

**CITY OF LEESVILLE, LOUISIANA****Financial Report****Year Ended June 30, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 27 2013**

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# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C Burton Kolder CPA\*  
Russell F Champagne CPA\*  
Victor R Slaven CPA\*  
P Troy Courville CPA\*  
Gerald A Thibodeaux, Jr CPA\*  
Robert S Carter CPA\*  
Arthur R Mixon CPA\*

Penny Angelle Scruggins CPA  
Christine L Cousin CPA  
Wanda F Arcement, CPA CVA  
Allen J LaBry CPA  
Albert R Leger CPA, PFS CSA\*  
Marshall W Gudry CPA  
Stephen R Moore Jr CPA, PFS CFP® ChFC®  
James R Roy CPA  
Robert J Metz, CPA  
Alan M Taylor CPA  
Kelly M Doucet CPA  
Cheryl L Bartley CPA  
Mandy B Self CPA  
Paul L Deicambre Jr CPA  
Kristin B Dauzat, CPA  
Matthew E Margaglio CPA  
Jane R Hebert, CPA  
Bryan K Joubert, CPA  
Stephen J Anderson CPA

Retired  
Conrad O Chapman CPA\* 2006  
Tynes E Mixon Jr CPA 2011

A Professional Accounting Corporation

## OFFICES

183 South Beadle Rd  
Lafayette LA 70508  
Phone (337) 232-4141  
Fax (337) 232-8660

450 East Main Street  
New Iberia LA 70560  
Phone (337) 367-8204  
Fax (337) 367-8208

113 East Bridge St.  
Breaux Bridge LA 70517  
Phone (337) 332-4020  
Fax (337) 332 2867

200 South Main Street  
Abbeville LA 70510  
Phone (337) 893-7944  
Fax (337) 893-7946

1234 David Dr Ste 203  
Morgan City LA 70380  
Phone (985) 384-2020  
Fax (985) 384-3020

1013 Main Street  
Franklin LA 70538  
Phone (337) 828-0272  
Fax (337) 828-0290

408 West Cotton Street  
Ville Platte LA 70586  
Phone (337) 363-2792  
Fax (337) 363-3049

133 East Waddil St  
Marksville LA 71351  
Phone (318) 253-8252  
Fax (318) 253-8681

332 West Sixth Avenue  
Oberlin LA 70655  
Phone (337) 639-4737  
Fax (337) 639-4568

1428 Metro Drive  
Alexandria LA 71301  
Phone (318) 442-4421  
Fax (318) 442-8833

WEB SITE  
WWW.KCSRCPAS.COM

## INDEPENDENT AUDITORS' REPORT

The Honorable C Robert Rose, Mayor  
and Members of the City Council  
City of Leesville, Louisiana

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, 2012, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Leesville, Louisiana's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the primary government of the City of Leesville, Louisiana, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amount by which this departure from accounting principles generally accepted in the United States of America would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units is not reasonable determinable. The amount by which this departure from accounting principles generally accepted in the United States of America would affect assets, liabilities, fund balances, revenues, and expenditures of the aggregate remaining fund information is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the City of Leesville, Louisiana, as of June 30, 2012, or the changes in financial position thereof for the year then ended

In addition, in our opinion, except for the effects of omitting blended component units as discussed above, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the City of Leesville, Louisiana, as of June 30, 2012, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America

Further, 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 and each major fund of the City of Leesville, Louisiana, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012 on our consideration of the City of Leesville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

Accounting principles generally accepted in the United States of America require that the supplementary information on pages 53 through 56 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 not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Leesville, Louisiana's financial statements as a whole. The other supplementary information on pages 58 through 102 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Lafayette, Louisiana  
December 17, 2012

## **BASIC FINANCIAL STATEMENTS**

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

CITY OF LEESVILLE, LOUISIANA

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 1,200,005	\$ 372,937	\$ 1,572,942
Receivables	632,623	456,929	1,089,552
Due from other governmental agencies	154,795	225,824	380,619
Inventories	98,586	-	98,586
Other assets	38,667	9,153	47,820
Restricted assets			
Cash and interest-bearing deposits	-	459,286	459,286
Capital assets			
Land and construction in progress	761,455	1,374,759	2,136,214
Capital assets, net	<u>14,629,917</u>	<u>10,425,070</u>	<u>25,054,987</u>
Total assets	<u>17,516,048</u>	<u>13,323,958</u>	<u>30,840,006</u>
<b>LIABILITIES</b>			
Accounts and other payables	497,731	423,404	921,135
Claims payable	3,439	-	3,439
Interest payable	53,485	31,849	85,334
Deferred revenue	5,355	-	5,355
Internal balances	17,982	(17,982)	-
Long-term liabilities			
Customer deposits payable	-	241,836	241,836
Compensated absences payable	231,812	29,209	261,021
OPEB obligation payable	2,049,427	612,166	2,661,593
Bonds, notes, and leases due within one year	465,831	430,000	895,831
Bonds, notes, and leases due after one year, net	<u>3,132,616</u>	<u>2,241,964</u>	<u>5,374,580</u>
Total liabilities	<u>6,457,678</u>	<u>3,992,446</u>	<u>10,450,124</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	11,792,925	9,313,466	21,106,391
Restricted for debt service	731,798	-	731,798
Restricted for capital projects	45,471	-	45,471
Unrestricted (deficit)	<u>(1,511,824)</u>	<u>18,046</u>	<u>(1,493,778)</u>
Total net assets	<u>\$ 11,058,370</u>	<u>\$ 9,331,512</u>	<u>\$ 20,389,882</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, 2012

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities</b>							
General government	\$ 729,266	\$ 470,343	\$ 39,875	\$ -	\$ (219,048)	\$ -	\$ (219,048)
Public safety	3,393,829	242,251	274,782	7,300	(2,869,496)	-	(2,869,496)
Public works	1,153,311	-	-	-	(1,153,311)	-	(1,153,311)
Economic development	691,061	151,504	-	472,313	(67,244)	-	(67,244)
Culture and recreation	494,039	77,305	28,663	-	(388,071)	-	(388,071)
Interest on long-term debt	159,079	-	-	-	(159,079)	-	(159,079)
<b>Total governmental activities</b>	<b>6 620,585</b>	<b>941,403</b>	<b>343,320</b>	<b>479,613</b>	<b>(4,856,249)</b>	<b>-</b>	<b>(4,856,249)</b>
<b>Business-type activities</b>							
Sewer	1,050,735	696,452	-	361,480	-	7,197	7,197
Water	1,323,223	1,689,251	-	284,033	-	650,061	650,061
<b>Total business-type activities</b>	<b>2,373,958</b>	<b>2,385,703</b>	<b>-</b>	<b>645,513</b>	<b>-</b>	<b>657,258</b>	<b>657,258</b>
<b>Total</b>	<b>\$ 8,994,543</b>	<b>\$ 3,327,106</b>	<b>\$ 343,320</b>	<b>\$ 1,125,126</b>	<b>(4,856,249)</b>	<b>657,258</b>	<b>(4,198,991)</b>
<b>General revenues</b>							
<b>Taxes -</b>							
Ad valorem taxes, levied for general maintenance					217,958	-	217,958
Ad valorem taxes, levied for street improvements					161,881	-	161,881
Ad valorem taxes, levied for sewer system					-	335,615	335,615
Sales and use taxes, levied for public works and recreation					2,846,925	-	2,846,925
Sales and use taxes levied for public safety					1,402,441	-	1 402,441
Franchise taxes					533,405	-	533,405
<b>Grants and contributions not restricted to specific programs -</b>							
State sources					22,775	-	22,775
Interest and investment earnings					7,679	412	8,091
Miscellaneous					96,569	3,865	100,434
Transfers					104,507	(104,507)	-
<b>Total general revenues and transfers</b>					<b>5,394,140</b>	<b>235,385</b>	<b>5,629,525</b>
<b>Change in net assets</b>					<b>537,891</b>	<b>892,643</b>	<b>1,430,534</b>
Net assets - July 1, 2011					10,520,479	8,438,869	18,959,348
Net assets - June 30, 2012					<b>\$ 11,058,370</b>	<b>\$ 9,331,512</b>	<b>\$ 20,389,882</b>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUND DESCRIPTIONS**

### **General Fund**

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

### **Special Revenue Funds**

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

#### **Sales Tax Fund**

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

#### **Public Safety Fund**

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

### **Enterprise Funds**

#### **Sewer Fund**

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

#### **Water Fund**

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

CITY OF LEESVILLE, LOUISIANA

Balance Sheet - Governmental Funds  
June 30, 2012

	General	Sales Tax	Public Safety	Other Governmental	Total
<b>ASSETS</b>					
Cash and interest-bearing deposits	\$ 9,859	\$ 507,174	\$ -	\$ 682,972	\$1,200,005
Receivables -					
Due from other funds	1,133,493	-	869,236	209,604	2,212,333
Due from other governmental agencies	5,919	-	17,610	131,266	154,795
Other	181,168	302,475	148,980	-	632,623
Inventories	98,586	-	-	-	98,586
Total assets	<u>\$1,429,025</u>	<u>\$ 809,649</u>	<u>\$1,035,826</u>	<u>\$1,023,842</u>	<u>\$4,298,342</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 156,055	\$ 23,313	\$ 29,746	\$ 10,937	\$ 220,051
Accrued liabilities	52,567	14,039	57,125	2,947	126,678
Contracts and retainage payable	139,572	-	-	11,430	151,002
Due to other funds	1,072,037	269,148	728,708	160,422	2,230,315
Deferred revenue	5,355	-	-	-	5,355
Claims liability	3,439	-	-	-	3,439
Total liabilities	<u>1,429,025</u>	<u>306,500</u>	<u>815,579</u>	<u>185,736</u>	<u>2,736,840</u>
<b>Fund balances -</b>					
Restricted for debt service	-	-	-	785,283	785,283
Restricted for capital projects	-	-	-	45,471	45,471
Assigned	-	503,149	220,247	7,352	730,748
Total fund balances	<u>-</u>	<u>503,149</u>	<u>220,247</u>	<u>838,106</u>	<u>1,561,502</u>
Total liabilities and fund balances	<u>\$1,429,025</u>	<u>\$ 809,649</u>	<u>\$1,035,826</u>	<u>\$1,023,842</u>	<u>\$4,298,342</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 Assets  
June 30, 2012**

Total fund balances for governmental funds at June 30, 2012		\$ 1,561,502
Total net assets reported for governmental activities in the statement of net assets 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	\$ 303,856	
Construction in progress	457,599	
Buildings and improvements, net of \$4,377,972 accumulated depreciation	6,721,380	
Infrastructure, net of \$15,514,080 accumulated depreciation	6,685,657	
Equipment and vehicles, net of \$4,220,997 accumulated depreciation	<u>1,222,880</u>	15,391,372
Prepaid expenses at June 30, 2012		38,667
Long-term liabilities at June 30, 2012		
Compensated absences	(231,812)	
OPEB obligation	(2,049,427)	
Bonds payable	(2,825,000)	
Capital leases	(773,447)	
Accrued interest payable	<u>(53,485)</u>	<u>(5,933,171)</u>
Total net assets of governmental activities June 30, 2012		<u>\$11,058,370</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, 2012

	General	Sales Tax	Public Safety	Other Governmental	Total
<b>Revenues</b>					
Taxes -					
Ad valorem	\$ 217,958	\$ -	\$ -	\$ 161,881	\$ 379,839
Sales	-	2,846,925	1,402,441	-	4,249,366
Franchise	533,405	-	-	-	533,405
Licenses and permits	470,343	-	-	-	470,343
Intergovernmental	22,775	6,602	282,082	534,249	845,708
Fines and forfeits	-	-	190,554	-	190,554
Charges for services	151,504	77,305	51,697	-	280,506
Miscellaneous	77,528	9,490	25,496	1,352	113,866
Total revenues	<u>1,473,513</u>	<u>2,940,322</u>	<u>1,952,270</u>	<u>697,482</u>	<u>7,063,587</u>
<b>Expenditures</b>					
Current					
General government	608,262	46,992	-	39,135	694,389
Public safety	-	-	3,017,794	-	3,017,794
Public works	887,154	-	-	44,466	931,620
Economic development	255,227	-	-	40	255,267
Culture and recreation	-	373,674	-	-	373,674
Debt service	15,411	-	180,947	461,497	657,855
Capital outlay	223,567	3,300	44,690	452,215	723,772
Total expenditures	<u>1,989,621</u>	<u>423,966</u>	<u>3,243,431</u>	<u>997,353</u>	<u>6,654,371</u>
Excess (deficiency) of revenues over expenditures	<u>(516,108)</u>	<u>2,516,356</u>	<u>(1,291,161)</u>	<u>(299,871)</u>	<u>409,216</u>
<b>Other financing sources (uses)</b>					
Transfers in	646,402	-	1,511,408	697,973	2,855,783
Transfers out	<u>(130,294)</u>	<u>(2,611,708)</u>	<u>-</u>	<u>(9,274)</u>	<u>(2,751,276)</u>
Total other financing sources (uses)	<u>516,108</u>	<u>(2,611,708)</u>	<u>1,511,408</u>	<u>688,699</u>	<u>104,507</u>
Net changes in fund balances	-	(95,352)	220,247	388,828	513,723
Fund balances, beginning	-	598,501	-	449,278	1,047,779
Fund balances, ending	<u>\$ -</u>	<u>\$ 503,149</u>	<u>\$ 220,247</u>	<u>\$ 838,106</u>	<u>\$ 1,561,502</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, 2012

