$ 82,431	\$ 82,431	\$ -	\$ 311,062	26.50%
2017	91,697	91,698	(1)	363,158	25.25%
2016	94,775	94,929	(154)	347,797	27.29%
2015	116,018	116,018	-	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 15th 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 15th 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 General Fund, Sales Tax Special Revenue Fund, and Public Safety Special Revenue Fund incurred expenditures in excess of appropriations totaling \$115,297, \$4,876, and \$93,927, respectively, for the year ended June 30, 2018.

(3) OPEB Plans

Changes in Benefit Terms – There were no changes in benefit terms for the OPEB plan.

Changes of Assumptions – The discount rate changed from 4.00% as of June 30, 2017 to 3.88% as of June 30, 2018 for the OPEB plan.

CITY OF LEESVILLE, LOUISIANA

Notes to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria in paragraph 4 of the Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

(3) Pension Plans

Changes of assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

Amounts reported in fiscal year ended June 30, 2018 for the various pension plans reflect the following changes used to measure the total pension liability:

Valuation Date	MERS	
	June 30, 2016	June 30, 2017
Investment Rate of Return (Discount Rate)	7.50%	7.40%
Inflation Rate	2.875%	2.775%

Valuation Date	MPERS	
	June 30, 2016	June 30, 2017
Investment Rate of Return (Discount Rate)	7.500%	7.325%
Inflation Rate	2.875%	2.70%

Valuation Date	FRS	
	June 30, 2016	June 30, 2017
Investment Rate of Return (Discount Rate)	7.50%	7.40%
Inflation Rate	2.875%	2.775%

OTHER SUPPLEMENTARY INFORMATION

CITY OF LEESVILLE, LOUISIANA

Statement of Net Position

June 30, 2018

With Comparative Totals for June 30, 2017

	2018			2017 Totals
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and interest-bearing deposits	\$ 2,526,950	\$ 62,319	\$ 2,589,269	\$ 1,698,104
Receivables	535,089	434,499	969,588	884,227
Due from other governmental agencies	279,204	2,199,227	2,478,431	2,092,263
Inventories	168,820	-	168,820	197,293
Other assets	68,990	9,282	78,272	76,640
Restricted assets:				
Cash and interest-bearing deposits	993,884	922,458	1,916,342	2,575,324
Capital assets:				
Land and construction in progress	1,411,859	180,910	1,592,769	1,245,139
Capital assets, net	<u>13,418,825</u>	<u>16,574,193</u>	<u>29,993,018</u>	<u>29,803,861</u>
Total assets	<u>19,403,621</u>	<u>20,382,888</u>	<u>39,786,509</u>	<u>38,572,851</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	<u>1,712,193</u>	<u>259,524</u>	<u>1,971,717</u>	<u>2,154,859</u>
LIABILITIES				
Accounts and other payables	675,199	32,575	707,774	251,895
Interest payable	22,489	12,383	34,872	41,046
Advance fuel sales	9,896	-	9,896	9,197
Internal balances	2,269,399	(2,269,399)	-	-
Customer deposits payable	-	229,062	229,062	221,409
Long-term liabilities:				
Compensated absences payable	338,841	44,259	383,100	391,986
Bonds, notes, and leases due within one year	638,862	418,734	1,057,596	906,473
Bonds, notes, and leases due after one year	2,196,823	5,026,124	7,222,947	7,427,751
OPEB obligation payable	1,165,789	249,813	1,415,602	3,866,914
Net pension liability	<u>4,582,993</u>	<u>670,713</u>	<u>5,253,706</u>	<u>4,848,521</u>
Total liabilities	<u>11,900,291</u>	<u>4,414,264</u>	<u>16,314,555</u>	<u>17,965,192</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>443,925</u>	<u>14,400</u>	<u>458,325</u>	<u>582,503</u>
NET POSITION				
Net investment in capital assets	12,988,884	11,996,320	24,985,204	25,127,797
Restricted for debt service	595,770	-	595,770	567,241
Restricted for capital projects	1,031,354	-	1,031,354	1,328,336
Restricted for sales tax dedications	-	-	-	174,689
Unrestricted (deficit)	<u>(5,844,410)</u>	<u>4,217,428</u>	<u>(1,626,982)</u>	<u>(5,018,048)</u>
Total net position	<u>\$ 8,771,598</u>	<u>\$ 16,213,748</u>	<u>\$ 24,985,346</u>	<u>\$ 22,180,015</u>

CITY OF LEESVILLE, LOUISIANA

Comparative Balance Sheet - Major Governmental Funds
June 30, 2018

	General		Sales Tax		Public Safety	
	2018	2017	2018	2017	2018	2017
ASSETS						
Cash and interest-bearing deposits	\$ 28,140	\$ 410,786	\$ 1,576,079	\$ 485,626	\$ -	\$ -
Receivables -						
Due from other funds	1,038,511	524,432	-	-	-	-
Due from other governmental agencies	5,400	5,484	-	-	-	-
Other	120,614	139,319	277,698	253,783	136,777	124,998
Prepaid items	51,076	31,219	4,177	883	13,737	34,204
Inventories	168,820	197,293	-	-	-	-
Total assets	<u>\$1,412,561</u>	<u>\$1,308,533</u>	<u>\$1,857,954</u>	<u>\$ 740,292</u>	<u>\$ 150,514</u>	<u>\$ 159,202</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 56,238	\$ 80,691	\$ 4,335	\$ 4,524	\$ 31,032	\$ 31,384
Accrued liabilities	17,876	12,771	4,397	2,635	33,503	22,837
Due to other funds	869,531	629,354	1,358,499	91,562	1,142,227	1,259,362
Advance fuel sales	9,896	9,197	-	-	-	-
Total liabilities	<u>953,541</u>	<u>732,013</u>	<u>1,367,231</u>	<u>98,721</u>	<u>1,206,762</u>	<u>1,313,583</u>
Fund balances -						
Nonspendable	219,896	228,512	4,177	883	13,737	34,204
Restricted	-	-	-	174,689	-	-
Committed	-	-	486,546	465,999	-	-
Unassigned (deficit)	239,124	348,008	-	-	(1,069,985)	(1,188,585)
Total fund balances	<u>459,020</u>	<u>576,520</u>	<u>490,723</u>	<u>641,571</u>	<u>(1,056,248)</u>	<u>(1,154,381)</u>
Total liabilities and fund balances	<u>\$1,412,561</u>	<u>\$1,308,533</u>	<u>\$1,857,954</u>	<u>\$ 740,292</u>	<u>\$ 150,514</u>	<u>\$ 159,202</u>

