
CITY OF MANDEVILLE,
LOUISIANA

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
AUGUST 31, 2021

CITY OF MANDEVILLE, LOUISIANA
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INDEPENDENT AUDITORS' REPORT

The Honorable Clay Madden, Mayor
and Members of the City Council
City of Mandeville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mandeville, Louisiana (the City), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on pages 56 through 60, the schedule of changes in total OPEB liability and related ratios on page 61, the schedule of proportionate share of the net pension liability on page 62, the schedule of employer contributions to each retirement system on page 63, and the notes on page 64 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying financial information listed in the table of contents as other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining non-major governmental fund financial statements, schedule of compensation paid to City Council members, and the schedule of compensation, benefits, other payments to the Mayor and the Justice System Funding Schedule – Collecting / Disbursing are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, LA
October 28, 2022

REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

As management of the City of Mandeville, Louisiana (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City, for the fiscal year ended August 31, 2021. This management's discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. The MD&A is intended to provide readers with a broad overview of the City's finances and an analysis of the City's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial reporting, the information contained within the MD&A should be considered as only a part of a greater whole. We encourage readers to consider the information presented here in conjunction with the financial statements and with additional information presented in the required supplementary information (RSI) that is provided in addition to this MD&A.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources of the City at the close of the most recent fiscal year by \$140,263,232. This is comprised of \$87,073,805 in governmental activities and \$53,189,427 in business-type activities.
- The City's total net position increased by \$6,239,390. This is comprised of a \$5,745,185 increase from governmental activities and a \$494,205 increase from business-type activities.
- The unrestricted portion of total net position totaled \$16,662,981. This is comprised of \$10,412,641 in governmental activities and \$6,250,340 in business-type activities. Unrestricted net position is available for use at the City's discretion.
- Approximately 60.1% of the City's total net position is comprised of its investment in capital assets (e.g., land, buildings, equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending.
- Approximately 28.0% (\$39,349,684) of the City's net position is restricted by tax levies and DMV office operations and maintenance.
- The City received one-half of the federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) of \$2,306,954 from the United States Treasury. The City is expected to receive its remaining allocation during 2022 of approximately the same amount. Since the City did not incur eligible expenditures on the SLRF allocation during 2021, the amount received is recorded as unearned revenue in the proprietary fund. The City expects to spend these funds during 2022 and subsequent years for eligible uses and projects.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 12 and 13) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

- The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and cemetery. The business-type activities of the City include water and sewer services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's financing requirements.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for its six major funds: General Fund, Sales Tax Fund, Special Sales Tax Fund, District No. 3 Sales Tax Fund, Tax Collector Fund, and Street Construction Fund. Data from the other governmental funds are combined under the heading "Non-Major Governmental Funds."

- *Proprietary Fund* - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Departments. This fund is considered to be a major fund of the City.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information.

- A. Budgetary Comparison Schedules - The City adopts an annual appropriated budget for its General Fund and each major special revenue fund. A budgetary comparison statement has been provided for the General Fund and each major special revenue fund to demonstrate compliance with this budget.
- B. Schedule of Changes in Total Other Post Employment Benefit Liability and Related Ratios
- C. Schedule of Proportionate Share of the Net Pension Liability
- D. Schedule of Employer Contributions to Each Retirement System

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

Other Supplementary Information

- A. Combining Statements of the Non-Major Governmental Funds
- B. Schedule of Compensation Paid to City Council Members
- C. Schedule of Compensation, Benefits, and Other Payments to the Mayor
- D. Justice System Funding Schedule – Collecting / Disbursing

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position is divided into three categories: investment in capital assets, restricted, and unrestricted. The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$140,263,232 (total net position), of which \$16,662,981 is unrestricted net position.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Since the City had no outstanding capital related debt, the investment in capital assets equals the capital assets balance at year end.