Total net changes in fund balances at June 30, 2012 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 513,723
The change in net assets 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	\$ 714,156
Depreciation expense for the year ended June 30, 2012	<u>(1,006,998)</u> (292,842)
Difference between prepaid expenses on modified accrual basis versus accrual basis	1,531
Principal retirement considered as an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balance	493,742
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on the accrual basis	5,034
Excess of compensated absences used over compensated absences earned	22,139
Net OPEB obligation at June 30, 2012 not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure	<u>(205,436)</u>
Total changes in net assets at June 30, 2012 per Statement of Activities	<u>\$ 537,891</u>

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

CITY OF LEESVILLE, LOUISIANA

Statement of Assets - Proprietary Funds

June 30, 2012

	Business -Type Activities - Enterprise Funds		
	Sewer	Water	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and interest-bearing deposits	\$ 214,449	\$ 158,488	\$ 372,937
<b>Receivables</b>			
Accounts, net	145,924	311,005	456,929
Due from other funds	449,987	560,544	1,010,531
Due from other governmental agencies	225,824	-	225,824
Prepaid items	2,926	2,925	5,851
Total current assets	<u>1,039,110</u>	<u>1,032,962</u>	<u>2,072,072</u>
<b>Noncurrent assets</b>			
<b>Restricted assets -</b>			
Cash and interest-bearing deposits	113,171	346,115	459,286
Deferred bond issuance costs	3,302	-	3,302
Land and construction in progress	635,537	739,222	1,374,759
Capital assets, net of accumulated depreciation	<u>7,006,871</u>	<u>3,418,199</u>	<u>10,425,070</u>
Total noncurrent assets	<u>7,758,881</u>	<u>4,503,536</u>	<u>12,262,417</u>
Total assets	<u>8,797,991</u>	<u>5,536,498</u>	<u>14,334,489</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts and other payables	381,254	42,150	423,404
Due to other funds	880,645	111,904	992,549
General obligation bonds	300,000	-	300,000
Revenue bonds	40,000	90,000	130,000
Accrued interest payable	10,138	21,711	31,849
Total current liabilities	<u>1,612,037</u>	<u>265,765</u>	<u>1,877,802</u>
<b>Noncurrent liabilities</b>			
Customer deposits payable	-	241,836	241,836
Compensated absences payable	13,724	15,485	29,209
OPEB obligation payable	141,269	470,897	612,166
General obligation bonds	630,000	-	630,000
Revenue bonds payable	-	1,145,000	1,145,000
Notes payable	-	466,964	466,964
Total noncurrent liabilities	<u>784,993</u>	<u>2,340,182</u>	<u>3,125,175</u>
Total liabilities	<u>2,397,030</u>	<u>2,605,947</u>	<u>5,002,977</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	6,775,441	2,538,025	9,313,466
Unrestricted (deficit)	<u>(374,480)</u>	<u>392,526</u>	<u>18,046</u>
Total net assets	<u>\$ 6,400,961</u>	<u>\$ 2,930,551</u>	<u>\$ 9,331,512</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 Assets - Proprietary Funds  
For the Year Ended June 30, 2012

	Business -Type Activities - Enterprise Funds		
	Sewer	Water	Total
Operating revenues			
Charges for services	\$ 696,452	\$ 1,689,251	\$ 2,385,703
Miscellaneous	3,626	239	3,865
Total operating revenues	<u>700,078</u>	<u>1,689,490</u>	<u>2,389,568</u>
Operating expenses			
Salaries	223,659	296,972	520,631
Employee benefits	49,649	70,830	120,479
OPEB expense	80,069	(18,705)	61,364
Operating supplies	85,767	181,498	267,265
Vehicle expense	23,123	43,063	66,186
Utilities and communications	116,188	184,243	300,431
Insurance	66,750	86,641	153,391
Repairs and maintenance	69,185	52,413	121,598
Bad debt (recovery)	(25,084)	(12,047)	(37,131)
Miscellaneous	61,433	2,200	63,633
Depreciation and amortization	<u>264,510</u>	<u>375,729</u>	<u>640,239</u>
Total operating expenses	<u>1,015,249</u>	<u>1,262,837</u>	<u>2,278,086</u>
Operating income (loss)	<u>(315,171)</u>	<u>426,653</u>	<u>111,482</u>
Nonoperating revenues (expenses)			
Interest income	371	41	412
Ad valorem taxes	335,615	-	335,615
Interest expense	<u>(35,486)</u>	<u>(60,386)</u>	<u>(95,872)</u>
Total nonoperating revenues (expenses)	<u>300,500</u>	<u>(60,345)</u>	<u>240,155</u>
Income (loss) before contributions and transfers	(14,671)	366,308	351,637
Contributions	361,480	284,033	645,513
Transfers in (out)	<u>(365,635)</u>	<u>261,128</u>	<u>(104,507)</u>
Change in net assets	(18,826)	911,469	892,643
Net assets, beginning	<u>6,419,787</u>	<u>2,019,082</u>	<u>8,438,869</u>
Net assets, ending	<u>\$ 6,400,961</u>	<u>\$ 2,930,551</u>	<u>\$ 9,331,512</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, 2012

	<u>Business-Type Activities -Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from customers	\$ 792,075	\$ 1,515,670	\$ 2,307,745
Payments to suppliers	(88,796)	(596,451)	(685,247)
Payments to employees	(282,212)	(357,616)	(639,828)
Other receipts	<u>3,626</u>	<u>239</u>	<u>3,865</u>
Net cash provided by operating activities	<u>424,693</u>	<u>561,842</u>	<u>986,535</u>
Cash flows from noncapital financing activities			
Transfers from (to) other funds	<u>65,023</u>	<u>(187,511)</u>	<u>(122,488)</u>
Net cash provided (used) by noncapital financing activities	<u>65,023</u>	<u>(187,511)</u>	<u>(122,488)</u>
Cash flows from capital and related financing activities			
Principal paid on bonds and notes payable	(325,000)	(115,413)	(440,413)
Interest and fiscal charges paid on revenue bonds	(39,152)	(60,945)	(100,097)
Net decrease in customer meter deposits	-	(521)	(521)
Proceeds from ad valorem taxes	335,615	-	335,615
Proceeds from grants	135,656	475,393	611,049
Acquisition of property, plant and equipment	<u>(519,021)</u>	<u>(480,658)</u>	<u>(999,679)</u>
Net cash used by capital and related financing activities	<u>(411,902)</u>	<u>(182,144)</u>	<u>(594,046)</u>
Cash flows from investing activities			
Interest earned	<u>371</u>	<u>41</u>	<u>412</u>
Net increase in cash and cash equivalents	78,185	192,228	270,413
Cash and cash equivalents, beginning of period	<u>249,435</u>	<u>312,375</u>	<u>561,810</u>
Cash and cash equivalents, end of period	<u>\$ 327,620</u>	<u>\$ 504,603</u>	<u>\$ 832,223</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Statement of Cash Flows  
 Proprietary Funds (continued)  
 For the Year Ended June 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (315,171)	\$ 426,653	\$ 111,482
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	262,529	375,729	638,258
Amortization	1,981	-	1,981
Changes in current assets and liabilities			
(Increase) decrease in accounts receivable	95,623	(173,581)	(77,958)
Increase (decrease) in accounts payable	314,068	(56,284)	257,784
Increased (decrease) in compensated absences payable	(14,406)	8,030	(6,376)
Increase (decrease) in OPEB obligation payable	<u>80,069</u>	<u>(18,705)</u>	<u>61,364</u>
Net cash provided by operating activities	<u>\$ 424,693</u>	<u>\$ 561,842</u>	<u>\$ 986,535</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet			
Cash and cash equivalents, beginning of period -			
Cash and interest-bearing deposits - unrestricted	\$ 214,343	\$ 25,912	\$ 240,255
Cash and interest-bearing deposits - restricted	<u>35,092</u>	<u>286,463</u>	<u>321,555</u>
Total cash and cash equivalents, beginning of period	<u>249,435</u>	<u>312,375</u>	<u>561,810</u>
Cash and cash equivalents, end of period -			
Cash and interest-bearing deposits - unrestricted	214,449	158,488	372,937
Cash and interest-bearing deposits - restricted	<u>113,171</u>	<u>346,115</u>	<u>459,286</u>
Total cash and cash equivalents, end of period	<u>327,620</u>	<u>504,603</u>	<u>832,223</u>
Net increase	<u>\$ 78,185</u>	<u>\$ 192,228</u>	<u>\$ 270,413</u>

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

## CITY OF LEESVILLE, LOUISIANA

### Notes to 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. 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 seven-member board. The City is located in the parish of Vernon and has a population of approximately 6,000.

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.

Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by Statement No. 39 established criteria for determining which component units should be considered part of the City of Leesville, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

- 3 Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship if all of the following conditions exist
- a The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents
  - b The primary government (or its component units) is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization
  - c The economic resources received or held by an individual organization that the specific primary government (or its component units) is entitled to, or has the ability to otherwise access, are significant to that primary government
- 4 Organizations that are closely related to, or financially integrated with the primary government

The following component units are not presented in the accompanying financial statements

City Marshal -

The City Marshal is controlled by the City Marshal, who is an independently elected official. The City Marshal is included as part of the operations of the City Court System. The City Court System is fiscally dependent on the City of Leesville, Louisiana for office space and courtrooms.

City Court-

The City Court is controlled by the City Court Judge who is an independently elected official. The City Court is included as part of the operations of the City Court System. The City Court System is fiscally dependent on the City of Leesville, Louisiana for office space and courtrooms and payment of salaries and other operating expenditures.

Complete financial statements for the component units may be obtained at 101 W Lee Street, Leesville, LA 71446. These primary government financial statements of the City of Leesville, Louisiana do not include the financial data of the component units described above. This component unit financial data is necessary for reporting in conformity with generally accepted accounting principles.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

**B** Basis of Presentation

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

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

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

**Fund Financial Statements**

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

The major funds of the City are described below

Governmental Funds -

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.

The Sales Tax Special Revenue Fund is used to account for the proceeds of 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.

Additionally, the City reports the following fund types:

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital projects funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds --

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income, financial position, and cash flows. The following are the City's proprietary fund types:

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Enterprise funds

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

C Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

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

## CITY OF LEESVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

#### Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### Program revenues

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

#### Allocation of indirect expenses

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

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

## CITY OF LEESVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

#### D Assets, Liabilities and Equity

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

For purposes of the statement of net assets, cash and interest-bearing deposits include all 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.

##### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for customers' utility receivables was \$41,330 at June 30, 2012. 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.

##### 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 (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

##### Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. All inventories are accounted 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.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary funds that are legally restricted as to their use. The restricted assets in the sewer and water utility 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 financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 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 assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows

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

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

Long-term debt

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

## CITY OF LEESVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the public improvement bonds payable, revenue bonds payable, compensated absences, net other post employment benefits 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.

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

#### Equity Classifications

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

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

## CITY OF LEESVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

In the fund statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications based on the constraints imposed on the use of these resources. As such, fund balances of the governmental funds are classified as follows:

- a Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact
- b Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments
- c Committed – amounts that can be used only for specific purposes determined by a formal decision of the City's Mayor and Council, which is the highest level of decision-making authority for the City
- d Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes
- e Unassigned – all other spendable amounts

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

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

#### **E Revenues, Expenditures, and Expenses**

##### **Operating Revenues and Expenses**

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

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows

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

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

Interfund Transfers

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

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 sewer revenue	Utility operations

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

G Budget and Budgetary Accounting

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

- 1 The City Administrator prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Council not later than May 15<sup>th</sup> of each fiscal year
- 2 A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

- 3 A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing
- 4 After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted but no later than June 15<sup>th</sup> of each fiscal year
- 5 Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council
- 6 All budgetary appropriations lapse at the end of each fiscal year
- 7 Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) Budgeted amounts are as originally adopted or as amended by the Council Such amendments were not material in relation to the original appropriations

H Use of Estimates

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

I Report Reclassifications

Certain previously reported amounts for the year ended June 30, 2011 have been reclassified to conform to the June 30, 2012 classifications

CITY OF LEESVILLE, LOUISIANA

Notes to 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, 2012, taxes of 17.76 mills were levied on property with assessed valuations totaling \$39,482,160 and were dedicated as follows:

General maintenance	5.16 mills
Street improvements	4.10 mills
Sewer system	4.25 mills
Sewer District III	<u>4.25 mills</u>
Total	<u>17.76 mills</u>

Total taxes levied were \$701,225. Taxes receivable at June 30, 2012 totaled 23,871.