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 838,891	\$ 764,740	\$ 696,417	\$ (68,323)	\$ 717,187
Licenses and permits	532,550	429,838	488,628	58,790	467,360
Intergovernmental	124,106	65,880	65,391	(489)	72,987
Charges for services	154,800	146,238	142,382	(3,856)	107,170
Miscellaneous	<u>69,176</u>	<u>91,454</u>	<u>87,873</u>	<u>(3,581)</u>	<u>75,283</u>
Total revenues	<u>1,719,523</u>	<u>1,498,150</u>	<u>1,480,691</u>	<u>(17,459)</u>	<u>1,439,987</u>
Expenditures:					
Current:					
General government:					
General and administrative	903,509	893,384	880,473	12,911	980,800
Executive	86,925	72,732	75,376	(2,644)	75,388
Legal	47,875	42,360	42,529	(169)	41,089
Public works	1,148,036	1,055,285	1,099,894	(44,609)	1,107,335
Economic development	239,830	160,917	232,800	(71,883)	246,366
Debt service	-	81,200	86,603	(5,403)	5,437
Capital outlay	<u>260,000</u>	<u>13,900</u>	<u>17,400</u>	<u>(3,500)</u>	<u>96,119</u>
Total expenditures	<u>2,686,175</u>	<u>2,319,778</u>	<u>2,435,075</u>	<u>(115,297)</u>	<u>2,552,534</u>
Deficiency of revenues over expenditures	<u>(966,652)</u>	<u>(821,628)</u>	<u>(954,384)</u>	<u>(132,756)</u>	<u>(1,112,547)</u>
Other financing sources (uses):					
Proceeds from issuance of debt	-	80,000	80,000	-	-
Transfers in	986,600	716,667	759,384	42,717	780,512
Transfers out	<u>(239,568)</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>	<u>(43,184)</u>
Total other financing sources (uses)	<u>747,032</u>	<u>794,167</u>	<u>836,884</u>	<u>42,717</u>	<u>737,328</u>
Net change in fund balance	(219,620)	(27,461)	(117,500)	(90,039)	(375,219)
Fund balance, beginning	<u>576,520</u>	<u>576,520</u>	<u>576,520</u>	<u>-</u>	<u>951,739</u>
Fund balance, ending	<u>\$ 356,900</u>	<u>\$ 549,059</u>	<u>\$ 459,020</u>	<u>\$ (90,039)</u>	<u>\$ 576,520</u>

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 313,891	\$ 281,017	\$ 221,514	\$ (59,503)	\$ 226,573
Franchise	525,000	483,723	474,903	(8,820)	490,614
Total taxes	<u>838,891</u>	<u>764,740</u>	<u>696,417</u>	<u>(68,323)</u>	<u>717,187</u>
Licenses and permits:					
Occupational licenses	520,000	409,345	467,165	57,820	454,551
Permits	12,550	20,493	21,463	970	12,809
Total licenses and permits	<u>532,550</u>	<u>429,838</u>	<u>488,628</u>	<u>58,790</u>	<u>467,360</u>
Intergovernmental:					
State of Louisiana -					
Beer taxes	30,500	24,889	19,805	(5,084)	25,478
Federal and state grants	93,606	40,991	45,586	4,595	47,509
Total intergovernmental	<u>124,106</u>	<u>65,880</u>	<u>65,391</u>	<u>(489)</u>	<u>72,987</u>
Charges for services:					
Inspection fees	19,100	4,498	4,914	416	18,272
Airport hanger rent	25,000	23,981	23,421	(560)	22,791
Airport fuel sales	96,300	60,329	62,017	1,688	49,295
Industrial park	14,400	51,830	49,430	(2,400)	14,400
Miscellaneous	-	5,600	2,600	(3,000)	2,412
Total charges for services	<u>154,800</u>	<u>146,238</u>	<u>142,382</u>	<u>(3,856)</u>	<u>107,170</u>
Miscellaneous:					
Interest	1,100	6,242	7,125	883	3,413
Video bingo	58,000	60,136	56,036	(4,100)	53,925
Other sources	10,076	25,076	24,712	(364)	17,945
Total miscellaneous	<u>69,176</u>	<u>91,454</u>	<u>87,873</u>	<u>(3,581)</u>	<u>75,283</u>
Total revenues	<u>\$1,719,523</u>	<u>\$1,498,150</u>	<u>\$1,480,691</u>	<u>\$ (17,459)</u>	<u>\$1,439,987</u>

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Current:					
General government:					
General and administrative -					
Salaries and wages	\$ 443,470	\$ 376,476	\$ 378,641	\$ (2,165)	\$ 383,833
Payroll taxes	32,024	28,000	28,689	(689)	40,533
Retirement contribution	38,835	44,900	45,908	(1,008)	37,690
Deferred compensation	3,097	3,650	3,238	412	2,711
Hospitalization	40,510	22,985	21,244	1,741	41,452
Insurance	45,398	133,765	94,326	39,439	91,444
Materials and supplies	59,315	37,870	42,627	(4,757)	79,717
Advertisements and recordings	7,000	6,300	6,421	(121)	8,484
Accounting and auditing	13,000	30,500	30,835	(335)	14,550
Miscellaneous	34,085	53,684	79,367	(25,683)	101,561
Utilities and telephone	45,034	46,000	46,043	(43)	47,984
Repairs and maintenance	96,000	78,724	72,521	6,203	94,068
Dues	2,200	2,000	2,094	(94)	2,764
Travel	2,408	2,385	2,580	(195)	2,795
Uniforms	14,000	23,800	23,608	192	28,302
Annexation related costs	2,000	-	-	-	2,800
Legal fees	133	1,750	1,736	14	112
Fort Polk Progress	25,000	595	595	-	-
Total general and administrative	<u>903,509</u>	<u>893,384</u>	<u>880,473</u>	<u>12,911</u>	<u>980,800</u>
Executive -					
Salaries	62,500	55,000	56,187	(1,187)	54,832
Payroll taxes	4,800	4,207	4,320	(113)	4,149
Insurance	3,200	3,100	3,952	(852)	2,726
Utilities and telephone	-	-	74	(74)	-
Travel	5,000	8,000	8,449	(449)	5,547
Public relations	10,000	1,800	1,775	25	6,926
Vehicle expense	1,425	625	619	6	1,208
Total executive	<u>86,925</u>	<u>72,732</u>	<u>75,376</u>	<u>(2,644)</u>	<u>75,388</u>

(continued)