An additional portion of the City's net position represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Summary Schedules of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020, as restated	2021	2020, as restated	2021	2020, as restated
Current and other assets	\$ 64,614,631	\$ 58,576,632	\$ 10,755,638	\$ 7,699,589	\$ 75,370,269	\$ 66,276,221
Capital assets	37,311,480	37,611,112	46,939,087	47,506,942	84,250,567	85,118,054
Total assets	101,926,111	96,187,744	57,694,725	55,206,531	159,620,836	151,394,275
Deferred outflows of resources	2,396,129	3,432,237	243,600	409,275	2,639,729	3,841,512
Long-term liabilities	11,143,624	16,314,224	1,432,682	2,119,226	12,576,306	18,433,450
Other liabilities	2,222,352	1,065,372	2,935,522	727,042	5,157,874	1,792,414
Total liabilities	13,365,976	17,379,596	4,368,204	2,846,268	17,734,180	20,225,864
Deferred inflows of resources	3,882,459	911,765	380,694	74,316	4,263,153	986,081
Net position						
Investment in capital assets	37,311,480	37,611,112	46,939,087	47,506,942	84,250,567	85,118,054
Restricted	39,349,684	34,543,414	-	-	39,349,684	34,543,414
Unrestricted	10,412,641	9,174,094	6,250,340	5,188,280	16,662,981	14,362,374
Total net position	\$ 87,073,805	\$ 81,328,620	\$ 53,189,427	\$ 52,695,222	\$ 140,263,232	\$ 134,023,842

The City's net position increased by \$6,239,390 during the current fiscal year.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

Governmental Activities

Governmental activities for the City include general government, public safety, public works, and cemetery. Sales and use taxes, property taxes, franchise taxes, licenses and permits, and fees and fines fund most of these governmental activities. Governmental activities increased the City's net position by \$5,745,185.

	Schedules of Changes in Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020, as restated	2021	2020, as restated	2021	2020, as restated
Revenues:						
Program revenues:						
Charges for services	\$ 1,398,276	\$ 880,532	\$ 3,288,203	\$ 3,522,893	\$ 4,686,479	\$ 4,403,425
Grants and contributions	483,162	673,325	31,907	22,344	515,069	695,669
General revenues:						
Property taxes	1,986,800	1,847,150	-	-	1,986,800	1,847,150
Franchise taxes	895,967	880,152	-	-	895,967	880,152
Sales taxes	18,246,438	15,771,834	-	-	18,246,438	15,771,834
Licenses and permits	1,496,594	1,502,788	-	-	1,496,594	1,502,788
Fines and forfeits	550,514	387,507	-	-	550,514	387,507
Interest income	115,442	793,477	16,881	129,685	132,323	923,162
Other	298,971	677,603	92,688	108,866	391,659	786,469
Gain (loss) on sale of assets	15,228	41,535	-	-	15,228	41,535
Transfers	(1,690,557)	(2,765,509)	1,690,557	2,765,509	-	-
Total revenues	<u>23,796,835</u>	<u>20,690,394</u>	<u>5,120,236</u>	<u>6,549,297</u>	<u>28,917,071</u>	<u>27,239,691</u>
Expenses:						
General government	6,090,250	5,833,923	-	-	6,090,250	5,833,923
Public safety	7,317,283	7,456,626	-	-	7,317,283	7,456,626
Public works	4,612,853	4,779,774	-	-	4,612,853	4,779,774
Cemetery	31,264	152,222	-	-	31,264	152,222
Water	-	-	1,983,303	2,047,313	1,983,303	2,047,313
Sewer	-	-	2,642,728	2,438,350	2,642,728	2,438,350
Total expenses	<u>18,051,650</u>	<u>18,222,545</u>	<u>4,626,031</u>	<u>4,485,663</u>	<u>22,677,681</u>	<u>22,708,208</u>
Change in net position	5,745,185	2,467,849	494,205	2,063,634	6,239,390	4,531,483
Net position, beginning	80,390,408	77,922,559	53,686,486	51,638,698	134,076,894	129,561,257
Net position adjustment	<u>938,212</u>	<u>938,212</u>	<u>(991,264)</u>	<u>(1,007,110)</u>	<u>(53,052)</u>	<u>(68,898)</u>
Net position, beginning, as restated	<u>81,328,620</u>	<u>78,860,771</u>	<u>52,695,222</u>	<u>50,631,588</u>	<u>134,023,842</u>	<u>129,492,359</u>
Net position, ending	<u>\$ 87,073,805</u>	<u>\$ 81,328,620</u>	<u>\$ 53,189,427</u>	<u>\$ 52,695,222</u>	<u>\$ 140,263,232</u>	<u>\$ 134,023,842</u>