(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 (2012 collections \$2,846,925) are dedicated for the following purposes in the following order:

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

B. Proceeds of the 1/2% sales and use tax levied by the City of Leesville, Louisiana beginning April 1, 2004 (2012 collections \$1,402,441) 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 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, 2012, the City had cash and interest-bearing deposits (book balances) totaling \$2,032,228 as follows:

Demand deposits	\$ 752,335
Money market accounts	<u>1,279,893</u>
Total	<u>\$ 2,032,228</u>

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Bank balances	<u>\$ 1,983,423</u>
Insured	\$ 856,011
Uninsured and collateral held by pledging bank not in City's name	<u>1,127,412</u>
Total	<u>\$ 1,983,423</u>

Pledged securities in the amount of \$1,127,412 were exposed to custodial credit risk. These securities include uninsured or unregistered investments for which the securities are held by the bank, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand. The City does not have a policy for custodial credit risk.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(5) Receivables

Receivables at June 30, 2012 of \$1,089,552 consist of the following

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts, net	\$ -	\$ 253,494	\$ 253,494
Unbilled utility	-	203,435	203,435
Ad valorem tax	23,871	-	23,871
Sales tax	451,455	-	451,455
Franchise tax	91,177	-	91,177
Licenses and permits	51,986	-	51,986
Other	14,134	-	14,134
Totals	<u>\$ 632,623</u>	<u>\$ 456,929</u>	<u>\$ 1,089,552</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units of \$380,619 at June 30, 2012 consisted of the following

<b>Governmental activities</b>		
State of Louisiana - beer tax revenues receivable		\$ 5,919
State of Louisiana Division of Historic Preservation - Main Street Program		11,261
State of Louisiana - Louisiana Commission on Law Enforcement and Administration of Criminal Justice - DARE grant		7,435
State of Louisiana - Louisiana Highway Safety Commission - Highway Safety grant		2,423
State of Louisiana - Louisiana Department of Transportation and Development - Airport Improvements grant		41,932
Department of Justice - COPS Hiring Recovery Program		7,752
Department of Defense - Community Economic Adjustment Assistance grant		20,715
Federal Aviation Administration - Airport Improvement Program grant		57,358
<b>Business-type activities</b>		
State of Louisiana - LCDBG Sewer System Rehabilitation grant		225,824
Total		<u>\$ 380,619</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(7) Restricted Assets

Restricted assets in the Enterprise Sewer and Water Funds consisted of the following at June 30, 2012

Customers' deposits	\$ 241,836
Revenue bond reserve and sinking funds	<u>217,450</u>
Total enterprise utility fund restricted assets	<u>\$ 459,286</u>

(8) Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows

	<u>Balance 07/01/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/12</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 303,856	\$ -	\$ -	\$ 303,856
Construction in progress	47,330	503,524	93,255	457,599
Other capital assets				
Buildings and improvements	11,099,352	-	-	11,099,352
Equipment and vehicles	5,872,878	160,023	589,024	5,443,877
Infrastructure	22,046,255	153,482	-	22,199,737
Totals	<u>39,369,671</u>	<u>817,029</u>	<u>682,279</u>	<u>39,504,421</u>
Less accumulated depreciation				
Buildings and improvements	4,093,328	284,644	-	4,377,972
Equipment and vehicles	4,451,998	348,405	579,406	4,220,997
Infrastructure	15,140,131	373,949	-	15,514,080
Total accumulated depreciation	<u>23,685,457</u>	<u>1,006,998</u>	<u>579,406</u>	<u>24,113,049</u>
Governmental activities, capital assets, net	<u>\$ 15,684,214</u>	<u>\$ (189,969)</u>	<u>\$ 102,873</u>	<u>\$ 15,391,372</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(8) Capital Assets (Continued)

	<u>Balance 07/01/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/12</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 157,249	\$ -	\$ -	\$ 157,249
Construction in progress	344,778	872,732	-	1,217,510
Other capital assets				
Plant and system	20,997,929	126,945	-	21,124,874
Equipment and vehicles	508,648	-	-	508,648
Totals	<u>22,008,604</u>	<u>999,677</u>	<u>-</u>	<u>23,008,281</u>
Less accumulated depreciation				
Plant and system	10,094,639	620,667	-	10,715,306
Equipment and vehicles	475,555	17,591	-	493,146
Total accumulated depreciation	<u>10,570,194</u>	<u>638,258</u>	<u>-</u>	<u>11,208,452</u>
Business-type activities, capital assets, net	<u>\$ 11,438,410</u>	<u>\$ 361,419</u>	<u>\$ -</u>	<u>\$ 11,799,829</u>

Depreciation expense was charged to governmental activities as follows

General government	\$ 7,337
Public safety	282,604
Public works	163,715
Economic development	441,789
Culture and recreation	<u>111,553</u>
Total depreciation expense	<u>\$ 1,006,998</u>

Depreciation expense was charged to business-type activities as follows

Sewer	\$ 262,529
Water	<u>375,729</u>
Total depreciation expense	<u>\$ 638,258</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(9) Accounts and Other Payables

The accounts and other payables consisted of the following at June 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts payable	\$ 216,558	\$ 127,740	\$ 344,298
Salaries payable	103,934	21,944	125,878
Payroll tax and employee benefits payable	26,237	-	26,237
Contracts and retainage payable	<u>151,002</u>	<u>273,720</u>	<u>424,722</u>
Totals	<u>\$ 497,731</u>	<u>\$ 423,404</u>	<u>\$ 921,135</u>

(10) Changes in Long-Term Debt

The following is a summary of bonds, notes payable, capital leases and compensated absences transactions of the City for the year ended June 30, 2012

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2012</u>	<u>Amount due in one year</u>
Revenue bonds	\$ 3,240,714	\$ -	\$ 270,714	\$ 2,970,000	\$ 250,000
General obligation bonds	2,575,000	-	515,000	2,060,000	545,000
Note payable	497,377	-	30,413	466,964	35,022
Capital leases	927,189	-	153,742	773,447	107,725
Compensated absences	289,536	-	28,515	261,021	-
OPEB obligation	<u>2,394,793</u>	<u>-</u>	<u>-</u>	<u>2,394,793</u>	<u>-</u>
	<u>\$ 9,924,609</u>	<u>\$ -</u>	<u>\$ 998,384</u>	<u>\$ 8,926,225</u>	<u>\$ 937,747</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(10) Changes in Long-Term Debt (Continued)

Bonds payable at June 30, 2012 are comprised of the following individual issues

Governmental activities

General obligation bonds

\$255,000 Excess Revenue Refunding Bonds, Series 2002A, due in annual of installments of \$20,000 - \$30,000 through August 1, 2012, interest at 4 95 percent, secured by excess annual revenues of the General Fund \$ 30,000

\$375,000 Excess Revenue Refunding Bonds, Series 2002B, due in annual installments of \$30,000 - \$50,000 through August 1, 2012, interest at 0 10 - 6 50 percent, secured by excess annual revenues of the General Fund 50,000

\$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 1,010,000

1,090,000

Revenue bonds

\$2,500,000 Sales Tax Revenue Public Improvement Bonds, Series 2005 due in annual installments of \$75,000 - \$230,000 through August 1, 2020, interest at 3 10 - 4 25 percent, secured by sales tax collections 1,735,000

Total bonds applicable to governmental activities \$ 2,825,000

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(10) Changes in Long-Term Debt (Continued)

Business-type activities

General obligation bonds

\$320,000 Excess Revenue Refunding Bonds, Series 2002C, due in annual installments of \$25,000 - \$40,000 through August 1, 2012, interest at 0 10 - 5 50 percent, secured by excess annual revenues of the Sewer Fund \$ 40,000

\$4,710,000 General Obligation Bonds, Series, 1995 of the City of Leesville and General Obligation Bonds, Series 1995 of Sewer District No 3, due in annual installments of \$190,000 - \$320,000 through March 15, 2015, interest at 2 45 percent, secured by ad valorem tax collections 930,000

970,000

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 1,235,000

Total bonds applicable to business-type activities \$ 2,205,000

Capital leases payable at June 30, 2012

	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Fire equipment	\$ 666,583	04/25/28	4 98%	\$ 571,331
Public works equipment	55,967	05/05/13	4 00%	1
Police vehicles	<u>392,000</u>	01/25/15	4 10%	<u>202,115</u>
	<u>\$ 1,274,133</u>			<u>\$ 773,447</u>

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(10) Changes in Long-Term Debt (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>	
	<u>Principal payments</u>	<u>Interest payments</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Principal payments</u>	<u>Interest payments</u>
2013	\$ 365,000	\$ 105,461	\$ 430,000	\$ 79,293	\$ 795,000	\$ 184,754
2014	295,000	92,421	405,000	66,449	700,000	158,870
2015	310,000	81,328	415,000	53,979	725,000	135,307
2016	330,000	69,581	100,000	40,758	430,000	110,339
2017	340,000	56,959	105,000	36,526	445,000	93,485
2018-2022	1,185,000	92,248	610,000	105,940	1,795,000	198,188
2023	-	-	140,000	3,290	140,000	3,290
Total	<u>\$ 2,825,000</u>	<u>\$ 497,998</u>	<u>\$ 2,205,000</u>	<u>\$ 386,235</u>	<u>\$ 5,030,000</u>	<u>\$ 884,233</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 107,725	\$ 35,244	\$ 142,969
2014	112,438	30,511	142,949
2015	65,561	26,118	91,679
2016	30,624	24,355	54,979
2017	32,215	22,764	54,979
2018 - 2022	186,746	88,148	274,894
2024 - 2027	238,138	36,757	274,895
	<u>\$ 773,447</u>	<u>\$ 263,897</u>	<u>\$ 1,037,344</u>

Leased equipment and vehicles under capital lease in capital assets at June 30, 2012 include the following

Equipment and vehicles	\$ 1,344,375
Less Accumulated depreciation	<u>(664,066)</u>
Total	<u>\$ 680,309</u>

Amortization of leased equipment and vehicles under capital assets is included with depreciation expense

(continued)

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(10) Changes in Long-Term Debt (Continued)

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, 2012, the City incurred \$535,778 in funding from this agreement. The relocation project was completed and had final inspection on July 13, 2010.

(11) Flow of Funds, Restrictions on Use

Business-type activities

Sewer Fund --

A General Obligation Bonds, Series 1995

Under the terms of the \$4,710,000 General Obligation Bonds, Series 1995 of the City of Leesville and General Obligation Bonds, Series 1995 of the Sewer District No. 3 of the City of Leesville, the City shall levy and collect annually ad valorem taxes pursuant to a special election held on November 8, 1997, in an amount sufficient to pay, when due, the principal and interest on the bonds. The tax shall be expended only for the purpose of paying promptly when due the principal and interest on the bonds.

General Obligation Bond Sinking Fund

The City is required to establish a separately identifiable fund or account to be designated the General Obligation Bond Sinking Fund. All monies from the collection of the ad valorem taxes shall be used solely to pay principal and interest on the bonds.

Sewer System Renewal and Replacement Fund

The City is required to establish a separately identifiable fund or account to be designated the Sewer System Renewal and Replacement Fund. The City is required to set aside into this fund, on or before the 20<sup>th</sup> day of each month of each year, beginning no later than the first full month after the loan closing, an amount equal to 5% of net revenues collected in the prior calendar month until the balance in the renewal and replacement fund equals to \$75,000. All monies in the renewal and replacement fund may be drawn on and used by the System for the purpose of paying the costs of any unusual and extraordinary maintenance and any

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

improvements to the System, which will either enhance its revenue producing capacity or provide a higher degree of service At June 30, 2012, the account balance was \$75,167, which was greater than the required balance

**B Excess Revenue Refunding Bonds, Series 2002C**

Under the terms of the \$320,000 Excess Revenue Refunding Bonds, Series 2002C, the City will maintain an excess revenue bond sinking fund in an amount to pay promptly and fully the principal of and interest on the bonds by transferring monthly payments on or before the 20<sup>th</sup> day of each month commencing in August 2002 a sum equal to 1/6<sup>th</sup> of the next interest payment due and 1/12<sup>th</sup> of the next principal due

During the year ended June 30, 2012, the monthly sinking fund transfers were made as required by the agreement At June 30, 2012, the account balance was \$38,004, which was greater than the required balance

**Water Fund –**

**Water Improvement Bond, Series 2007**

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

During the year ended June 30, 2012, the monthly sinking fund transfers were made as required by the agreement At June 30, 2012, the account balance was \$104,279, which was greater than the required balance

**Governmental Activities**

**A Excess Revenue Refunding Bonds, Series 2002A and B**

Under the terms of the \$255,000 Excess Revenue Refunding Bonds, Series 2002A and the \$375,000 Excess Revenue Refunding Bonds, Series 2002B, the City will maintain an excess revenue bond sinking fund in an amount to pay promptly and fully the principal of and interest on the bonds by transferring monthly payments on or before the 20<sup>th</sup> day of each month commencing in August 2002 a sum equal to 1/6<sup>th</sup> of the next interest payment due and 1/12<sup>th</sup> of the next principal due

During the year ended June 30, 2012, the monthly sinking fund transfers were made as required by the agreement At June 30, 2012, the account balance was \$75,623, which was greater than the required balance

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

**B Sales Tax Revenue Public Improvement Bonds, Series 2005**

Under the terms of the \$2,500,000 Sales Tax Revenue Public Improvement Bonds, Series 2005, the City will maintain a sales tax bond 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 payments on or before the 20<sup>th</sup> day of each month commencing August 2005 a sum equal to 1/6<sup>th</sup> of the next interest payment due and 1/12<sup>th</sup> of the next principal payment due

The City is also required to establish a sales tax bond reserve fund by transferring, immediately upon delivery of the bonds from bond proceeds, a sum equal to the lesser of (1) 10% of the original principal proceeds of the bonds or (2) the highest combined principal and interest requirements for any succeeding bond year on the bonds

During the year ended June 30, 2012, the monthly sinking fund transfers were made as required by the agreement At June 30, 2012, the account balance of the sinking fund was \$260,360, which was greater than the required balance During the year ended June 30, 2012, the City established a separate bank account for the sales tax bond reserve fund At June 30, 2012 the account balance of the reserve fund was \$234,859, which was equal to the required balance

(12) Post Retirement Health Care and Life Insurance Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid In adopting the requirements of GASB Statement No 45 during the year ended June 30, 2010, the City began to recognize the cost of postemployment healthcare in the year when employee services are received, to report the accumulated liability from prior years, and to provide information useful in assessing potential demands on the City's future cash flows Because the City adopted the requirements of GASB Statement No 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability

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

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

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

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

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

Annual required contribution	\$ 402,366
Interest on net OPEB obligation	95,792
Adjustment to annual required contribution	<u>(143,719)</u>
Annual OPEB cost (expense)	354,439
Contributions made	<u>(87,638)</u>
Increase in net OPEB obligation	266,801
Net OPEB obligation - beginning of year	<u>2,394,793</u>
Net OPEB obligation - end of year	<u>\$ 2,661,594</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 1,385,765	11.54%	\$ 1,225,813
6/30/2011	1,363,909	14.29%	2,394,793
6/30/2012	354,439	24.73%	2,661,594

The net OPEB benefit payable balance of \$2,661,594 is included in the statement of net assets in noncurrent liabilities. Of this amount, \$2,049,427 is applicable to governmental activities and \$612,167 is applicable to business-type activities.