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Legal -					
Salaries	40,500	36,100	36,277	(177)	34,860
Payroll taxes	3,660	3,200	3,211	(11)	3,115
Insurance	67	140	126	14	73
Legal fees	<u>3,648</u>	<u>2,920</u>	<u>2,915</u>	<u>5</u>	<u>3,041</u>
Total legal	<u>47,875</u>	<u>42,360</u>	<u>42,529</u>	<u>(169)</u>	<u>41,089</u>
Public works:					
Salaries	585,325	529,000	525,624	3,376	534,115
Payroll taxes	42,127	36,427	37,307	(880)	40,330
Retirement contribution	49,321	61,200	63,045	(1,845)	55,257
Deferred compensation	850	1,500	1,409	91	756
Hospitalization	73,119	67,100	78,782	(11,682)	81,854
Maintenance and supplies	151,500	132,486	121,825	10,661	154,616
Dumpster service	5,650	5,300	5,514	(214)	5,192
Utilities and telephone	1,205	133,475	132,692	783	136,452
Insurance	91,779	84,207	128,023	(43,816)	91,138
Miscellaneous	<u>147,160</u>	<u>4,590</u>	<u>5,673</u>	<u>(1,083)</u>	<u>7,625</u>
Total public works	<u>1,148,036</u>	<u>1,055,285</u>	<u>1,099,894</u>	<u>(44,609)</u>	<u>1,107,335</u>
Economic development -					
Salaries	35,150	37,000	37,405	(405)	35,582
Payroll taxes	3,480	3,200	3,257	(57)	3,254
Maintenance and supplies	74,095	29,570	30,132	(562)	41,189
Fuel	54,000	45,000	49,347	(4,347)	36,863
Utilities and telephone	58,850	40,100	40,379	(279)	59,034
Insurance	4,750	4,797	71,107	(66,310)	60,903
Hospitalization	7,705	-	-	-	7,901
Miscellaneous	<u>1,800</u>	<u>1,250</u>	<u>1,173</u>	<u>77</u>	<u>1,640</u>
Total economic development	<u>239,830</u>	<u>160,917</u>	<u>232,800</u>	<u>(71,883)</u>	<u>246,366</u>

(continued)

CITY OF LEESVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Debt service:					
Retirement of principal	-	80,000	84,807	(4,807)	4,611
Interest and fiscal charges	-	1,200	1,796	(596)	826
Total debt service	<u>-</u>	<u>81,200</u>	<u>86,603</u>	<u>(5,403)</u>	<u>5,437</u>
Capital outlay:					
General government	150,000	1,500	-	1,500	22,682
Public works	110,000	12,400	17,400	(5,000)	38,824
Economic development	-	-	-	-	34,613
Total capital outlay	<u>260,000</u>	<u>13,900</u>	<u>17,400</u>	<u>(3,500)</u>	<u>96,119</u>
Total expenditures	<u>\$2,686,175</u>	<u>\$2,319,778</u>	<u>\$2,435,075</u>	<u>\$ (115,297)</u>	<u>\$2,552,534</u>

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

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 3,000,000	\$ 2,744,477	\$ 2,810,978	\$ 66,501	\$ 2,847,687
Charges for services	32,156	14,152	14,428	276	22,524
Miscellaneous	50,229	55,474	46,583	(8,891)	65,426
Total revenues	<u>3,082,385</u>	<u>2,814,103</u>	<u>2,871,989</u>	<u>57,886</u>	<u>2,935,637</u>
Expenditures:					
Current -					
General government:					
Salaries and wages	40,067	44,300	44,964	(664)	30,483
Payroll taxes	2,800	3,700	3,814	(114)	2,764
Retirement contribution	3,300	5,650	5,915	(265)	3,404
Deferred compensation	415	560	540	20	400
Collection fees	55,000	47,000	39,105	7,895	53,376
Park equipment	2,250	-	-	-	-
Miscellaneous	12,701	13,278	14,751	(1,473)	11,748
Total general government	<u>116,533</u>	<u>114,488</u>	<u>109,089</u>	<u>5,399</u>	<u>102,175</u>
Culture and recreation:					
Recreation department	159,030	156,635	158,729	(2,094)	179,601
Recreation complex	44,860	46,222	46,520	(298)	44,129
Neighborhood center	133,847	134,731	141,765	(7,034)	138,331
Leisure pool	50,946	46,775	54,583	(7,808)	64,776
Total culture and recreation	<u>388,683</u>	<u>384,363</u>	<u>401,597</u>	<u>(17,234)</u>	<u>426,837</u>
Capital outlay -					
Culture and recreation:					
Recreation department	10,000	15,937	15,937	-	29,895
Neighborhood center	10,000	4,084	-	4,084	-
Leisure pool	2,000	2,875	-	2,875	-
Total capital outlay	<u>22,000</u>	<u>22,896</u>	<u>15,937</u>	<u>6,959</u>	<u>29,895</u>
Total expenditures	<u>527,216</u>	<u>521,747</u>	<u>526,623</u>	<u>(4,876)</u>	<u>558,907</u>
Excess of revenues over expenditures	2,555,169	2,292,356	2,345,366	53,010	2,376,730
Other financing uses:					
Transfers out	(2,562,421)	(2,266,669)	(2,496,214)	(229,545)	(2,114,091)
Net change in fund balance	(7,252)	25,687	(150,848)	(176,535)	262,639
Fund balance, beginning	641,571	641,571	641,571	-	378,932
Fund balance, ending	<u>\$ 634,319</u>	<u>\$ 667,258</u>	<u>\$ 490,723</u>	<u>\$(176,535)</u>	<u>\$ 641,571</u>