Key elements of the change in net position from governmental activities are as follows:

- Sales and use taxes increased by \$2,474,604, or 15.7%, due to an increase in sales revenues from local retailers as a result of the recovery from the COVID-19 pandemic and new sales tax collections from remote sellers and businesses.
- Grants and contributions decreased by \$190,163, or 28.2%, due to a decrease in home elevation grants.
- Interest and investment earnings decreased by \$678,035, or 85.5%, due to a lower return on investments and market value fluctuations.
- Net position was adjusted as described in Note 1 of the financial statements to reallocate net pension liability and total OPEB liability to business-type activities.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

Business-Type Activities

Business-type activities increased the City's net position by \$494,205, or 1.0%. Key elements of this increase are as follows:

- Charges for services decreased in fiscal year 2021 in the amount of \$234,690, or 6.7%.
- Interest and investment earnings decreased by \$112,804, or 87.0%, due to a lower return on investments and market value fluctuations.
- Intergovernmental transfers decreased in fiscal year 2021 in the amount of \$1,074,952, or 38.9%, due to less water and sewer projects activity during fiscal year 2021 compared to 2020.
- Net position was adjusted as described in Note 1 of the financial statements to reallocated net pension liability and total OPEB liability from governmental activities.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of August 31, 2021, the City's governmental funds reported a combined ending fund balance of \$62,392,279, an increase of \$4,881,019 when compared to the prior year. Unassigned fund balance as of August 31, 2021 was \$23,042,595. The restricted fund balance in the amount of \$ 39,349,684 is primarily reserved to pay for public works projects that is restricted by voter proposition.

General Fund

The General Fund is the chief operating fund of the City. At August 31, 2021, the fund balance of the General Fund was \$23,214,894. The fund balance of the City's General Fund increased by \$53,649 for the year ended August 31, 2021.

Sales Tax Fund

The Sales Tax Fund has a total fund balance of \$65,974. The fund balance of the Sales Tax Fund decreased by \$15,119 for the year ended August 31, 2021. All revenues of the Sales Tax Fund are transferred out to the General Fund, Special Sales Tax Fund, District No. 3 Sales Tax Fund, and Street Construction Fund.

Special Sales Tax Fund

The Special Sales Tax Fund has a total fund balance of \$11,585,308, all of which is restricted for public works projects and debt service. The net increase in fund balance during the current year in the Special Sales Tax Fund was \$509,330. The City Administration began long-term planning to evaluate the needs for improvement that are necessary to the infrastructure to better serve and protect the citizens of the City of Mandeville.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

District No. 3 Sales Tax Fund

The District No. 3 Sales Tax Fund has a total fund balance of \$6,547,603, which is restricted for capital projects that will benefit the current and former District No. 3 of St. Tammany Parish. The net increase in fund balance during the current year in the District No. 3 Sales Tax Fund was \$1,586,125.

Tax Collector Fund

The Tax Collector Fund has a total fund balance of \$91,271, all of which is restricted. The net decrease in fund balance during the current year in the Tax Collector Fund was \$13,477.

Street Construction Fund

The Street Construction Fund has a total fund balance of \$20,455,522, all of which is restricted for capital improvements. The net increase in fund balance during the current year in the Street Construction Fund was \$2,759,730.

Proprietary Fund

The City's Proprietary Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Proprietary Fund at the end of the year amounted to \$53,189,427 of which \$6,250,340 was unrestricted. The total increase in net position was \$494,205.

General Fund Budgetary Highlights

During the year, appropriations between the original and final amended budget increased by \$633,669. The increase is primarily due to an increase in general government expenditures.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of August 31, 2021, was \$84,250,567 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, and water and sewer infrastructure.

Major capital asset additions during the current fiscal year included the following:

- Equipment, vehicles, and buildings placed in service at a cost of \$463,661.
- Construction in progress of the general government was \$1,341,353 and consisted primarily of drainage and street projects.
- Road construction and replacement and harbor totaled \$1,444,347.
- Improvements to drainage totaled \$7,235.
- Equipment and vehicles were acquired for the Water and Sewer Fund at a cost of \$73,236.
- Various sewer line, water well, lines and tower additions and improvements were constructed at a cost of \$1,505,286. Additional information on the City's capital assets can be found in Note 6 of this report.