**Funded Status and Funding Progress** The funded status of the plan as of July 1, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 2,939,466
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,939,466</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 1,363,773
UAAL as a percentage of covered payroll	216%

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

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

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

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

In the July 1, 2011 actuarial valuation, the unit credit actuarial cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

- 1 Discount rate for valuing liabilities 4.0% per annum, compounded annually
- 2 Retirement rates - (Rates are the same for both male and female)

<u>Age</u>	<u>Rate</u>
46 - 49	16.0%
50 - 54	7.0%
55 - 64	16.0%
65	26.0%

- 3 Mortality rates - Sex Distinct RP-2000 Combined Healthy Mortality Table projected to 2012 using scale AA. For pre-retirement males set forward three years and females set back two years. For post-retirement males set forward one year.
- 4 100% of employees who are eligible for retiree medical benefits and Medicare are assumed to elect medical coverage in retirement.
- 5 For actives it is assumed that husbands are three years older than their wives. 80% of active participants making it to retirement are assumed to be married and elect spouse medical coverage.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

- 6 It is assumed that the age adjusted retiree cost under the Alternative Measurement Methodology, allowed for plans with less than 100 participants, is as follows

	Medical and Rx	
	Retiree	Spouse
Pre-65	\$ 10,025.25	\$ 11,027.51
Post-65	N/A	N/A

- 7 Medical and prescription drug inflation (trend assumption)

Year	Trend
2011	6.7%
2012	6.5%
2013	6.0%
2014-2017	5.9%
2018-2021	5.8%
2022-2026	5.7%
2027-2029	5.6%
-	-
-	-
-	-
2088	4.2%

(13) Employee Retirement

Substantially all employees of the City are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A Municipal Employees Retirement System of Louisiana (System)

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

## CITY OF LEESVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy - Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 16.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending June 30, 2012, 2011, and 2010 were \$173,217, \$138,758, and \$106,020, respectively, equal to the required contributions for each year.

#### B Municipal Police Employees Retirement System of Louisiana (System)

Plan Description - All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 10.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 26.50% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending June 30, 2012, 2011, and 2010 were \$147,496, \$73,074, and \$36,668, respectively, equal to the required contributions for each year.

C Firefighters' Retirement System of Louisiana

Plan Description - Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy - Plan members are required by state statute to contribute 10.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 23.25% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending June 30, 2012, 2011 and 2010 were \$108,637, \$92,251, and \$62,914, respectively, equal to the required contributions for each year.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

D Social Security System

Employees of the City of Leesville who are not eligible to participate in any other retirement system are members of the Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (7.65 percent contributed by the City, 5.65 percent contributed by the employee). The City's contributions during the years ending June 30, 2012 amounted to \$202,694.

(14) Litigation and Claims

At June 30, 2012, 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 coverable by insurance.

(15) Risk Management

A Commercial Insurance Coverage

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.

B Group Self-Insurance

The City has established a self-insurance health plan to account for and finance its uninsured risk of loss for commercial group health insurance. The plan is administered by Insurance Management Administrators, and the plan year ends on October 31 of each year. Under this plan, HCC Life Insurance Company agreed to reimburse the City for specific incurred claims related to any one covered employee or dependent which exceeds the retention by the City, which is \$50,000. Monthly payments are calculated based on the number of employees with single coverage multiplied by a funding factor of \$670 and the number of employees with family coverage multiplied by a funding factor of \$1,415. The City currently funds the plan based upon the funding factors discussed above. The City also funds actual claims incurred in excess of any aggregate retained in the plan.

The claims liability of \$3,439 reported at June 30, 2012 is based on the loss that is probable at the date of the financial statements and the amount of the loss that can be reasonably estimated. The City currently does not discount its claims liabilities.

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Changes in the claims liability balance for the group health insurance plan are as follows

	<u>2011</u>	<u>2011</u>
Claims liability, beginning	\$ 160,687	\$ 258,589
Current year claims and changes in estimates	164,902	854,692
Benefit payments and claims	<u>(322,150)</u>	<u>(952,594)</u>
Claims liability, ending	<u>\$ 3,439</u>	<u>\$ 160,687</u>

Claims payable of \$3,439 at June 30, 2012 was determined as follows

A Claims incurred prior to June 30, 2011 and paid in July 1, 2012 through September 30, 2012	\$ 2,375
B Provision for claims reported but not processed	-
C Provision for claims incurred but not reported	<u>1,064</u>
Total claims payable	<u>\$ 3,439</u>

The provision for claims incurred but not reported of \$1,064 was calculated utilizing historical information adjusted for current trends

Effective April 1, 2012, all employees were transferred to a traditional group insurance policy through United Healthcare. The self insurance group health plan will be terminated as of the end of the plan year.

(16) Compensation of City Officials

A detail of compensation paid to the Mayor and Council Members for the year ended June 30, 2012 follows

C Robert Rose	\$ 13,000
Council Members	
Willie Mae Kennedy	7,250
Milton D Dowd	7,250
William M Elliott	7,250
Patricia Martinez	7,250
Joseph P McKee	7,250
Alice F Guess	<u>7,250</u>
Total	<u>\$ 56,500</u>

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(17) Interfund Receivables/Payables

A A summary of interfund receivables and payables at June 30, 2012

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major governmental funds</b>		
General Fund	\$ 1,133,493	\$ 1,072,037
Sales Tax Fund	-	269,148
Public Safety Fund	869,236	728,708
<b>Non major governmental funds</b>		
Mainstreet Program Fund	-	585
OEA Grant	-	17,507
2002 Certificates of Indebtedness	22,015	-
2004 GOB Street Improvements	187,589	-
Airport Constsruction	-	57,623
LCDBG Economic Development	-	84,707
Total governmental funds	<u>2,212,333</u>	<u>2,230,315</u>
<b>Proprietary funds</b>		
Sewer Fund	449,987	880,645
Water Fund	<u>560,544</u>	<u>111,904</u>
Total proprietary funds	<u>1,010,531</u>	<u>992,549</u>
<b>Total</b>	<u>\$ 3,222,864</u>	<u>\$ 3,222,864</u>

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

CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

**B** Transfers consisted of the following at June 30, 2012

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds		
General Fund	\$ 646,402	\$ 130,294
Sales Tax Fund	-	2,611,708
Public Safety Fund	1,511,408	-
Non major governmental funds		
Mainstreet Program Fund	40,191	9,274
OEA Grant	316	-
Sales Tax Sinking Fund	465,055	-
2002 Certificates of Indebtedness	176,655	-
Airport Construction	522	-
LCDBG Economic Development	15,234	-
Total governmental funds	<u>2,855,783</u>	<u>2,751,276</u>
Proprietary funds		
Sewer Fund	-	365,635
Water Fund	261,128	-
Total proprietary funds	<u>261,128</u>	<u>365,635</u>
Total	<u>\$ 3,116,911</u>	<u>\$ 3,116,911</u>

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

(18) Excess of Expenditures Over Appropriations

The following fund incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2012

General Fund	\$ 209,805
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CITY OF LEESVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(19) Subsequent Event Review

The City's management has evaluated subsequent events through December 17, 2012, the date which the financial statements were available to be issued

(20) New Accounting Pronouncements

In December 2010, the Governmental Accounting Standards Board (GASB) approved Statement No 62, "Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements" The statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments In June 2011, the Governmental Accounting Standards Board (GASB) approved Statement No 63, "Financial Reporting of Deferred Outflows, Deferred Inflows of Resources and Net Position" The statement changes how governments will organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet) Under this standard, the financial statements will include deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets The provisions of GASB Nos 62 and 63 must be implemented by the City of Leesville, Louisiana for the year ending June 30, 2013 The effect of implementation on the City of Leesville, Louisiana's financial statements has not yet been determined

**REQUIRED SUPPLEMENTARY  
INFORMATION**

CITY OF LEESVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2012

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 711,085	\$ 747,810	\$ 751,363	\$ 3,553
Licenses and permits	452,095	460,545	470,343	9,798
Intergovernmental	143,000	17,415	22,775	5,360
Charges for services	235,815	159,800	151,504	(8,296)
Miscellaneous	<u>124,825</u>	<u>74,840</u>	<u>77,528</u>	<u>2,688</u>
<b>Total revenues</b>	<u>1,666,820</u>	<u>1,460,410</u>	<u>1,473,513</u>	<u>13,103</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
General and administrative	586,191	426,062	462,380	(36,318)
Executive	79,827	81,371	81,250	121
Legal	38,520	61,699	64,632	(2,933)
Public works	892,250	897,441	887,154	10,287
Economic development	226,360	232,243	255,227	(22,984)
Debt service	-	-	15,411	(15,411)
Capital outlay	<u>72,000</u>	<u>81,000</u>	<u>223,567</u>	<u>(142,567)</u>
<b>Total expenditures</b>	<u>1,895,148</u>	<u>1,779,816</u>	<u>1,989,621</u>	<u>(209,805)</u>
Deficiency of revenues over expenditures	<u>(228,328)</u>	<u>(319,406)</u>	<u>(516,108)</u>	<u>(196,702)</u>
<b>Other financing sources (uses)</b>				
Transfers in	500,000	608,603	646,402	37,799
Transfers out	<u>(117,328)</u>	<u>(364,588)</u>	<u>(130,294)</u>	<u>234,294</u>
<b>Total other financing sources (uses)</b>	<u>382,672</u>	<u>244,015</u>	<u>516,108</u>	<u>272,093</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	154,344	(75,391)	-	75,391
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 154,344</u>	<u>\$ (75,391)</u>	<u>\$ -</u>	<u>\$ 75,391</u>

CITY OF LEESVILLE, LOUISIANA  
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2012

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$2,715,000	\$2,800,000	\$2,846,925	\$ 46,925
Intergovernmental	-	-	6,602	6,602
Charges for services	124,625	83,150	77,305	(5,845)
Miscellaneous	8,765	9,391	9,490	99
Total revenues	<u>2,848,390</u>	<u>2,892,541</u>	<u>2,940,322</u>	<u>47,781</u>
<b>Expenditures</b>				
Current				
General government	125,700	58,078	46,992	11,086
Culture and recreation	397,584	388,692	373,674	15,018
Capital outlay	<u>9,000</u>	<u>4,000</u>	<u>3,300</u>	<u>700</u>
Total expenditures	<u>532,284</u>	<u>450,770</u>	<u>423,966</u>	<u>26,804</u>
Excess of revenues over expenditures	2,316,106	2,441,771	2,516,356	74,585
<b>Other financing uses</b>				
Transfers out	<u>(2,208,345)</u>	<u>(2,441,056)</u>	<u>(2,611,708)</u>	<u>(170,652)</u>
Excess (deficiency) of revenues over expenditures and other uses	107,761	715	(95,352)	(96,067)
Fund balance, beginning	<u>598,501</u>	<u>598,501</u>	<u>598,501</u>	-
Fund balance, ending	<u>\$ 706,262</u>	<u>\$ 599,216</u>	<u>\$ 503,149</u>	<u>\$ (96,067)</u>

CITY OF LEESVILLE, LOUISIANA  
Public Safety Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2012

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues</b>				
Taxes	\$ 1,376,676	\$ 1,390,000	\$ 1,402,441	\$ 12,441
Intergovernmental	291,125	297,362	282,082	(15,280)
Charges for services	55,500	56,100	51,697	(4,403)
Fines and forfeitures	205,000	185,000	190,554	5,554
Miscellaneous	<u>72,737</u>	<u>30,245</u>	<u>25,496</u>	<u>(4,749)</u>
Total revenues	<u>2,001,038</u>	<u>1,958,707</u>	<u>1,952,270</u>	<u>(6,437)</u>
<b>Expenditures</b>				
Current				
Public Safety				
Police	2,081,794	2,144,596	1,879,329	265,267
Fire	1,232,684	1,216,730	1,052,351	164,379
City Court	98,946	87,527	86,114	1,413
Debt service	-	37,998	180,947	(142,949)
Capital outlay	<u>58,975</u>	<u>14,000</u>	<u>44,690</u>	<u>(30,690)</u>
Total expenditures	<u>3,472,399</u>	<u>3,500,851</u>	<u>3,243,431</u>	<u>257,420</u>
Deficiency of revenues over expenditures	(1,471,361)	(1,542,144)	(1,291,161)	250,983
Other financing sources (uses)				
Transfers in	<u>1,485,000</u>	<u>1,552,500</u>	<u>1,511,408</u>	<u>(41,092)</u>
Excess of revenues and other sources over expenditures and other uses	13,639	10,356	220,247	209,891
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 13,639</u>	<u>\$ 10,356</u>	<u>\$ 220,247</u>	<u>\$ 209,891</u>

CITY OF LEESVILLE, LOUISIANA

Schedule of Funding Progress  
For the Year Ended June 30, 2012

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2009	\$ -	\$11,501,955	\$11,501,955	0 0%	\$3,692,371	312%
July 3, 2011	-	2,939,466	2,939,466	0 0%	1,363,773	216%