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

Budgetary Comparison Schedule
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				
	Budget		Actual	Variance with	2017 Actual
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Taxes	\$ 1,446,900	\$ 1,392,241	\$ 1,384,512	\$ (7,729)	\$ 1,402,592
Intergovernmental	228,455	258,394	276,186	17,792	220,125
Fines and forfeitures	182,000	223,048	237,729	14,681	204,073
Charges for services	72,850	132,864	143,023	10,159	62,441
Miscellaneous	<u>16,239</u>	<u>46,097</u>	<u>46,547</u>	<u>450</u>	<u>16,326</u>
Total revenues	<u>1,946,444</u>	<u>2,052,644</u>	<u>2,087,997</u>	<u>35,353</u>	<u>1,905,557</u>
Expenditures:					
Current -					
General Government:					
Accounting and auditing	<u>-</u>	<u>-</u>	<u>6,115</u>	<u>(6,115)</u>	<u>6,490</u>
Public safety:					
Police -					
Salaries and wages	1,554,950	1,610,955	1,625,432	(14,477)	1,618,239
Payroll taxes	111,000	110,000	113,564	(3,564)	119,892
Retirement contribution	252,000	297,000	292,919	4,081	277,320
Deferred compensation	2,600	-	130	(130)	120
Hospitalization	119,000	109,500	145,188	(35,688)	144,263
Insurance	207,000	179,600	256,960	(77,360)	209,870
Telephone and utilities	53,000	55,823	55,606	217	57,247
Maintenance and supplies	155,800	191,566	189,671	1,895	168,261
Collection fee	25,000	26,500	24,170	2,330	26,378
Equipment lease	41,000	34,200	31,915	2,285	45,129
Prisoner expense	120,000	133,303	131,514	1,789	142,520
Miscellaneous	<u>53,080</u>	<u>34,675</u>	<u>40,024</u>	<u>(5,349)</u>	<u>62,667</u>
Total police	<u>2,694,430</u>	<u>2,783,122</u>	<u>2,907,093</u>	<u>(123,971)</u>	<u>2,871,906</u>
Fire -					
Salaries and wages	682,000	615,400	570,631	44,769	626,986
Payroll taxes	40,000	41,500	41,472	28	47,538
Retirement contribution	88,000	198,000	84,205	113,795	93,917
Deferred compensation	2,600	-	-	-	-
Hospitalization	35,000	51,000	52,500	(1,500)	73,210
Insurance	76,130	69,310	106,740	(37,430)	90,848
Telephone and utilities	31,500	35,300	35,045	255	31,554
Maintenance and supplies	46,490	32,000	25,774	6,226	40,443
Miscellaneous	<u>86,500</u>	<u>62,604</u>	<u>7,872</u>	<u>54,732</u>	<u>10,589</u>
Total fire	<u>1,088,220</u>	<u>1,105,114</u>	<u>924,239</u>	<u>180,875</u>	<u>1,015,085</u>

(continued)

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

Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Actual	Variance with Final Budget Positive (Negative)	2017 Actual
	Budget				
	Original	Final			
Expenditures (continued):					
City Court -					
Salaries and wages	99,515	87,500	84,161	3,339	92,768
Payroll taxes	6,900	6,870	6,885	(15)	6,684
Insurance	360	360	326	34	348
Miscellaneous	3,500	-	-	-	3,500
Utilities	7,550	6,100	6,695	(595)	7,294
Total city court	<u>117,825</u>	<u>100,830</u>	<u>98,067</u>	<u>2,763</u>	<u>110,594</u>
Debt service -					
Retirement of principal	-	-	42,257	(42,257)	31,360
Interest and fiscal charges	-	-	21,582	(21,582)	23,618
Total debt service	<u>-</u>	<u>-</u>	<u>63,839</u>	<u>(63,839)</u>	<u>54,978</u>
Capital outlay -					
Public safety:					
Police	60,000	61,200	145,206	(84,006)	69,618
Fire	40,000	716	350	366	11,793
Total capital outlay	<u>100,000</u>	<u>61,916</u>	<u>145,556</u>	<u>(83,640)</u>	<u>81,411</u>
Total expenditures	<u>4,000,475</u>	<u>4,050,982</u>	<u>4,144,909</u>	<u>(93,927)</u>	<u>4,140,464</u>
Deficiency of revenues over expenditures	(2,054,031)	(1,998,338)	(2,056,912)	(58,574)	(2,234,907)
Other financing sources (uses):					
Proceeds from capital lease	-	-	75,045	75,045	-
Transfers in	1,910,000	2,080,000	2,080,000	-	1,420,833
Total other financing sources (uses)	<u>1,910,000</u>	<u>2,080,000</u>	<u>2,155,045</u>	<u>75,045</u>	<u>1,420,833</u>
Net change in fund balance	(144,031)	81,662	98,133	16,471	(814,074)
Fund balance (deficit), beginning	<u>(1,154,381)</u>	<u>(1,154,381)</u>	<u>(1,154,381)</u>	<u>-</u>	<u>(340,307)</u>
Fund balance (deficit), ending	<u>\$(1,298,412)</u>	<u>\$(1,072,719)</u>	<u>\$(1,056,248)</u>	<u>\$ 16,471</u>	<u>\$(1,154,381)</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 \$1,344,000 Sales Tax Refunding Bonds, Series 2013. Debt service is financed by the collection of sales taxes.

2016 Certificates of Indebtedness Fund

To accumulate monies for payment of the \$2,000,000 Certificates of Indebtedness, Series 2016. Debt service is financed by the collection of ad valorem 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 Fund

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.

Improvements Capital Projects Fund -

To account for improvements throughout the City financed with the proceeds from the Certificates of Indebtedness, Series 2016, and state grants.

CITY OF LEESVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and interest-bearing deposits	\$ -	\$ 631,247	\$ 291,484	\$ 922,731
Receivables -				
Due from other funds	75,335	2,081	-	77,416
Due from other governmental agencies	-	-	273,804	273,804
Restricted cash and interest-bearing deposits	-	-	993,884	993,884
Total assets	\$ 75,335	\$ 633,328	\$ 1,559,172	\$ 2,267,835
LIABILITIES AND FUND BALANCES				
Liabilities:				
Contracts and retainage payable	\$ -	\$ -	\$ 527,818	\$ 527,818
Due to other funds	-	15,069	-	15,069
Total liabilities	-	15,069	527,818	542,887
Fund balances:				
Restricted for debt service	-	618,259	-	618,259
Restricted for capital projects	-	-	1,031,354	1,031,354
Unassigned	75,335	-	-	75,335
Total fund balances	75,335	618,259	1,031,354	1,724,948
Total liabilities and fund balances	\$ 75,335	\$ 633,328	\$ 1,559,172	\$ 2,267,835

CITY OF LEESVILLE, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Taxes	\$ -	\$ 412,090	\$ -	\$ 412,090
Intergovernmental	-	-	833,411	833,411
Miscellaneous	<u>6,038</u>	<u>627</u>	<u>2,623</u>	<u>9,288</u>
Total revenues	<u>6,038</u>	<u>412,717</u>	<u>836,034</u>	<u>1,254,789</u>
Expenditures:				
Current -				
Public works	7,905	-	-	7,905
Debt service	-	620,374	-	620,374
Capital outlay	<u>-</u>	<u>-</u>	<u>1,133,016</u>	<u>1,133,016</u>
Total expenditures	<u>7,905</u>	<u>620,374</u>	<u>1,133,016</u>	<u>1,761,295</u>
Deficiency of revenues over expenditures	(1,867)	(207,657)	(296,982)	(506,506)
Other financing sources (uses):				
Transfers in	<u>2,500</u>	<u>231,830</u>	<u>-</u>	<u>234,330</u>
Net change in fund balance	633	24,173	(296,982)	(272,176)
Fund balances, beginning	<u>74,702</u>	<u>594,086</u>	<u>1,328,336</u>	<u>1,997,124</u>
Fund balances, ending	<u>\$ 75,335</u>	<u>\$ 618,259</u>	<u>\$ 1,031,354</u>	<u>\$ 1,724,948</u>