Long-Term Bond Debt

At August 31, 2021, the City did not have any long-term bond debt.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

Economic Factors and Next Year's Budget and Rate

Over the past four years, the City has completed many capital projects, including streets, drainage, bridges, infrastructure improvements, sewer and water, and system upgrades. Since August 31, 2010 to August 31, 2021, the City has increased its net capital assets from \$62.5 million to \$84.3 million. The restricted fund balances are currently at \$39.3 million, and the General Fund balance is \$23.2 million.

The following factors were considered in preparing the City's budget for the 2021 fiscal year:

- Sales tax projected for the year ended August 31, 2022, is expected to be \$17.3 million. The City's sales tax constitutes approximately 60% of the total budget, providing restricted and unrestricted revenue sources.
- Property tax is expected to increase by 4.8% with the City assessing 8.86 mills. The state law requires an agency to protect the maximum millage rate between re-assessment periods. The agency is required to raise its rate to the maximum millage rate before the next re-assessment. The assessors and municipalities throughout the state have proposed new laws that would change this requirement, eliminating the necessity of assessing the maximum millage between re-assessment periods.
- Financial revenue projections may be based upon assumptions regarding changes in social, economic, and demographic events and conditions that are inherently subject to uncertainties. Therefore, readers are cautioned that actual future financial results of the City of Mandeville may be significantly different from the financial revenue projections that are presented.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Kathleen Sides, Director of Finance
City of Mandeville
3101 E. Causeway Approach
Mandeville, Louisiana 70448

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF NET POSITION
AUGUST 31, 2021

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 39,411,067	\$ 8,311,492	\$ 47,722,559
Investments	21,404,893	3,854,893	25,259,786
Accounts receivable (net)	1,731,127	396,932	2,128,059
Internal balances	2,067,544	(2,067,544)	-
Inventory	-	259,865	259,865
Capital assets, net	37,311,480	46,939,087	84,250,567
TOTAL ASSETS	101,926,111	57,694,725	159,620,836
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred amounts related to net pension liability	1,198,280	64,611	1,262,891
Deferred amounts related to post employment liability	1,197,849	178,989	1,376,838
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,396,129	243,600	2,639,729
<u>LIABILITIES:</u>			
Accounts payable	2,222,352	309,106	2,531,458
Customer deposits	-	319,462	319,462
Unearned revenue	-	2,306,954	2,306,954
Long-term liabilities:			
Due within one year	255,370	29,228	284,598
Due beyond one year	26,659	-	26,659
Total other post-employment benefit (OPEB) liability			
Due within one year	377,580	56,420	434,000
Due beyond one year	3,418,465	510,805	3,929,270
Net pension liability	7,065,550	836,229	7,901,779
TOTAL LIABILITIES	13,365,976	4,368,204	17,734,180
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred amounts related to net pension liability	3,365,324	303,421	3,668,745
Deferred amounts related to total OPEB liability	517,135	77,273	594,408
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,882,459	380,694	4,263,153
<u>NET POSITION:</u>			
Investment in capital assets	37,311,480	46,939,087	84,250,567
Restricted for:			
DMV Operations	172,299	-	172,299
Debt service	431,707	-	431,707
Capital projects	20,455,522	-	20,455,522
Special programs	18,290,156	-	18,290,156
Unrestricted	10,412,641	6,250,340	16,662,981
TOTAL NET POSITION	\$ 87,073,805	\$ 53,189,427	\$ 140,263,232