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF LEESVILLE, LOUISIANA

Statement of Net Assets

June 30, 2012

With Comparative Totals for June 30, 2011

	2012			2011 Totals
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 1,200,005	\$ 372,937	\$ 1,572,942	\$ 1,166,546
Receivables	632,623	456,929	1,089,552	926,066
Due from other governmental agencies	154,795	225,824	380,619	257,691
Inventories	98,586	-	98,586	132,696
Other assets	38,667	9,153	47,820	48,270
Restricted assets				
Cash and interest-bearing deposits	-	459,286	459,286	321,555
Capital assets				
Land and construction in progress	761,455	1,374,759	2,136,214	853,213
Capital assets, net	<u>14,629,917</u>	<u>10,425,070</u>	<u>25,054,987</u>	<u>26,269,411</u>
Total assets	<u>17,516,048</u>	<u>13,323,958</u>	<u>30,840,006</u>	<u>29,975,448</u>
<b>LIABILITIES</b>				
Accounts and other payables	497,731	423,404	921,135	593,854
Claims payable	3,439	-	3,439	160,687
Interest payable	53,485	31,849	85,334	94,593
Deferred revenue	5,355	-	5,355	-
Internal balances	17,982	(17,982)	-	-
Long-term liabilities				
Customer deposits payable	-	241,836	241,836	242,357
Compensated absences payable	231,812	29,209	261,021	289,536
OPEB obligation payable	2,049,427	612,166	2,661,593	2,394,793
Bonds, notes, and leases due within one year	465,831	430,000	895,831	977,857
Bonds, notes, and leases due after one year, net	<u>3,132,616</u>	<u>2,241,964</u>	<u>5,374,580</u>	<u>6,262,423</u>
Total liabilities	<u>6,457,678</u>	<u>3,992,446</u>	<u>10,450,124</u>	<u>11,016,100</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	11,792,925	9,313,466	21,106,391	20,085,678
Restricted for debt service	731,798	-	731,798	383,346
Restricted for capital projects	45,471	-	45,471	-
Unrestricted (deficit)	<u>(1,511,824)</u>	<u>18,046</u>	<u>(1,493,778)</u>	<u>(1,509,676)</u>
Total net assets	<u>\$11,058,370</u>	<u>\$9,331,512</u>	<u>\$20,389,882</u>	<u>\$18,959,348</u>

CITY OF LEESVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Budget		Actual		
	Original	Final			
<b>Taxes</b>					
Ad valorem	\$ 211,085	\$ 216,040	\$ 217,958	\$ 1,918	\$ 217,533
Franchise	500,000	531,770	533,405	1,635	542,640
<b>Total taxes</b>	<u>711,085</u>	<u>747,810</u>	<u>751,363</u>	<u>3,553</u>	<u>760,173</u>
<b>Licenses and permits</b>					
Occupational licenses	406,545	406,545	418,480	11,935	443,535
Permits	45,550	54,000	51,863	(2,137)	15,134
<b>Total licenses and permits</b>	<u>452,095</u>	<u>460,545</u>	<u>470,343</u>	<u>9,798</u>	<u>458,669</u>
<b>Intergovernmental</b>					
State of Louisiana -					
Beer taxes	23,000	-	22,775	22,775	22,193
State grants	120,000	20,000	-	(20,000)	-
Mainstreet grant	-	(2,585)	-	2,585	4,789
<b>Total intergovernmental</b>	<u>143,000</u>	<u>17,415</u>	<u>22,775</u>	<u>5,360</u>	<u>26,982</u>
<b>Charges for services</b>					
Inspection fees	14,565	12,800	12,221	(579)	10,322
Airport hanger rent	26,750	26,750	22,038	(4,712)	20,109
Airport fuel sales	192,500	120,000	108,040	(11,960)	228,523
Miscellaneous	2,000	250	9,205	8,955	9,071
<b>Total charges for services</b>	<u>235,815</u>	<u>159,800</u>	<u>151,504</u>	<u>(8,296)</u>	<u>268,025</u>
<b>Miscellaneous</b>					
Interest	1,645	350	322	(28)	768
Video bingo	60,000	50,000	48,341	(1,659)	41,736
Other sources	63,180	24,490	28,865	4,375	78,806
<b>Total miscellaneous</b>	<u>124,825</u>	<u>74,840</u>	<u>77,528</u>	<u>2,688</u>	<u>121,310</u>
<b>Total revenues</b>	<u>\$1,666,820</u>	<u>\$1,460,410</u>	<u>\$1,473,513</u>	<u>\$ 13,103</u>	<u>\$1,635,159</u>

CITY OF LEESVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Budget		Actual		
	Original	Final			
Current					
General government					
General and administrative -					
Salaries and wages	\$ 51,000	\$ 63,530	\$ 70,120	\$ (6,590)	\$ 46,172
Payroll taxes	5,600	4,416	6,166	(1,750)	3,835
Retirement contribution	8,033	9,214	10,741	(1,527)	4,107
Hospitalization	60,000	24,399	12,971	11,428	39,396
Insurance	149,801	33,293	29,742	3,551	102,552
Materials and supplies	41,600	54,900	83,041	(28,141)	27,430
Advertisements and recordings	9,800	15,000	20,085	(5,085)	13,217
Accounting and auditing	28,000	61,000	60,960	40	81,065
Miscellaneous	98,357	40,930	32,495	8,435	35,595
Utilities and telephone	9,000	17,180	17,327	(147)	10,483
Repairs and maintenance	51,450	30,400	40,069	(9,669)	36,177
Dues	3,700	1,800	2,451	(651)	4,508
Travel	2,000	2,000	1,796	204	1,342
Uniforms	20,000	20,000	20,443	(443)	19,838
Annexation related costs	20,000	5,000	2,248	2,752	6,016
Legal fees	2,850	18,000	26,725	(8,725)	-
Fort Polk Progress	25,000	25,000	25,000	-	-
Total general and administrative	<u>586,191</u>	<u>426,062</u>	<u>462,380</u>	<u>(36,318)</u>	<u>431,733</u>
Executive -					
Salaries	52,982	62,161	60,498	1,663	57,505
Payroll taxes	4,185	5,752	5,183	569	5,103
Retirement contribution	-	480	542	(62)	28
Hospitalization	-	-	-	-	(3,534)
Insurance	-	1,156	1,011	145	472
Utilities and telephone	7,000	1,475	1,187	288	3,858
Travel	7,500	4,100	6,339	(2,239)	7,469
Public relations	2,000	-	-	-	1,083
Vehicle expense	6,160	6,247	6,490	(243)	5,589
Total executive	<u>79,827</u>	<u>81,371</u>	<u>81,250</u>	<u>121</u>	<u>77,573</u>

(continued)

CITY OF LEESVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (continued)  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Budget		Actual		
	Original	Final			
Legal -					
Salaries	30,000	37,000	38,305	(1,305)	26,933
Payroll taxes	2,340	3,371	1,090	2,281	2,602
Insurance	180	128	124	4	156
Legal fees	6,000	21,200	25,113	(3,913)	4,046
Total legal	<u>38,520</u>	<u>61,699</u>	<u>64,632</u>	<u>(2,933)</u>	<u>33,737</u>
Public works					
Salaries	417,908	412,908	414,695	(1,787)	428,193
Payroll taxes	31,578	33,872	35,561	(1,689)	31,913
Retirement contribution	41,650	55,000	57,679	(2,679)	36,351
Hospitalization	60,000	39,870	19,597	20,273	43,092
Maintenance and supplies	138,000	172,750	173,845	(1,095)	133,357
Dumpster service	2,731	9,300	10,162	(862)	9,099
Utilities and telephone	80,000	94,000	94,566	(566)	94,651
Insurance	99,722	79,141	80,449	(1,308)	113,690
Miscellaneous	20,661	600	600	-	7,016
Total public works	<u>892,250</u>	<u>897,441</u>	<u>887,154</u>	<u>10,287</u>	<u>897,362</u>
Economic development -					
Salaries	22,000	33,550	33,878	(328)	21,683
Payroll taxes	2,200	2,351	2,345	6	1,861
Retirement contribution	-	765	799	(34)	-
Maintenance and supplies	23,095	44,842	39,944	4,898	9,085
Fuel	156,345	80,000	88,397	(8,397)	174,286
Utilities and telephone	17,500	23,800	23,741	59	18,279
Insurance	5,220	45,135	64,060	(18,925)	467
Miscellaneous	-	1,800	2,063	(263)	3,500
Total economic development	<u>226,360</u>	<u>232,243</u>	<u>255,227</u>	<u>(22,984)</u>	<u>229,161</u>

(continued)

CITY OF LEESVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (continued)  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Budget		Actual		
	Original	Final			
<b>Group insurance</b>					
Insurance	-	-	79,992	(79,992)	157,090
Claims paid	-	-	131,326	(131,326)	805,908
Miscellaneous	-	-	33,576	(33,576)	48,785
Less premiums allocated to departments	-	-	(244,894)	244,894	(1,011,783)
	-	-	-	-	-
<b>Debt service</b>					
Retirement of principal	-	-	14,817	(14,817)	19,903
Interest and fiscal charges	-	-	594	(594)	1,213
Total debt service	-	-	15,411	(15,411)	21,116
<b>Capital outlay</b>					
General government	-	75,000	63,646	11,354	47,330
Public works	72,000	6,000	159,921	(153,921)	1,844
Total capital outlay	72,000	81,000	223,567	(142,567)	49,174
Total expenditures	<u>\$1,895,148</u>	<u>\$1,779,816</u>	<u>\$1,989,621</u>	<u>\$ (209,805)</u>	<u>\$ 1,739,856</u>

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

Budgetary Comparison Schedule  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Budget		Actual		
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 2,715,000	\$ 2,800,000	\$ 2,846,925	\$ 46,925	\$ 2,809,232
Intergovernmental	-	-	6,602	6,602	-
Charges for services	124,625	83,150	77,305	(5,845)	78,865
Miscellaneous	8,765	9,391	9,490	99	11,627
<b>Total revenues</b>	<u>2,848,390</u>	<u>2,892,541</u>	<u>2,940,322</u>	<u>47,781</u>	<u>2,899,724</u>
<b>Expenditures</b>					
<b>Current -</b>					
<b>General government</b>					
Salaries and wages	-	2,105	1,806	299	13,130
Payroll taxes	-	273	216	57	1,141
Retirement contribution	-	-	257	(257)	-
Hospitalization	-	-	9	(9)	-
Collection fees	53,850	55,000	44,178	10,822	46,842
Park equipment	-	-	-	-	276
Miscellaneous	71,850	700	526	174	8,624
<b>Total general government</b>	<u>125,700</u>	<u>58,078</u>	<u>46,992</u>	<u>11,086</u>	<u>70,013</u>
<b>Culture and recreation</b>					
Recreation department	149,313	132,205	122,802	9,403	192,503
Recreation complex	53,488	52,016	49,334	2,682	59,941
Neighborhood center	123,230	135,453	120,132	15,321	131,898
Leisure pool	71,553	69,018	81,406	(12,388)	72,383
<b>Total culture and recreation</b>	<u>397,584</u>	<u>388,692</u>	<u>373,674</u>	<u>15,018</u>	<u>456,725</u>
<b>Capital outlay -</b>					
<b>Culture and recreation</b>					
Recreation department	-	-	-	-	1,528
Recreation complex	5,000	-	-	-	-
Neighborhood center	4,000	4,000	3,300	700	-
<b>Total capital outlay</b>	<u>9,000</u>	<u>4,000</u>	<u>3,300</u>	<u>700</u>	<u>1,528</u>
<b>Total expenditures</b>	<u>532,284</u>	<u>450,770</u>	<u>423,966</u>	<u>26,804</u>	<u>528,266</u>
<b>Excess of revenues over expenditures</b>	2,316,106	2,441,771	2,516,356	74,585	2,371,458
<b>Other financing uses</b>					
Transfers out	(2,208,345)	(2,441,056)	(2,611,708)	(170,652)	(2,226,453)
<b>Excess (deficiency) of revenues over expenditures and other uses</b>	107,761	715	(95,352)	(96,067)	145,005
<b>Fund balance, beginning</b>	<u>598,501</u>	<u>598,501</u>	<u>598,501</u>	<u>-</u>	<u>453,496</u>
<b>Fund balance, ending</b>	<u>\$ 706,262</u>	<u>\$ 599,216</u>	<u>\$ 503,149</u>	<u>\$ (96,067)</u>	<u>\$ 598,501</u>

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

Budgetary Comparison Schedule  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Budget		Actual		
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 1,376,676	\$ 1,390,000	\$ 1,402,441	\$ 12,441	\$ 1,206,729
Intergovernmental	291,125	297,362	282,082	(15,280)	474,351
Fines and forfeitures	205,000	185,000	190,554	5,554	156,383
Charges for services	55,500	56,100	51,697	(4,403)	35,079
Miscellaneous	<u>72,737</u>	<u>30,245</u>	<u>25,496</u>	<u>(4,749)</u>	<u>13,521</u>
<b>Total revenues</b>	<u><b>2,001,038</b></u>	<u><b>1,958,707</b></u>	<u><b>1,952,270</b></u>	<u><b>(6,437)</b></u>	<u><b>1,886,063</b></u>
<b>Expenditures</b>					
<b>Current -</b>					
<b>Public safety</b>					
<b>Police -</b>					
Salaries and wages	1,119,000	1,190,585	1,143,638	46,947	1,203,364
Payroll taxes	86,200	56,931	52,214	4,717	106,761
Retirement contribution	241,360	142,000	157,325	(15,325)	42,137
Hospitalization	138,000	136,000	67,880	68,120	186,656
Insurance	138,440	149,925	138,219	11,706	177,755
Telephone and utilities	37,000	35,000	35,305	(305)	44,408
Maintenance and supplies	121,000	195,300	157,709	37,591	212,107
Collection fee	27,615	27,615	21,770	5,845	23,321
Equipment lease	81,000	135,817	39,326	96,491	9,050
Prisoner expense	25,000	20,000	17,517	2,483	33,118
Miscellaneous	<u>67,179</u>	<u>55,423</u>	<u>48,426</u>	<u>6,997</u>	<u>73,622</u>
<b>Total police</b>	<u><b>2,081,794</b></u>	<u><b>2,144,596</b></u>	<u><b>1,879,329</b></u>	<u><b>265,267</b></u>	<u><b>2,112,299</b></u>
<b>Fire -</b>					
Salaries and wages	711,034	653,150	610,825	42,325	593,764
Payroll taxes	49,889	50,183	45,027	5,156	48,250
Retirement contribution	124,722	117,700	121,827	(4,127)	109,159
Hospitalization	75,000	113,850	57,735	56,115	198,253
Insurance	84,878	104,588	104,293	295	113,401
Telephone and utilities	35,421	25,521	23,947	1,574	27,141
Maintenance and supplies	45,518	55,066	54,497	569	44,459
Miscellaneous	<u>106,222</u>	<u>96,672</u>	<u>34,200</u>	<u>62,472</u>	<u>47,186</u>
<b>Total fire</b>	<u><b>1,232,684</b></u>	<u><b>1,216,730</b></u>	<u><b>1,052,351</b></u>	<u><b>164,379</b></u>	<u><b>1,181,613</b></u>