NONMAJOR DEBT SERVICE FUNDS

CITY OF LEESVILLE, LOUISIANA
Nonmajor Debt Service Funds

Combining Balance Sheet
June 30, 2018

	Sales Tax Sinking	2016 Certificates of Indebtedness	2004 GOB Street Improvements	Total
ASSETS				
Cash and interest-bearing deposits	\$ 370,123	\$ 15,089	\$ 246,035	\$ 631,247
Receivables -				
Due from other funds	-	-	2,081	2,081
Total assets	<u>\$ 370,123</u>	<u>\$ 15,089</u>	<u>\$ 248,116</u>	<u>\$ 633,328</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ 15,069	\$ -	15,069
Fund balances:				
Restricted for debt service	370,123	20	248,116	618,259
Total liabilities and fund balances	<u>\$ 370,123</u>	<u>\$ 15,089</u>	<u>\$ 248,116</u>	<u>\$ 633,328</u>

CITY OF LEESVILLE, LOUISIANA
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2018

	<u>Sales Tax Sinking</u>	<u>2016 Certificates of Indebtedness</u>	<u>2004 GOB Street Improvements</u>	<u>Total</u>
Revenues:				
Taxes	\$ -	\$ 239,398	\$ 172,692	\$ 412,090
Miscellaneous	<u>274</u>	<u>20</u>	<u>333</u>	<u>627</u>
Total revenues	274	239,418	173,025	412,717
Expenditures:				
Debt service	<u>207,885</u>	<u>239,398</u>	<u>173,091</u>	<u>620,374</u>
Excess (deficiency) of revenues over expenditures	(207,611)	20	(66)	(207,657)
Other financing sources (uses):				
Transfers in	<u>231,830</u>	<u>-</u>	<u>-</u>	<u>231,830</u>
Net change in fund balance	24,219	20	(66)	24,173
Fund balances, beginning	<u>345,904</u>	<u>-</u>	<u>248,182</u>	<u>594,086</u>
Fund balances, ending	<u>\$ 370,123</u>	<u>\$ 20</u>	<u>\$ 248,116</u>	<u>\$ 618,259</u>

NONMAJOR CAPITAL PROJECTS FUNDS

CITY OF LEESVILLE, LOUISIANA
Nonmajor Capital Projects Funds

Combining Balance Sheet
June 30, 2018

	Airport Construction	Improvements	Total
ASSETS			
Cash and interest-bearing deposits	\$ 17,932	\$ 273,552	\$ 291,484
Due from other governmental agencies	273,804	-	273,804
Restricted cash and interest-bearing deposits	<u>-</u>	<u>993,884</u>	<u>993,884</u>
Total assets	<u>\$ 291,736</u>	<u>\$ 1,267,436</u>	<u>\$ 1,559,172</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Contracts and retainage payable	\$ 270,204	\$ 257,614	\$ 527,818
Fund balances:			
Restricted for capital projects	<u>21,532</u>	<u>1,009,822</u>	<u>1,031,354</u>
Total liabilities and fund balances	<u>\$ 291,736</u>	<u>\$ 1,267,436</u>	<u>\$ 1,559,172</u>

CITY OF LEESVILLE, LOUISIANA
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2018

	<u>Airport Construction</u>	<u>Improvements</u>	<u>Total</u>
Revenues:			
Intergovernmental	\$ 792,292	\$ 41,119	\$ 833,411
Miscellaneous	<u>-</u>	<u>2,623</u>	<u>2,623</u>
Total revenues	792,292	43,742	836,034
Expenditures:			
Capital outlay	<u>792,292</u>	<u>340,724</u>	<u>1,133,016</u>
Net change in fund balance	-	(296,982)	(296,982)
Fund balances, beginning	<u>21,532</u>	<u>1,306,804</u>	<u>1,328,336</u>
Fund balances, ending	<u>\$ 21,532</u>	<u>\$ 1,009,822</u>	<u>\$ 1,031,354</u>