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

Primary Government

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Fees, Fines, and Charges for Services	Grants and Contributions	Governmental Activities	Business-type Activities	
Function/Programs						
Primary Government						
Governmental:						
General government	\$ 6,090,250	\$ 986,046	\$ 44,056	\$ (5,060,148)	\$ -	\$ (5,060,148)
Public safety	7,317,283	371,415	419,313	(6,526,555)	-	(6,526,555)
Public works	4,612,853	-	19,793	(4,593,060)	-	(4,593,060)
Cemetery	31,264	40,815	-	9,551	-	9,551
Total governmental activities	<u>18,051,650</u>	<u>1,398,276</u>	<u>483,162</u>	<u>(16,170,212)</u>	<u>-</u>	<u>(16,170,212)</u>
Business-type:						
Water	1,983,303	1,179,481	17,543	-	(786,279)	(786,279)
Sewer	2,642,728	2,108,722	14,364	-	(519,642)	(519,642)
Total business-type activities	<u>4,626,031</u>	<u>3,288,203</u>	<u>31,907</u>	<u>-</u>	<u>(1,305,921)</u>	<u>(1,305,921)</u>
Total primary government	<u>\$ 22,677,681</u>	<u>\$ 4,686,479</u>	<u>\$ 515,069</u>	<u>(16,170,212)</u>	<u>(1,305,921)</u>	<u>\$ (17,476,133)</u>
General revenues:						
Property taxes				1,986,800	-	1,986,800
Franchise taxes				895,967	-	895,967
Sales taxes				18,246,438	-	18,246,438
Licenses and permits				1,496,594	-	1,496,594
Fines and forfeits				550,514	-	550,514
Interest income				115,442	16,881	132,323
Other				298,971	92,688	391,659
Gain on disposal of capital assets				15,228	-	15,228
Transfers (net)				(1,690,557)	1,690,557	-
Total general revenues				<u>21,915,397</u>	<u>1,800,126</u>	<u>23,715,523</u>
Change in net position				5,745,185	494,205	6,239,390
Net position,						
August 31, 2020, as restated				<u>81,328,620</u>	<u>52,695,222</u>	<u>134,023,842</u>
Net position, August 31, 2021				<u>\$ 87,073,805</u>	<u>\$ 53,189,427</u>	<u>\$ 140,263,232</u>

The accompanying notes are an integral part of this statement.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

CITY OF MANDEVILLE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

	<u>Special Revenue Funds</u>				<u>Capital Projects Fund</u>	<u>Other Non- Major Governmental Funds</u>	<u>Total Governmental Funds</u>	
	<u>General</u>	<u>Sales Tax Fund</u>	<u>Special Sales Tax Fund</u>	<u>District No. 3 Sales Tax Fund</u>	<u>Tax Collector Fund</u>			<u>Street Construction Fund</u>
<u>ASSETS</u>								
Cash and cash equivalents	\$ 7,286,148	\$ 1,633,562	\$ 4,171,095	\$ 7,147,476	\$ 2,027,953	\$ 17,125,226	\$ 19,607	\$ 39,411,067
Investments	8,242,558	97,272	9,995,651	-	403,640	2,253,672	412,100	21,404,893
Accounts receivable, net	263,437	1,465,835	-	-	1,855	-	-	1,731,127
Due from other funds	9,323,034	-	495,546	459,571	-	1,617,704	-	11,895,855
TOTAL ASSETS	<u>\$ 25,115,177</u>	<u>\$ 3,196,669</u>	<u>\$ 14,662,292</u>	<u>\$ 7,607,047</u>	<u>\$ 2,433,448</u>	<u>\$ 20,996,602</u>	<u>\$ 431,707</u>	<u>\$ 74,442,942</u>
<u>LIABILITIES</u>								
Accounts payable	\$ 1,900,283	\$ 26,652	\$ -	\$ -	\$ -	\$ 295,417	\$ -	\$ 2,222,352
Due to other funds	-	3,104,043	3,076,984	1,059,444	2,342,177	245,663	-	9,828,311
TOTAL LIABILITIES	<u>1,900,283</u>	<u>3,130,695</u>	<u>3,076,984</u>	<u>1,059,444</u>	<u>2,342,177</u>	<u>541,080</u>	<u>-</u>	<u>12,050,663</u>
<u>FUND BALANCES</u>								
<u>Restricted for:</u>								
DMV Operations	172,299	-	-	-	-	-	-	172,299
Debt service	-	-	-	-	-	-	431,707	431,707
Capital projects	-	-	-	-	-	20,455,522	-	20,455,522
Special programs	-	65,974	11,585,308	6,547,603	91,271	-	-	18,290,156
Unassigned	<u>23,042,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,042,595</u>
TOTAL FUND BALANCES	<u>23,214,894</u>	<u>65,974</u>	<u>11,585,308</u>	<u>6,547,603</u>	<u>91,271</u>	<u>20,455,522</u>	<u>431,707</u>	<u>62,392,279</u>
TOTAL LIABILITIES AND FUND BALAN	<u>\$ 25,115,177</u>	<u>\$ 3,196,669</u>	<u>\$ 14,662,292</u>	<u>\$ 7,607,047</u>	<u>\$ 2,433,448</u>	<u>\$ 20,996,602</u>	<u>\$ 431,707</u>	<u>\$ 74,442,942</u>