(continued)

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

Budgetary Comparison Schedule (Continued)  
For the Year Ended June 30, 2012  
With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Actual	Variance with Final Budget Positive (Negative)	2011 Actual
	Budget				
	Original	Final			
Expenditures (continued)					
City Court -					
Salaries and wages	66,000	66,000	63,954	2,046	60,526
Payroll taxes	5,115	5,214	4,854	360	5,012
Retirement contribution	-	243	255	(12)	-
Hospitalization	20,000	-	-	-	55,003
Insurance	251	170	166	4	248
Miscellaneous	-	7,600	8,550	(950)	680
Utilities	7,580	8,300	8,335	(35)	9,159
Total city court	<u>98,946</u>	<u>87,527</u>	<u>86,114</u>	<u>1,413</u>	<u>130,628</u>
Debt service -					
Retirement of principal	-	35,913	138,925	(103,012)	138,742
Interest and fiscal charges	-	2,085	42,022	(39,937)	49,536
Total debt service	<u>-</u>	<u>37,998</u>	<u>180,947</u>	<u>(142,949)</u>	<u>188,278</u>
Capital outlay -					
Public safety					
Police	-	-	22,505	(22,505)	-
Fire	58,975	14,000	22,185	(8,185)	90,010
Total capital outlay	<u>58,975</u>	<u>14,000</u>	<u>44,690</u>	<u>(30,690)</u>	<u>90,010</u>
Total expenditures	<u>3,472,399</u>	<u>3,500,851</u>	<u>3,243,431</u>	<u>257,420</u>	<u>3,702,828</u>
Deficiency of revenues over expenditures	(1,471,361)	(1,542,144)	(1,291,161)	250,983	(1,816,765)
Other financing sources (uses)					
Transfers in	1,485,000	1,552,500	1,511,408	(41,092)	2,545,178
Excess of revenues and other sources over expenditures and other uses	13,639	10,356	220,247	209,891	728,413
Fund balance (deficit), beginning	-	-	-	-	(728,413)
Fund balance, ending	<u>\$ 13,639</u>	<u>\$ 10,356</u>	<u>\$ 220,247</u>	<u>\$ 209,891</u>	<u>\$ -</u>

**NONMAJOR GOVERNMENTAL FUNDS**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

#### **OEA Grant Fund -**

To account for the receipt and use of proceeds of a grant from the Department of Defense, Office of Economic Adjustment for Regional Growth Management

#### **LCDBG Economic Development Fund -**

To account for the receipt and use of proceeds of a grant from the Louisiana Community Development Block Grant for economic development

### **Debt Service Funds**

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

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

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

#### **2002 Certificates of Indebtedness Fund**

To accumulate monies for payment of the \$255,000 and \$375,000 Excess Revenue Refunding Bonds, Series 2002A and Series 2002B, due in annual installments, plus interest, through maturity in 2012 Payments are derived from excess revenues of the General Fund

#### **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

(continued)

## NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

### **Capital Projects Funds**

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

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

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

#### **Louisiana Community Development Grant (LCDBG) Fund -**

To account for repairs to the sewer lines within the City

#### **2005 P.I. Sales Tax Bond Fund**

To account for the receipt and use of proceeds of the Public Improvement Sales Tax Bond, Series 2005, and subsequent expenditure of the funds

CITY OF LEESVILLE, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet  
June 30, 2012

	Special Revenue	Debt Service	Capital Projects	Total
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 7,352	\$ 575,679	\$ 99,941	\$ 682,972
Receivables -				
Due from other funds	-	209,604	-	209,604
Due from other governmental agencies	31,976	-	99,290	131,266
Total assets	<b>\$ 39,328</b>	<b>\$ 785,283</b>	<b>\$ 199,231</b>	<b>\$ 1,023,842</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 10,937	\$ -	\$ -	\$ 10,937
Accrued liabilities	2,947	-	-	2,947
Contracts and retainage payable	-	-	11,430	11,430
Due to other funds	18,092	-	142,330	160,422
Total liabilities	31,976	-	153,760	185,736
<b>Fund balances</b>				
Restricted for debt service	-	785,283	-	785,283
Restricted for capital projects	-	-	45,471	45,471
Assigned	7,352	-	-	7,352
Total fund balances	7,352	785,283	45,471	838,106
Total liabilities and fund balances	<b>\$ 39,328</b>	<b>\$ 785,283</b>	<b>\$ 199,231</b>	<b>\$ 1,023,842</b>

CITY OF LEESVILLE, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Revenues</b>				
Taxes -				
Taxes	\$ -	\$ 161,881	\$ -	\$ 161,881
Intergovernmental	61,936	-	472,313	534,249
Miscellaneous	<u>25</u>	<u>1,324</u>	<u>3</u>	<u>1,352</u>
Total revenues	<u>61,961</u>	<u>163,205</u>	<u>472,316</u>	<u>697,482</u>
<b>Expenditures</b>				
Current -				
General government	39,135	-	-	39,135
Public works	44,417	-	49	44,466
Economic development	40	-	-	40
Debt service	-	461,497	-	461,497
Capital outlay	<u>9,617</u>	<u>-</u>	<u>442,598</u>	<u>452,215</u>
Total expenditures	<u>93,209</u>	<u>461,497</u>	<u>442,647</u>	<u>997,353</u>
Excess (deficiency) of revenues over expenditures	<u>(31,248)</u>	<u>(298,292)</u>	<u>29,669</u>	<u>(299,871)</u>
<b>Other financing sources (uses)</b>				
Transfers in	40,507	641,710	15,756	697,973
Transfers out	<u>(9,274)</u>	<u>-</u>	<u>-</u>	<u>(9,274)</u>
Total financing sources (uses)	<u>31,233</u>	<u>641,710</u>	<u>15,756</u>	<u>688,699</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(15)	343,418	45,425	388,828
Fund balances, beginning	<u>7,367</u>	<u>441,865</u>	<u>46</u>	<u>449,278</u>
Fund balances, ending	<u>\$ 7,352</u>	<u>\$ 785,283</u>	<u>\$ 45,471</u>	<u>\$ 838,106</u>

**NONMAJOR SPECIAL REVENUE FUNDS**

CITY OF LEESVILLE, LOUISIANA  
Nonmajor Special Revenue Funds

Combining Balance Sheet  
June 30, 2012

	Mainstreet Program	OEA Grant	LCDBG Economic Development	Total
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ -	\$ -	\$ 7,352	\$ 7,352
Due from other governmental agencies	<u>11,261</u>	<u>20,715</u>	<u>-</u>	<u>31,976</u>
Total assets	<u>\$ 11,261</u>	<u>\$ 20,715</u>	<u>\$ 7,352</u>	<u>\$ 39,328</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 9,515	\$ 1,422	\$ -	\$ 10,937
Accrued liabilities	1,161	1,786	-	2,947
Due to other funds	<u>585</u>	<u>17,507</u>	<u>-</u>	<u>18,092</u>
Total liabilities	<u>11,261</u>	<u>20,715</u>	<u>-</u>	<u>31,976</u>
Fund balances				
Unassigned	<u>-</u>	<u>-</u>	<u>7,352</u>	<u>7,352</u>
Total liabilities and fund balances	<u>\$ 11,261</u>	<u>\$ 20,715</u>	<u>\$ 7,352</u>	<u>\$ 39,328</u>

CITY OF LEESVILLE, LOUISIANA  
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2012

	<u>Mainstreet Program</u>	<u>OEA Grant</u>	<u>LCDBG Economic Development</u>	<u>Total</u>
<b>Revenues</b>				
Intergovernmental	\$ 22,061	\$ 39,875	\$ -	\$ 61,936
Miscellaneous	<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>
<b>Total revenues</b>	<u>22,061</u>	<u>39,875</u>	<u>25</u>	<u>61,961</u>
<b>Expenditures</b>				
General government	-	39,135	-	39,135
Public works	44,417	-	-	44,417
Economic development	-	-	40	40
Capital outlay	<u>8,561</u>	<u>1,056</u>	<u>-</u>	<u>9,617</u>
<b>Total expenditures</b>	<u>52,978</u>	<u>40,191</u>	<u>40</u>	<u>93,209</u>
<b>Deficiency of revenues     over expenditures</b>	<u>(30,917)</u>	<u>(316)</u>	<u>(15)</u>	<u>(31,248)</u>
<b>Other financing sources (uses)</b>				
Transfers in	40,191	316	-	40,507
Transfers out	<u>(9,274)</u>	<u>-</u>	<u>-</u>	<u>(9,274)</u>
<b>Total other financing sources (uses)</b>	<u>30,917</u>	<u>316</u>	<u>-</u>	<u>31,233</u>
<b>Deficiency of revenues and other     sources over expenditures and other uses</b>	-	-	(15)	(15)
<b>Fund balances, beginning</b>	<u>-</u>	<u>-</u>	<u>7,367</u>	<u>7,367</u>
<b>Fund balances, ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,352</u>	<u>\$ 7,352</u>

**NONMAJOR DEBT SERVICE FUNDS**

**CITY OF LEESVILLE, LOUISIANA  
Nonmajor Debt Service Funds**

**Combining Balance Sheet  
June 30, 2012**

	<u>Sales Tax Sinking</u>	<u>2002 Certificates of Indebtedness</u>	<u>2004 GOB Street Improvements</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 495,219	\$ 75,623	\$ 4,837	\$ 575,679
Due from other funds	<u>-</u>	<u>22,015</u>	<u>187,589</u>	<u>209,604</u>
Total assets	<u>\$ 495,219</u>	<u>\$ 97,638</u>	<u>\$ 192,426</u>	<u>\$ 785,283</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund balances				
Restricted for debt service	<u>495,219</u>	<u>97,638</u>	<u>192,426</u>	<u>785,283</u>
Total liabilities and fund balances	<u>\$ 495,219</u>	<u>\$ 97,638</u>	<u>\$ 192,426</u>	<u>\$ 785,283</u>

CITY OF LEESVILLE, LOUISIANA  
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2012

	<u>Sales Tax Sinking</u>	<u>2002 Certificates of Indebtedness</u>	<u>2004 GOB Street Improvements</u>	<u>Total</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 161,881	161,881
Miscellaneous	<u>352</u>	<u>883</u>	<u>89</u>	<u>1,324</u>
Total revenues	<u>352</u>	<u>883</u>	<u>161,970</u>	<u>163,205</u>
<b>Expenditures</b>				
Debt service	<u>223,549</u>	<u>82,003</u>	<u>155,945</u>	<u>461,497</u>
Total expenditures	<u>223,549</u>	<u>82,003</u>	<u>155,945</u>	<u>461,497</u>
Excess (deficiency) of revenues over expenditures	(223,197)	(81,120)	6,025	(298,292)
<b>Other financing sources (uses)</b>				
Transfers in	<u>465,055</u>	<u>176,655</u>	<u>-</u>	<u>641,710</u>
Excess of revenues and other sources over expenditures	241,858	95,535	6,025	343,418
Fund balances, beginning	<u>253,361</u>	<u>2,103</u>	<u>186,401</u>	<u>441,865</u>
Fund balances, ending	<u>\$ 495,219</u>	<u>\$ 97,638</u>	<u>\$ 192,426</u>	<u>\$ 785,283</u>

**NONMAJOR CAPITAL PROJECTS FUNDS**

CITY OF LEESVILLE, LOUISIANA  
Nonmajor Capital Projects Funds

Combining Balance Sheet  
June 30, 2012

	<u>Airport Construction</u>	<u>LCDBG</u>	<u>2005 P 1 Sales Tax Bonds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ -	\$ 99,941	\$ -	\$ 99,941
Due from other governmental agencies	<u>99,290</u>	<u>-</u>	<u>-</u>	<u>99,290</u>
Total assets	<u>\$ 99,290</u>	<u>\$ 99,941</u>	<u>\$ -</u>	<u>\$ 199,231</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Contracts and retainage payable	\$ 11,430	\$ -	\$ -	11,430
Due to other funds	<u>57,623</u>	<u>84,707</u>	<u>-</u>	<u>142,330</u>
Total liabilities	<u>69,053</u>	<u>84,707</u>	<u>-</u>	<u>153,760</u>
<b>Fund balances</b>				
Restricted for capital projects	<u>30,237</u>	<u>15,234</u>	<u>-</u>	<u>45,471</u>
Total liabilities and fund balances	<u>\$ 99,290</u>	<u>\$ 99,941</u>	<u>\$ -</u>	<u>\$ 199,231</u>