CITY OF LEESVILLE, LOUISIANA

Comparative Statement of Position - Proprietary Funds
June 30, 2018

	Business -Type Activities - Enterprise Funds							
	Sewer		Water		Fort Polk Vegetation Control		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
ASSETS								
Current assets:								
Cash and interest-bearing deposits	\$ 62,319	\$ 100,575	\$ -	\$ -	\$ -	\$ -	\$ 62,319	\$ 100,575
Receivables:								
Accounts, net	160,003	134,381	274,496	231,746	-	-	434,499	366,127
Due from other funds	662,468	450,410	1,746,624	1,022,678	-	-	2,409,092	1,473,088
Due from other governmental agencies	-	-	2,015,007	2,086,779	184,220	-	2,199,227	2,086,779
Prepaid items	3,118	5,167	3,118	5,167	3,046	-	9,282	10,334
Total current assets	<u>887,908</u>	<u>690,533</u>	<u>4,039,245</u>	<u>3,346,370</u>	<u>187,266</u>	<u>-</u>	<u>5,114,419</u>	<u>4,036,903</u>
Noncurrent assets:								
Restricted assets -								
Cash and interest-bearing deposits	-	-	922,458	1,254,213	-	-	922,458	1,254,213
Land and construction in progress	132,984	119,876	47,926	107,816	-	-	180,910	227,692
Capital assets, net of accumulated depreciation	9,505,965	9,924,513	6,332,507	6,542,905	735,721	-	16,574,193	16,467,418
Total noncurrent assets	<u>9,638,949</u>	<u>10,044,389</u>	<u>7,302,891</u>	<u>7,904,934</u>	<u>735,721</u>	<u>-</u>	<u>17,677,561</u>	<u>17,949,323</u>
Total assets	<u>10,526,857</u>	<u>10,734,922</u>	<u>11,342,136</u>	<u>11,251,304</u>	<u>922,987</u>	<u>-</u>	<u>22,791,980</u>	<u>21,986,226</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows of resources related to pensions	<u>142,216</u>	<u>192,975</u>	<u>117,308</u>	<u>158,009</u>	<u>-</u>	<u>-</u>	<u>259,524</u>	<u>350,984</u>
LIABILITIES								
Current liabilities (payable from current assets):								
Accounts and other payables	17,966	18,647	12,085	45,198	2,524	-	32,575	63,845
Due to other funds	-	25,346	-	-	139,693	-	139,693	25,346
Capital lease	5,021	4,812	5,021	4,812	148,692	-	158,734	9,624
Note payable	-	-	-	50,217	-	-	-	50,217
Accrued interest payable	32	51	32	51	-	-	64	102
Total	<u>23,019</u>	<u>48,856</u>	<u>17,138</u>	<u>100,278</u>	<u>290,909</u>	<u>-</u>	<u>331,066</u>	<u>149,134</u>
Current liabilities (payable from restricted assets):								
Customer deposits payable	-	-	229,062	221,409	-	-	229,062	221,409
Revenue bonds	-	-	260,000	250,000	-	-	260,000	250,000
Accrued interest payable	-	-	12,319	14,099	-	-	12,319	14,099
Total	<u>-</u>	<u>-</u>	<u>501,381</u>	<u>485,508</u>	<u>-</u>	<u>-</u>	<u>501,381</u>	<u>485,508</u>
Total current liabilities	<u>23,019</u>	<u>48,856</u>	<u>518,519</u>	<u>585,786</u>	<u>290,909</u>	<u>-</u>	<u>832,447</u>	<u>634,642</u>
Noncurrent liabilities:								
Compensated absences payable	30,148	28,950	10,681	10,183	3,430	-	44,259	39,133
OPEB obligation payable	138,785	175,769	55,514	395,480	55,514	-	249,813	571,249
Net pension liability	360,135	333,014	310,578	281,979	-	-	670,713	614,993
Revenue bonds payable	-	-	4,284,202	4,448,534	-	-	4,284,202	4,448,534
Capital lease	7,006	12,022	7,006	12,022	592,027	-	606,039	24,044
Note payable	-	-	135,883	186,101	-	-	135,883	186,101
Total noncurrent liabilities	<u>536,074</u>	<u>549,755</u>	<u>4,803,864</u>	<u>5,334,299</u>	<u>650,971</u>	<u>-</u>	<u>5,990,909</u>	<u>5,884,054</u>
Total liabilities	<u>559,093</u>	<u>598,611</u>	<u>5,322,383</u>	<u>5,920,085</u>	<u>941,880</u>	<u>-</u>	<u>6,823,356</u>	<u>6,518,696</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows of resources related to pensions	<u>7,793</u>	<u>5,504</u>	<u>6,607</u>	<u>4,537</u>	<u>-</u>	<u>-</u>	<u>14,400</u>	<u>10,041</u>
NET POSITION								
Net investment in capital assets	9,626,922	10,027,504	2,369,398	2,767,906	-	-	11,996,320	12,795,410
Unrestricted	475,265	296,278	3,761,056	2,716,785	(18,893)	-	4,217,428	3,013,063
Total net position	<u>\$10,102,187</u>	<u>\$10,323,782</u>	<u>\$ 6,130,454</u>	<u>\$ 5,484,691</u>	<u>\$ (18,893)</u>	<u>\$ -</u>	<u>\$16,213,748</u>	<u>\$15,808,473</u>

CITY OF LEESVILLE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2018

	Business -Type Activities - Enterprise Funds							
	Sewer		Water		Fort Polk Vegetation Control		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Operating revenues:								
Charges for services	\$ 874,101	\$ 812,091	\$ 1,549,302	\$ 1,516,083	\$ 868,466	\$ -	\$ 3,291,869	\$ 2,328,174
Miscellaneous	44	-	6,314	4,057	-	-	6,358	4,057
Total operating revenues	<u>874,145</u>	<u>812,091</u>	<u>1,555,616</u>	<u>1,520,140</u>	<u>868,466</u>	<u>-</u>	<u>3,298,227</u>	<u>2,332,231</u>
Operating expenses:								
Salaries	284,903	311,116	204,029	270,013	50,235	-	539,167	581,129
Employee benefits	22,821	24,908	11,420	24,820	8,410	-	42,651	49,728
OPEB expense	75,982	(155,291)	(85,690)	130,632	55,514	-	45,806	(24,659)
Pension expense (benefit)	121,672	(56,278)	107,390	(56,612)	-	-	229,062	(112,890)
Operating supplies	34,909	27,560	159,510	119,460	24,454	-	218,873	147,020
Vehicle expense	14,991	9,832	34,524	29,501	27,576	-	77,091	39,333
Utilities and communications	127,638	119,045	138,166	140,347	540	-	266,344	259,392
Insurance	79,930	80,538	104,477	129,527	22,358	-	206,765	210,065
Legal and other professional	17,500	11,185	19,305	12,490	10,000	-	46,805	23,675
Repairs and maintenance	58,018	78,135	40,638	54,189	52,116	-	150,772	132,324
Contracted services	-	-	-	-	257,174	-	257,174	-
Bad debt	34,404	30,738	23,330	64,674	-	-	57,734	95,412
Miscellaneous	44,983	47,606	1,156	900	-	-	46,139	48,506
Depreciation	418,548	421,507	303,447	254,608	24,602	-	746,597	676,115
Total operating expenses	<u>1,336,299</u>	<u>950,601</u>	<u>1,061,702</u>	<u>1,174,549</u>	<u>532,979</u>	<u>-</u>	<u>2,930,980</u>	<u>2,125,150</u>
Operating income (loss)	<u>(462,154)</u>	<u>(138,510)</u>	<u>493,914</u>	<u>345,591</u>	<u>335,487</u>	<u>-</u>	<u>367,247</u>	<u>207,081</u>
Nonoperating revenues (expenses):								
Interest income	255	254	1,455	815	-	-	1,710	1,069
Ad valorem taxes	119,199	119,100	-	-	-	-	119,199	119,100
Insurance proceeds, net	-	(1,737)	-	505	-	-	-	(1,232)
Nonemployer pension contribution	8,749	9,181	7,593	7,255	-	-	16,342	16,436
Interest expense	(610)	(810)	(86,509)	(86,679)	(4,380)	-	(91,499)	(87,489)
Total nonoperating revenues (expenses)	<u>127,593</u>	<u>125,988</u>	<u>(77,461)</u>	<u>(78,104)</u>	<u>(4,380)</u>	<u>-</u>	<u>45,752</u>	<u>47,884</u>
Income (loss) before contributions and transfers	<u>(334,561)</u>	<u>(12,522)</u>	<u>416,453</u>	<u>267,487</u>	<u>331,107</u>	<u>-</u>	<u>412,999</u>	<u>254,965</u>
Contributions	-	-	200,034	290,539	-	-	200,034	290,539
Transfers in (out)	-	38,403	(225,000)	(333,365)	(350,000)	-	(575,000)	(294,962)
Change in net position	<u>(334,561)</u>	<u>25,881</u>	<u>391,487</u>	<u>224,661</u>	<u>(18,893)</u>	<u>-</u>	<u>38,033</u>	<u>250,542</u>
Net position, beginning, as restated	<u>10,436,748</u>	<u>10,297,901</u>	<u>5,738,967</u>	<u>5,260,030</u>	<u>-</u>	<u>-</u>	<u>16,175,715</u>	<u>15,557,931</u>
Net position, ending	<u>\$10,102,187</u>	<u>\$10,323,782</u>	<u>\$6,130,454</u>	<u>\$5,484,691</u>	<u>\$ (18,893)</u>	<u>\$ -</u>	<u>\$16,213,748</u>	<u>\$15,808,473</u>

**INTERNAL CONTROL, COMPLIANCE
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable 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, 2018, 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 November 5, 2018.