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2021

Fund balances August 31, 2021 - governmental funds		\$ 62,392,279
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets at August 31, 2021	106,995,464	
Less: accumulated depreciation as of August 31, 2021	<u>(69,683,984)</u>	37,311,480
Deferred outflows and inflows of resources are not available to pay current period expenditures and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources - related to net pension liability	1,198,280	
Deferred outflows of resources - related to other postemployment benefit liability	<u>1,197,849</u>	2,396,129
Deferred inflows of resources - related to net pension liability	(3,365,324)	
Deferred inflows of resources - related to other postemployment benefit liability	<u>(517,135)</u>	(3,882,459)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental fund liabilities:		
Net pension liability payable		(7,065,550)
Compensated absences		(282,029)
Total other postemployment benefit (OPEB) liability		<u>(3,796,045)</u>
Total net position at August 31, 2021 - governmental activities		<u>\$ 87,073,805</u>

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Special Revenue Funds				Capital Projects Fund	Other Non- Major Governmental Funds	Total Governmental Funds	
	General	Sales Tax Fund	Special Sales Tax Fund	District No. 3 Sales Tax Fund	Tax Collector Fund			Street Construction Fund
Revenues:								
Ad valorem taxes	\$ 1,974,334	\$ -	\$ -	\$ -	\$ 12,466	\$ -	\$ -	\$ 1,986,800
Franchise taxes	895,967	-	-	-	-	-	-	895,967
Sales taxes	-	18,246,438	-	-	-	-	-	18,246,438
Licenses and permits	1,496,594	-	-	-	-	-	-	1,496,594
Fines and forfeits	550,514	-	-	-	-	-	-	550,514
Intergovernmental	305,689	-	-	-	-	-	-	305,689
Charges for services	932,522	-	-	-	-	-	-	932,522
Interest	30,778	1,310	31,240	4,950	3,537	42,683	944	115,442
Miscellaneous	666,867	-	-	-	-	15,051	-	681,918
Total revenues	<u>6,853,265</u>	<u>18,247,748</u>	<u>31,240</u>	<u>4,950</u>	<u>16,003</u>	<u>57,734</u>	<u>944</u>	<u>25,211,884</u>
Expenditures:								
Current -								
General government	5,890,029	226,173	23,447	9,498	29,480	-	163	6,178,790
Public safety	7,732,158	-	-	-	-	-	-	7,732,158
Public works	1,446,724	-	-	-	-	10,004	-	1,456,728
Cemetery	31,264	-	-	-	-	-	-	31,264
Capital outlay	1,831,837	-	-	-	-	1,424,759	-	3,256,596
Total expenditures	<u>16,932,012</u>	<u>226,173</u>	<u>23,447</u>	<u>9,498</u>	<u>29,480</u>	<u>1,434,763</u>	<u>163</u>	<u>18,655,536</u>
Excess (deficiency) of revenues over (under) expenditures	(10,078,747)	18,021,575	7,793	(4,548)	(13,477)	(1,377,029)	781	6,556,348
Other financing sources (uses):								
Proceeds from disposal of capital assets	15,228	-	-	-	-	-	-	15,228
Transfers to other funds	-	(18,036,694)	(2,575,778)	(1,059,444)	-	-	-	(21,671,916)
Transfers from other funds	10,117,168	-	3,077,315	2,650,117	-	4,136,759	-	19,981,359
Total other financing sources (uses)	<u>10,132,396</u>	<u>(18,036,694)</u>	<u>501,537</u>	<u>1,590,673</u>	<u>-</u>	<u>4,136,759</u>	<u>-</u>	<u>(1,675,329)</u>
Net change in fund balance	53,649	(15,119)	509,330	1,586,125	(13,477)	2,759,730	781	4,881,019
Fund balance, beginning	<u>23,161,245</u>	<u>81,093</u>	<u>11,075,978</u>	<u>4,961,478</u>	<u>104,748</u>	<u>17,695,792</u>	<u>430,926</u>	<u>57,511,260</u>
Fund balance, ending	<u>\$ 23,214,894</u>	<u>\$ 65,974</u>	<u>\$ 11,585,308</u>	<u>\$ 6,547,603</u>	<u>\$ 91,271</u>	<u>\$ 20,455,522</u>	<u>\$ 431,707</u>	<u>\$ 62,392,279</u>