CITY OF LEESVILLE, LOUISIANA  
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2012

	Airport Construction	LCDBG	2005 P I Sales Tax Bonds	Total
<b>Revenues</b>				
Intergovernmental	\$ 472,313	\$ -	\$ -	\$ 472,313
Miscellaneous	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
<b>Total revenues</b>	<u>472,313</u>	<u>-</u>	<u>3</u>	<u>472,316</u>
<b>Expenditures</b>				
Public works	-	-	49	49
Capital outlay	<u>442,598</u>	<u>-</u>	<u>-</u>	<u>442,598</u>
<b>Total expenditures</b>	<u>442,598</u>	<u>-</u>	<u>49</u>	<u>442,647</u>
<b>Excess (deficiency) of revenues     over expenditures</b>	29,715	-	(46)	29,669
<b>Other financing sources (uses)</b>				
Transfers in	<u>522</u>	<u>15,234</u>	<u>-</u>	<u>15,756</u>
<b>Excess (deficiency) of revenues and     other sources over expenditures</b>	30,237	15,234	(46)	45,425
<b>Fund balances, beginning</b>	<u>-</u>	<u>-</u>	<u>46</u>	<u>46</u>
<b>Fund balances, ending</b>	<u>\$ 30,237</u>	<u>\$ 15,234</u>	<u>\$ -</u>	<u>\$ 45,471</u>

**COMPLIANCE, INTERNAL CONTROL  
AND  
OTHER GRANT INFORMATION**

**KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC**  
 CERTIFIED PUBLIC ACCOUNTANTS

C Burton Kolder CPA\*  
 Russell F Champagne CPA\*  
 Victor R Slaven CPA\*  
 P Troy Courville CPA\*  
 Gerald A Thibodeaux, Jr CPA\*  
 Robert S Carter CPA\*  
 Arthur R Moxon CPA\*

Penny Angelle Scruggins CPA  
 Christine L Cousin CPA  
 Wanda F Arcement, CPA,CVA  
 Allen J LeBry CPA  
 Albert R Leger CPA,PFS CSA\*  
 Marshall W Guidry CPA  
 Stephen R Moore Jr CPA PFS CFP® ChFC®  
 James R Roy CPA  
 Robert J Metz, CPA  
 Alan M Taylor CPA  
 Kelly M Doucet CPA  
 Cheryl L Bartley CPA  
 Mandy B Self CPA  
 Paul L Delcambre Jr CPA  
 Kristin B Dauzat CPA  
 Matthew E Margaglio CPA  
 Jane R Hebert, CPA  
 Bryan K Joubert, CPA  
 Stephen J Anderson CPA

Retired  
 Conrad O Chapman CPA\* 2006  
 Tynes E Moxon Jr CPA 2011

\* A Professional Accounting Corporation

**OFFICES**

183 South Beadle Rd Lafayette LA 70508 Phone (337) 232-4141 Fax (337) 232-8660	450 East Main Street New Ibera LA 70560 Phone (337) 367-8204 Fax (337) 367-8208
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113 East Bridge St. Breaux Bridge LA 70517 Phone (337) 332-4020 Fax (337) 332 2867	200 South Main Street Abbeville LA 70510 Phone (337) 893-7944 Fax (337) 893-7946
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1234 David Dr Ste 203 Morgan City LA 70380 Phone (985) 384-2020 Fax (985) 384-3020	1013 Main Street Franklin LA 70538 Phone (337) 828-0272 Fax (337) 828-0290
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408 West Cotton Street Ville Platte LA 70565 Phone (337) 363-2792 Fax (337) 363-3049	133 East Waddil St Marksville LA 71351 Phone (318) 253-8252 Fax (318) 253-8681
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332 West Sixth Avenue Oberlin LA 70655 Phone (337) 639-4737 Fax (337) 639-4568	1428 Metro Drive Alexandria LA 71301 Phone (318) 442-4421 Fax (318) 442-8833
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WEB SITE  
 WWW.KCSRCPAS.COM

**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 C Robert Rose, Mayor  
 and Members of the City Council  
 City of Leesville, Louisiana

We have audited 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's primary government as of and for the year ended June 30, 2012, which collectively comprise the City of Leesville, Louisiana's basic financial statements and have issued our report thereon dated December 17, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Leesville, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Leesville, Louisiana's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying summary schedule of current and prior year audit findings and corrective action plan that we consider to be a significant deficiency in internal control over financial reporting as item 2012-1. 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.

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 2012-2 and 2012-3.

This report is intended solely for the information of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report maybe limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Lafayette, Louisiana  
December 17, 2012

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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C Burton Kolder CPA\*  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable C Robert Rose, Mayor  
and Members of the City Council  
City of Leesville, Louisiana

### Compliance

We have audited the City of Leesville, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Leesville, Louisiana's major federal programs for the year ended June 30, 2012. City of Leesville, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Leesville, Louisiana's management. Our responsibility is to express an opinion on the City of Leesville, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Leesville, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Leesville, Louisiana's compliance with those requirements.

In our opinion, the City of Leesville, Louisiana complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-3.

#### Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Leesville, Louisiana's responses to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Leesville, Louisiana's response and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the City of Leesville, Louisiana's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the City of Leesville, Louisiana's compliance but not to provide an opinion on the effectiveness of the City of Leesville, Louisiana's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Leesville, Louisiana's compliance with requirements applicable to each major program and its internal control compliance. Accordingly, this report is not suitable for any other purpose.

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

Lafayette, Louisiana  
December 17, 2012

CITY OF LEESVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

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 Environmental Quality ARRA - Capitalization Grants for Clean Water	66 458	<u>\$ 35,714</u>
<u>U S Department of Energy</u>		
Passed-through Vernon Parish Police Jury Energy Efficiency and Conservation Block Grant Program	81 128	<u>7,300</u>
<u>U S Department of Transportation</u>		
Airport Improvement Program *	20 106	411,730
Passed-through State of Louisiana Department of Public Safety and Corrections - Louisiana Highway Safety Commission ARRA - Highway Planning and Construction	20 205	7,068
State and Community Highway Safety	20 600	2,207
Alcohol Impaired Driving Countermeasures Incentive Grants	20 601	<u>10,050</u>
Total U S Department of Transportation		<u>431,055</u>
<u>U S Department of Defense</u>		
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12 607	<u>39,875</u>
<u>U S Department of Housing and Urban Development</u>		
Passed-through State of Louisiana Office of Community Development Community Development Block Grants *	14 228	<u>325,766</u>
<u>U S Department of Justice</u>		
ARRA - Office of Community Oriented Policing Services	16 710	<u>29,181</u>
<b>TOTAL FEDERAL EXPENDITURES</b>		<u><b>\$ 868,891</b></u>

\* Indicates Major Program

CITY OF LEESVILLE, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Leesville, Louisiana (the "City") The City's reporting entity is defined in Note 1 to the primary government financial statements for the year June 30, 2012 All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies The U S Department of Transportation Airport Improvement Program and the U S Department of Housing and Urban Development Passed through the State of Louisiana Office of Community Development – Community Development Block Grants were considered to be major federal programs

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's primary government financial statements for the year ended June 30, 2012

(3) Relationship to Primary Government Financial Statements

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

From federal sources

Government Fund Types -

Special Revenue Funds

\$ 95,681

Capital Projects Funds

411,730

Proprietary Fund Type -

Sewer Fund

361,480

Total federal expenditures reported in the Schedule of  
Expenditures of Federal Awards

\$ 868,891

(4) Relationship to Federal Financial Reports

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

CITY OF LEESVILLE, LOUISIANA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

Part I Summary of Auditor's Results

- 1 The auditor's report expresses an adverse opinion on the financial statements of the City of Leesville, Louisiana's reporting entity because they do not include financial data of all component units. An unqualified opinion was issued on the basic financial statements of the City of Leesville, Louisiana's primary government.
- 2 There was one significant deficiency in internal control disclosed by the audit of the financial statements.
- 3 There were two instances of noncompliance disclosed by the audit of the financial statements.
- 4 There were no significant deficiencies in internal control over the major program disclosed by the audit of the financial statements.
- 5 An unqualified opinion was issued on compliance for the major program.
- 6 Audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133 are reported in this schedule.
- 7 The major programs were:  
  
U S Department of Transportation Airport Improvement Program CFDA No 20 106  
  
U S Department of Housing and Urban Development Passed through State of Louisiana Office of Community Development – Community Development Block Grants CFDA No 14 228
- 8 The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
- 9 The auditee did not qualify as a low-risk auditee under Section 530 of Circular A-133.

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

See Findings 2012-1 through 2012-3 the Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan

CITY OF LEESVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2012

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

U S DEPARTMENT OF TRANSPORTATION

Compliance Finding –

2012-3 Noncompliance with Davis-Bacon Act

U S Department of Transportation Airport Improvement Program CFDA No 20 106

Criteria

The Davis-Bacon Act requires all contractors and subcontractors performing work on federal or District of Columbia construction contracts or federally assisted contracts in excess of \$2,000 to pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits for corresponding classes of laborers and mechanics employed on similar projects in the area. The prevailing wage rates and fringe benefits are determined by the Secretary of Labor for inclusion in covered contracts. The requirements of the Davis-Bacon Act are applicable to construction work for airport development projects financed with grants under the U S Department of Transportation Airport Improvement Program.

Condition

The contractor hired for the City's airport improvement program did not comply with the requirement of the Davis-Bacon Act. The grant administrator hired by the City failed to adequately monitor the compliance requirements of the grant, and as a result failed to identify the contractor's failure to comply with the provisions of the Davis-Bacon Act.

Context

The contractor hired for the City's airport improvement program did not prepare the timesheets required by the provisions of the Davis-Bacon Act. The contractor did use the correct prevailing wage rates when paying the laborers, however, the proper documentation was not prepared.

Effect

The City of Leesville did not comply with the requirements of the Davis-Bacon Act.

CITY OF LEESVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2011

Recommendation

The City should take the necessary action to ensure that the requirements of the Davis-Bacon Act are followed for all applicable construction contracts

Planned Corrective Action and Management's Response

A corrective plan of action has been implemented to ensure provisions of executed contracts are regarded. The Finance Director maintains oversight of the City's contractual obligations.

CITY OF LEESVILLE, LOUISIANA

Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012

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

See Findings 2011-1 through 2011-10 the Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan

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

U S ENVIRONMENTAL PROTECTION AGENCY

Compliance Finding –

2011-10 Untimely Disbursement of Funds to Contractor

U S Environmental Protection Agency Passed through State of Louisiana Department of Environmental Quality – Capitalization Grants for Clean Water CFDA No 66 458

Criteria

The Louisiana Department of Environmental Quality (LDEQ) was allocated over \$43 million dollars through the American Recovery and Reinvestment Act (ARRA), to provide funding for wastewater infrastructure needs through the Clean Water State Revolving Fund Program (CWSRF) One of the projects funded was submitted by the City of Leesville, Louisiana (the City), for a lift station upgrade and rehabilitation of approximately 3,000 feet of existing collection lines The CWSRF loan documents required the City to pay promptly all approved costs of the project

Condition

In December 2010, the City received reimbursement for approved costs of the Project The City's contractor also submitted its request for payment to the City in December 2010 for \$179,574, however, the City did not pay the contractor until April 15, 2011

Context

The City of Leesville did not follow the provisions of the CWSRF loan documents requiring the City to pay promptly all approved costs of the project

CITY OF LEESVILLE, LOUISIANA

Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012

Effect

The City of Leesville did not follow the provisions of the CWSRF loan documents requiring the City to pay promptly all approved costs of the project

Recommendation

The City should take the necessary action to ensure that the requirements of the CWSRF loan documents are followed

Planned Corrective Action and Management's Response

On March 29, 2011, it was brought to the LDEQ's attention that the City's contractor had not been paid the balance due for work performed in December 2010. The LDEQ immediately contacted the City and requested an explanation as to the four-month delay in making payment to the contractor. The City responded promptly to the LDEQ's inquiry and paid the contractor all amounts due.