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 deficiency described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2018-001 to be a material weakness.

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 item 2018-002 to be a significant deficiency.

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 2018-003 and 2018-004.

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, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 5, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the City'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 the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the City 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'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 the Uniform Guidance, 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 the City'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 weakness 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 5, 2018

CITY OF LEESVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

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	\$ <u>37,029</u>
<u>U.S. Department of Transportation</u>		
Airport Improvement Program	20.106	713,063
Passed-through State of Louisiana Department of Public Safety and Corrections - Louisiana Highway Safety Commission		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	11,353
National Priority Safety Programs	20.616	<u>8,278</u>
Total U.S. Department of Transportation		<u>732,694</u>
TOTAL FEDERAL EXPENDITURES		<u>\$ 769,723</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

(1) Basis of Accounting

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Leesville, Louisiana under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Leesville, Louisiana, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Leesville, Louisiana.

(2) Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Leesville, Louisiana has not elected to use the 10 percent *de minimus* indirect cost rate as allowed under the Uniform Guidance.

(3) Relationship to Fund Financial Statements

Federal financial assistance revenues are reported in the City of Leesville, Louisiana's fund financial statements as follows:

From federal sources:

Government Fund Types -

Special Revenue Funds	\$ 19,631
Capital Projects Funds	713,063

Proprietary Fund Type -

Water Fund	<u>37,029</u>
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Total federal expenditures reported in the Schedule of Expenditures of Federal Awards	<u>\$ 769,723</u>
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CITY OF LEESVILLE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Part I. Summary of Auditors' Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Leesville, Louisiana were prepared in accordance with generally accepted accounting principles.
2. There were two significant deficiencies and one material weaknesses in internal control disclosed by the audit of the basic financial statements.
3. There were two instances of noncompliance material to the financial statements which would be required to be reported in accordance with *Government Auditing Standards*.
4. There were no significant deficiencies or material weaknesses in internal control over the major federal award program disclosed.
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR Section 200.516(a).
7. The major program was:
U.S. Department of Transportation – CFDA #20.106 Airport Improvement Program
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in 2 CFR Section 200.518(b)(1) was \$750,000.
9. The City of Leesville, Louisiana did not qualify to be a low-risk auditee.

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

A. Compliance Findings –

See Compliance Findings 2018-004 and 2018-005 included on the Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan.

B. Internal Control Findings –

See Internal Control Findings 2018-001, 2018-002, and 2018-003 on the Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan.

Part III. Findings and questioned costs relating to Federal Programs:

There were no significant deficiencies or instances of material noncompliance noted during the audit.

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2018

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Date of Completion</u>
<u>CURRENT YEAR (06/30/18) --</u>						
<u>Internal Control:</u>						
2018-001	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
2018-002	2015	The City did not have proper controls of the maintenance of personnel files. Thirteen percent of personnel files tested did not contain a current form I-9 and/or W-4. Eight percent of files tested did not have documentation of the current approved pay rates for the 2017 - 2018 fiscal year. Also, in two instances employees were paid vacation or sick time in an amount other than what was approved by the employees supervisor on the leave request form. Procedures should be implemented to ensure that personnel files are current and complete for all employees.		The City has been diligently reviewing all personnel files to ensure the files contain required documentation and forms. The amount of errors has decreased from 53% in the previous year to 13% in the current year, and we will continue to make an effort to reduce this further.	Patti Larney, City Administrator	12/31/2018

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
<u>CURRENT YEAR (06/30/18) --</u>						
<u>Compliance:</u>						
2018-003	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 statute 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. Although a current year surplus was budgeted, this amount was not sufficient to overcome the fund balance deficit from the prior year. The original proposed budget and the amended budget adopted for the Public Safety Special Revenue Fund proposed expenditures exceeding estimated funds available for the ensuing fiscal year by \$1,298,412 and \$1,072,719, respectively.		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.	Patti Larney, City Administrator	6/30/2019
2018-004	2016	LSA-RS 39:1305(B) requires that the proposed budget be made available for public inspection not later than 15 days prior to the beginning of each fiscal year. LSA-RS 39:1306(D) requires notice of the public hearing to be published at least 10 days prior to the hearing and may be published in the same advertisement as the availability of the proposed budget. No notice was published of a public hearing for the proposed fiscal year 2018 operating budget.		The City will adhere to the provisions of LSA-RS 39:1305(B) and LSA-RS 39:1306(D) when adopting and amending budgets. For fiscal year 2018 amended operating budget and fiscal year 2019 adopted operating budget, the City adhered to this statute; however, the current audit finding was due to previous staff not adhering to the requirement. The employees referenced are no longer employees of the City.	Patti Larney, City Administrator	6/30/2019
<u>Management Letter:</u>						
2018-005	Unknown	Although the Public Safety fund experienced a surplus of \$98,133 during the current year, the resulting ending fund balance remained a deficit of \$1,056,248. The City should continue to evaluate operations to determine methods to increase revenues and/or reduce expenditures in order to eliminate this deficit and operate at a surplus.		The City's current Public Safety Fund has a budgeted surplus for the current year. The City will continue to budget a surplus until the deficit for this fund no longer remains.	Patti Larney, City Administrator	6/30/2019

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2018

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Date of Completion</u>
CURRENT YEAR (06/30/18) --						
<u>Management Letter:</u>						
2018-006	Unknown	The Sewer Enterprise Fund experienced an operating loss of \$462,154 during the current year. The City should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.		The City will evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.	Patti Larney, City Administrator	6/30/2019

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2018

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 (06/30/17) --						
<u>Internal Control:</u>						
2011-001	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 2018-001		
2017-002	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>	Yes			

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2018

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Date of Completion</u>
PRIOR YEAR (06/30/17) --						
<u>Internal Control:</u>						
2017-003	2015	The City did not have proper controls of the maintenance of personnel files. Ten percent of personnel files tested did not contain the proper documentation to support deduction amounts withheld from employees' payroll check. Fifty-three percent of files tested did not contain a current I-9 form, and six percent of files tested did not have documentation of the current approved pay rates for the 2016 - 2017 fiscal year. Also no personnel file was found for one of the employees selected for testing. Procedures should be implemented to ensure that personnel files are current and complete for all employees.	Partial	See current year finding 2018-002		
2017-004	2016	The City is not consistently adhering to its cutoff policy. The policy states that a utility customer will be cut off on or after the 20th of each month when the delinquent balance on the 20th of the month totals \$75 or greater. During the year ended June 30, 2017, a city employee with a delinquent balance in an amount greater than \$75 had not been cut off. Also late charges were not consistently applied to the delinquent accounts of one city official and two employees during the year.	Yes			

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
<u>PRIOR YEAR (06/30/17) --</u>						
<u>Internal Control:</u>						
2017-005	2016	During the period from approximately July 13, 2014 through January 22, 2017, an employee of the City charged with processing payroll attempted to commit payroll fraud by manipulating deductions to her pay in an effort to increase net pay. This payroll manipulation was not timely detected due to inadequate controls over the review and supervision of the payroll process. The employee would increase deductions periodically in an effort to "pay back" the skipped deductions from prior payroll periods. This manipulation of deductions resulted in the City deducting an excess of what was owed by the employee. The City Police Department, the District Attorney, and the Legislative Auditor's office were notified when the payroll irregularities were discovered and an internal investigation was initiated. Disciplinary action was taken and the employee resigned her employment on February 3, 2017. No restitution has been made because the City was not out any funds.	Yes			
<u>Compliance:</u>						
2017-006	2016	The City did not comply with the sinking fund deposit requirements for the Certificates of Indebtedness, Series 2016. The certificates require that tax collections be transferred into a separate sinking fund account up to the amount necessary to meet current debt service requirements. The City set up a separate sinking fund account for these certificates but did not utilize it. It is recommended that the City fully comply with the sinking fund deposit requirements by making deposits into the separate sinking fund account as required.	Yes			

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2018

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Date of Completion</u>
PRIOR YEAR (06/30/17) --						
<u>Compliance:</u>						
2017-007	2017	During the year the City was assessed penalties and interest totaling \$9,960 for the late filing of 2013 W-2's.	Yes			
2017-008	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 statute 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 original proposed budget and the amended budget adopted for the Public Safety Special Revenue Fund proposed expenditures exceeding estimated funds available for the ensuing fiscal year by \$166,837 and \$638,774, respectively.	No	See current year finding 2018-003		
2017-009	2016	LSA-RS 39:1305(B) requires that the proposed budget be made available for public inspection not later than 15 days prior to the beginning of each fiscal year. LSA-RS 39:1306(D) requires notice of the public hearing to be published at least 10 days prior to the hearing and may be published in the same advertisement as the availability of the proposed budget. The notice of public hearing for the proposed fiscal year 2017 operating budget was published 3 days prior to the public hearing instead of the prescribed 10 days. No notice was published of a public hearing for the proposed fiscal year 2017 amended budget.	No	See current year finding 2018-004		

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
<u>PRIOR YEAR (06/30/17) --</u>						
<u>Compliance:</u>						
2017-010	2016	The City did not amend the General and Sales Tax Special Revenue Funds' budgets 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 amounts by five percent or more, the budget must be amended. Total revenues failed to meet budgeted revenues in the General Fund by 13.5% or \$225,212. Total revenues failed to meet budgeted revenues in the Sales Tax Fund by 7.1% or \$222,960.	Yes			
<u>Management Letter:</u>						
2017-011	Unknown	The Public Safety fund experienced a deficit during the current year of \$814,074 increasing its fund balance deficit to \$1,154,381. The City should evaluate operations to determine methods to increase revenues and/or reduce expenditures in order to operate at a surplus.	Partial	See current year finding 2018-005		
2017-012	Unknown	The Sewer Enterprise Fund experienced an operating loss of \$138,510 during the current year. The City should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.	No	See current year finding 2018-006		
2017-013	2017	During the year, the City experienced two computer system crashes in which substantial data was lost resulting from a failure of the backup system. This lost data was re-entered by City personnel from hard copy reports. It is recommended that Management evaluate computer backup systems to ensure these systems are functioning properly and that all data of the City is safeguarded.	Yes			

KOLDER, SLAVEN & COMPANY, LLC

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MANAGEMENT LETTER

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

We have completed our audit of the basic financial statements of the City of Leesville, Louisiana for the year ended June 30, 2018, and submit the following recommendations for your consideration:

- (1) Although the Public Safety Fund experienced a surplus of \$98,133 during the current year, the resulting ending fund balance remained a deficit of \$1,056,248. The City should continue to evaluate operations to determine methods to increase revenues and/or reduce expenditures in order to eliminate this deficit and operate at a surplus.
- (2) The Sewer Enterprise Fund experienced an operating loss of \$462,154 during the current year. The City should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 5, 2018

City of Leesville, Louisiana

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage. (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

(The following procedures were not performed since there were no exceptions in the prior year.)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds
 - c) Obtain the prior year audit report and observe the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

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

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

(The following procedures were not performed since there were no exceptions in the prior year.)

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

(The following procedures were not performed since there were no exceptions in the prior year.)

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except for the following:

Written Policies and Procedures:

1. The City does not have written policies and procedures that address budgeting, contracting, how credit cards are to be controlled or their allowable business uses, actions to be taken if an ethics violation takes place, a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy, debt issuance approval, EMMA reporting requirements or debt service requirements.

Bank Reconciliations:

2. For one of the bank reconciliations tested, there was no documentation on the reconciliation to determine the date the reconciliation was prepared.
3. For one of the bank reconciliations tested, there was no evidence of management review.

Collections:

4. Employees who have access to cash are not covered by a bond or insurance policy for theft.

Disbursements:

5. The employee responsible for processing payments isn't prohibited from adding/modifying vendor files.
6. The employee responsible for signing checks gives the signed checks to an employee to mail that is also responsible for processing payments.

Credit Cards:

7. There was no documentation of approval for meal charges by someone other than the authorized card holder. Other types of transactions were reviewed and approved, in writing, by someone other than the authorized card holder.
8. For some meal charges there was no documentation of an original itemized receipt that identifies precisely what was purchased. Other types of transactions had an original itemized receipt that identifies precisely what was purchased.
9. For some transactions there was no written documentation of the business/public purpose.
10. For meal charges there was no documentation of the individuals participating in meals.

Ethics:

11. One employee did not have documentation demonstrating completion of one hour of ethics training during the fiscal period.
12. One employee did not have documentation demonstrating attestation through signature verification that they read the entity's ethics policy during the fiscal period.

Management's Response:

Management of the City of Leesville concurs with the exceptions and is working to address the deficiencies identified.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 5, 2018