Status at June 30, 2012

Corrective action has been taken by the City

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended June 30, 2012

<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 (06/30/12) --					
<u>Internal Control</u>					
2012-1 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	Courtney Christian, City Administrator	N/A
<u>Compliance</u>					
2012-2	The City did not amend the General Fund budget in accordance with LSA-RS 39 1311(A)(1) & (2) that states when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted expenditures by five percent or more, the budget must be amended Total expenditures exceeded budgeted expenditures by 11.8% or \$209,805		The City will adhere to the provisions of LSA-RS 39 1311(A)(1)&(2) by monitoring its financial statements closely and amending the budget when actual expenditures plus projected expenditures exceed budgeted amounts by five percent or more	Megan O'Banton, Finance Director	6/30/2013

(continued)

CITY OF LEEVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2012

<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>
2012-3	2012	The City did not comply with the requirements of the Davis-Bacon Act applicable to construction work for airport development projects financed with grants under the Federal Aviation Administration airport improvement program grant		A corrective plan of action has been implemented to ensure provisions of executed contracts are regarded. The Finance Director maintains oversight of the City's contractual obligations	Megan O'Banion, Finance Director	6/30/2013

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2012

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 (06/30/11) --						
<u>Internal Control</u>						
2011-1	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 2012-1		
2011-2	2010	The City does not have adequate controls over grant accounting. Policies and procedures should be established in order to centralize grant record-keeping	Yes			
2011-3	Unknown	The City does not have formal written policies and procedures covering the use of credit cards and fuel cards. The City should prepare and adopt a comprehensive credit and fuel card usage policy. This policy should address how credit and fuel cards are to be controlled, define allowable business use and charges, define a method for monitoring usage and required approvals and proper documentation	Yes			

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2012

<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>PRIOR YEAR (06/30/11) --</u>						
<u>Internal Control</u>						
2011-4	2011	The City does not have formal written policies and procedures covering contracts/contracting. The City also does not have centralized control and oversight of contracts to ensure services and deliverables received and payments made comply with the terms and condition of the contracts. The City should prepare and adopt policies and procedures covering contracts and contracting activities. This policy should address what types of services require written contracts, define the standard terms and conditions of contracts, and address the legal review, approval and monitoring processes over contracts.	Yes			
<u>Compliance</u>						
2011-5	Unknown	The City of Leesville does not have adequate inventory records for capital assets and has not conducted physical inventories as required by LSA-RS 24 515. The city should establish and implement a policy for capital assets which includes a dollar threshold for items to be included in inventory and requires periodic physical inventories.	Yes			

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2012

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 (06/30/11) --</u>						
<u>Compliance</u>						
2011-6	2010	The City did not comply with the sinking fund deposit requirements for its various bond issues. The bond issues require that amounts be transferred monthly into the sinking fund accounts. The required transfers were not made to these account for the fiscal year ended June 30, 2011. It is recommended that the City fully comply with the sinking fund deposit transfers as required by the bond issues.	Yes			
2011-7	2010	The City has not established separate bank accounts for the Sales Tax Bond Sinking Fund and the Sales Tax Bond Reserve Fund required by the Sales Tax Revenue Public Improvement Bonds, Series 2005. Currently, one bank account is being utilized for both of the bond funds.	Yes			

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2012

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 (06/30/11) --</u>						
<u>Compliance</u>						
2011-8	2010	The City did not amend the Public Safety Special Revenue Fund budget in accordance with LSA-RS 39 1311(A)(1) & (2) that states when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted expenditures by five percent or more, the budget must be amended Total revenues were less than budgeted revenues by 5 2% or \$103,475 Total expenditures exceeded budgeted expenditures by 8% or \$280,069	Yes			
2011-9	2011	The City did not properly adopt the Public Safety Special Revenue Fund budget in accordance with LSA-RS 39 1309(B) that states the adopted budget shall be balanced with approved expenditures not exceeding the total of estimated funds available The City adopted a budget for the Public Safety Special Revenue Fund with an ending deficit of \$586,807 and an amended deficit of \$692,264	Yes			

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2012

<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>PRIOR YEAR (06/30/11) --</u>						
<u>Compliance</u>						
2011-10	2011	The City of Leesville participated in the Clean Water State Revolving Fund Program (CWSRF) for a lift station upgrade and rehabilitation of approximately 3,000 feet of existing collection lines. The CWSRF loan documents required the City to pay promptly all approved costs of the project. In December 2010, the City received reimbursement for approved costs of the Project. The City's contractor also submitted its request for payment to the City in December 2010 for \$179,574, however, the City did not pay the contractor until April 15, 2011. The City of Leesville did not follow the provisions of the CWSRF loan documents requiring the City to pay promptly all approved costs of the project.	Yes			
<u>Management Letter</u>						
2011-11	2010	The City did not comply with personnel policies and procedures governing vacation and sick leave. During the year ended June 30, 2011, one employee was paid accumulated sick leave. This employee was not eligible for such a payment under the City's policy, and there was no written approval from the City Administrator maintained within the personnel files.	Yes			

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2012

<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>PRIOR YEAR (06/30/11) --</u>				
		<u>Management Letter</u>				
2011-12	2010	Policies and procedures should be implemented to ensure that adequate documentation of Louisiana Employee Withholding Exemption Certificate, Form L-4, and employee authorized deductions, if any, and that authorized pay rates are placed in personnel files	Yes			
2011-13	2010	For the year ended June 30, 2010, the City's utility system collected sales taxes on sewer, sales Sewer sales are exempt from Louisiana sales tax. Although this practice has been discontinued, the City should make arrangements to recover sales tax monies remitted to the state since July 1, 2009. The City should also credit customer accounts for sales taxes incorrectly charged	Yes			
2011-14	Unknown	The City's system of tracking the compensated absences is not centralized. It was also noted that not all leave has to be approved before being taken. The City should develop and implement procedures to ensure that all employee leave is properly authorized and accounted for	Yes			

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2012

<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 (06/30/11) --						
<u>Management Letter</u>						
2011-15	2006	For fiscal year ending June 30, 2006, the City had questioned costs relating to overtime and equipment costs for the Police Department associated with hurricanes Katrina and Rita. There was an overstatement of costs associated with Hurricane Katrina of \$51,763 which was requested and received. Therefore, the City owed the federal government \$51,763 for overstated costs. For the year ended June 30, 2007, the City recorded a liability for the \$51,763 but did not properly remit the funds. As of June 30, 2011, these funds remain unpaid.	Yes			
2011-16	2011	Management should implement policies and procedures to ensure that proper documentation is maintained for all travel expenses. This documentation should include the public purpose of the travel and proper written approval.	Yes			

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2012

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 (06/30/11) --</u>						
<u>Management Letter</u>						
2011-17	2011	The City does not have formal written policies and procedures in place covering the processing of payroll transactions. The City should prepare and adopt policies and procedures detailing the processing of payroll transactions. This policy should address the approval process for timesheets and vacation and sick time used. This policy should also address the proper use of time clocks by hourly employees.	Yes			
2011-18	2011	The City's accounts payable/purchasing procedures do not discuss how vendors are added to the vendor list and there are no checks and balances to ensure compliance with the public bid law. In addition, the City does not have written policies and procedures for handling receipts. We recommend that someone separate from the purchasing function have authorization to add and/or delete vendors. In addition procedures need to be implemented to monitor compliance with the public bid law requirements. Policies and procedures for receiving, recording, and preparing deposits need to be adopted.	Yes			

(continued)

CITY OF LEESVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2012

<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>PRIOR YEAR (06/30/11) --</u>						
<u>Management Letter</u>						
2011-19	2011	Payroll taxes and/or employee withholdings were not being remitted timely	Yes			

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C Burton Kolder CPA\*  
Russell F Champagne CPA\*  
Victor R Slaven CPA\*  
P Troy Courville CPA\*  
Gerald A Thibodeaux, Jr CPA\*  
Robert S Carter CPA\*  
Arthur R Mixon CPA\*

Penny Angelle Scruggins CPA  
Christine L Cousin CPA  
Wanda F Arcement, CPA,CVA  
Allen J LaBry CPA  
Albert R Leger CPA,PFS CSA\*  
Marshall W Guldry CPA  
Stephen R Moore Jr CPA,PFS CFP® ChFC®  
James R Roy CPA  
Robert J Metz, CPA  
Alan M Taylor CPA  
Kelly M Doucet CPA  
Cheryl L Bartley CPA  
Mandy B Self CPA  
Paul L Delcambre Jr CPA  
Krstin B Dauzat CPA  
Matthew E Margaglio CPA  
Jane R Hebert, CPA  
Bryan K Joubert, CPA  
Stephen J Anderson CPA

Retired  
Conrad O Chapman CPA\* 2006  
Tynas E Mixon Jr CPA 2011

A Professional Accounting Corporation

## OFFICES

183 South Beadle Rd  
Lafayette LA 70508  
Phone (337) 232-4141  
Fax (337) 232-8660

450 East Main Street  
New Iberia LA 70560  
Phone (337) 367-9204  
Fax (337) 367-9208

113 East Bridge St  
Breaux Bridge LA 70517  
Phone (337) 332-4020  
Fax (337) 332-2867

200 South Main Street  
Abbeville LA 70510  
Phone (337) 893-7944  
Fax (337) 893-7946

1234 David Dr Ste 203  
Morgan City LA 70380  
Phone (985) 384-2020  
Fax (985) 384-3020

1013 Main Street  
Franklin LA 70538  
Phone (337) 828-0272  
Fax (337) 828-0290

408 West Cotton Street  
Ville Platte LA 70586  
Phone (337) 363-2782  
Fax (337) 363-3049

133 East Waddil St  
Marksville LA 71351  
Phone (318) 253-9252  
Fax (318) 253-8681

332 West Sixth Avenue  
Oberlin LA 70655  
Phone (337) 639-4737  
Fax (337) 639-4568

1428 Metro Drive  
Alexandria LA 71301  
Phone (318) 442-4421  
Fax (318) 442-9833

WEB SITE  
WWW.KCSRCPAS.COM

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

Mr C Robert Rose, Mayor  
and Members of the City Council  
Leesville, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below as they are a required part of the audit engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted.

Management of the City of Leesville, Louisiana is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the City of Leesville, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the City of Leesville, Louisiana's compliance with certain laws and regulations during the period ended June 30, 2012 included in the *Louisiana Compliance Questionnaire*.

This agreed-upon procedures engagement was performed 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.

## ***Payroll and Personnel***

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- 1 Obtain and review the entity's written policies and procedures for payroll and personnel and determine if they address the processing of payroll, including reviewing and approving of time and attendance records, including leave and overtime worked

The City has written policies and procedures covering the processing of payroll, including reviewing and approving of time and attendance records, including leave and overtime worked

- 2 Obtain a listing of employment contracts/agreements in force during the period under examination. Select the largest (dollar amount) employment contract and determine if all payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract

There was only one employment contract in place. The City of Leesville was under an intergovernmental agreement with the City of Deridder, Louisiana for the use of one of their Police Lieutenants as a special officer in the Leesville Police Department. All payments issued to the City of Deridder, Louisiana were done in strict accordance with the terms and conditions of the contract. During the October 24, 2011 council meeting the Lieutenant under contract was appointed as the Chief of Police for the City of Leesville, Louisiana. Since this time, it was noted that the City of Leesville has not had any other employment contracts in force.

- 3 Select the attendance and leave records for one pay period and
  - Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.) (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.)

There were no exceptions noted as a result of the procedures performed.

- Determine if supervisors are approving, in writing, the attendance and leave of all employees

All employee timesheets for the pay period ending March 11, 2012 were examined. In four instances, a supervisor did not sign employee's leave request form as required. In eleven instances, a supervisor did not sign employee's timesheet as required. In two instances, a supervisor did not sign employee's overtime approval form. In one instance, the employee did not sign their leave request form as required. In one instance, neither the employee nor the supervisor signed the leave request form as required. In two instances, neither employee nor the supervisor signed the timesheet as required.

In the Public Works department, none of the employee time cards were approved by a supervisor for the pay period ending March 11, 2012 as required. The Administrative Assistant sends a spreadsheet to the Finance Department with the employee's time and leave for the period. This document is approved by the department head and City Administrator. It was determined that since the implementation of the Biometric time clock system in April 2012, all employee time sheets are printed from the time clock plus software and are all approved by the department head.

- Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

There were no exceptions noted as a result of procedures performed.

- 4 Select the five highest paid employees and determine if changes made to their hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

There were no exceptions noted as a result of the procedures performed.

- 5 Select the five largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by documentation, made in strict accordance with policy and/or contract, and properly approved.

Of the five largest termination payments examined, one employee was given an advance of eleven hours on their last paycheck. There was no evidence of approval of this exception in the employee's file. In one instance, an employee was paid sick leave after resigning from the City of Leesville, which is against City Policy. The payment was approved in writing by the City Administrator, however, the City Administrator does not have the authority to approve such an exception. The policy states that only upon retirement may an employee be paid for accumulated sick leave. In four instances, there was no separation notice located in the employee's personnel file as required.

- 6 Determine if any employees were also being paid as contract labor during the period of the examination.

There were no exceptions noted as a result of the procedures performed.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the City of Leesville, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Lafayette, Louisiana  
December 17, 2012

**City of Leesville**  
Management's Corrective Action Plan  
June 30, 2012

**1. Payroll and Personnel**

**Finding – Question 3** All employee timesheets for the pay period ending March 11, 2012 were examined. In four instances, a supervisor did not sign employee's leave request form as required. In eleven instances, a supervisor did not sign employee's timesheet as required. In two instances, a supervisor did not sign employee's overtime approval form. In one instance, the employee did not sign their leave request form as required. In one instance, neither the employee nor the supervisor signed the leave request form as required. In two instances, neither employee nor the supervisor signed the timesheet as required. In the Public Works department, none of the employee time cards were approved by a supervisor for the pay period ending March 11, 2012 as required. The Administrative Assistant sends a spreadsheet to the Finance Department with the employee's time and leave for the period. This document is approved by the department head and City Administrator.

**Recommendation** We recommend that timesheets be submitted and maintained for all employees who are required to prepare one. Administration should meet with the Public Works Department Supervisor and determine an appropriate and accommodating employee time recordkeeping system and incorporate such in the City's policies and procedures.

**Corrective Action Plan** In April 2012, the City implemented a Biometric time clock system and a new format for timesheets. All employee timesheets are printed from the time clock plus software and approved by the department head.

**Finding – Question 5** Of the five largest termination payments examined, one employee was given an advance of eleven hours on their last paycheck. There was no evidence of approval of this exception in the employee's file. In one instance, an employee was paid sick leave after resigning from the City of Leesville, which is against City Policy. The payment was approved in writing by the City Administrator, however, the City Administrator does not have the authority to approve such an exception. The policy states that only upon retirement may an employee be paid for accumulated sick leave. In four instances, there was no separation notice located in the employee's personnel file as required.

**Recommendation** - The City should never advance payroll. All termination payment should be done in strict accordance with the City's policy, and documentation should be maintained in each employee's personnel file.

**Corrective Action Plan** The City is attempting collection of sick leave paid in violation of policy. All personnel files will be reviewed to make sure the supporting documentation supporting the employee's compensation is in the file. The personnel files will be kept updated.