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, 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 AUGUST 31, 2021

Net change in fund balances - governmental funds \$ 4,881,019

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay 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 and other capitalized purchases, adjustments and reclassifications	3,256,596	
Depreciation expense	(3,556,228)	(299,632)

Changes in long-term obligations:

Change in net pension liability and related deferrals	1,083,094	
Compensated absences	21,679	
Change in total other post-employment benefit liability and related deferrals	<u>59,025</u>	<u>1,163,798</u>

Change in net position of governmental activities \$ 5,745,185

The accompanying notes are an integral part of this statement.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
PROPRIETARY FUND**

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
AUGUST 31, 2021

ASSETS

Current assets

Cash and cash equivalents	\$ 8,311,492
Investments	3,854,893
Accounts receivable (net)	396,932
Due from other funds	1,690,557
Inventories	259,865
Total current assets	14,513,739

Capital assets

Capital assets, cost	76,373,254
Less: accumulated depreciation	(29,434,167)
Total capital assets	46,939,087

TOTAL ASSETS	61,452,826
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DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts related to net pension liability	64,611
Deferred amounts related to post employment liability	178,989
TOTAL DEFERRED OUTFLOWS OF RESOURCES	243,600

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	309,106
Compensated absences, current	29,228
Customer deposits	319,462
Unearned revenues	2,306,954
Due to other funds	3,758,101
Total other post employment benefit liability, current	56,420
Total current liabilities	6,779,271

Long-term liabilities:

Net pension liability	836,229
Total other postemployment benefit liability	510,805
Total long-term liabilities	1,347,034

TOTAL LIABILITIES	8,126,305
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DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to net pension liability	303,421
Deferred amounts related to total OPEB liability	77,273
TOTAL DEFERRED INFLOWS OF RESOURCES	380,694

NET POSITION

Investment in capital assets	46,939,087
Unrestricted	6,250,340
TOTAL NET POSITION	\$ 53,189,427

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2021

OPERATING REVENUES:

Charges for services	
Water fees	\$ 1,114,386
Sewer fees	2,077,167
Tapping fees	
Water	18,390
Sewer	8,500
Water service charges	17,750
Delinquent fees	38,650
Miscellaneous service revenues	54,038
Water impact fees	28,955
Sewer impact fees	23,055
Total operating revenues	<u>3,380,891</u>

OPERATING EXPENSES:

Water department expenses	1,983,303
Sewer department expenses	2,642,728
Total operating expenses	<u>4,626,031</u>

LOSS FROM OPERATIONS (1,245,140)

NON-OPERATING REVENUES (EXPENSES):

Intergovernmental	9,473
Interest income	16,881
Other grants and contributions	22,434
Total nonoperating revenues (expenses)	<u>48,788</u>

Net loss before transfers (1,196,352)

Transfers from other funds	<u>1,690,557</u>
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CHANGE IN NET POSITION 494,205

NET POSITION:

Balance, beginning of year, as restated	<u>52,695,222</u>
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Balance, end of year	<u><u>\$ 53,189,427</u></u>
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The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2021

Page 1 of 2

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 3,375,532
Cash paid to suppliers	(1,554,236)
Cash paid to employees	(1,304,497)
Net cash provided by operating activities	516,799

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Due to other funds (net change in)	2,090,201
Other grants and contributions	22,434
Net cash provided by non-capital financing activities	2,112,635

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Intergovernmental grants (capital)	2,316,427
Acquisition of capital assets	(1,578,522)
Net cash provided by capital financing activities	737,905

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(7,597)
Investment income	16,881
Net cash provided by investing activities	9,284

Net change in cash and cash equivalents	3,376,623
Cash and cash equivalents at beginning of year	4,934,869
Cash and cash equivalents at end of year	\$ 8,311,492

(continued)

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2021

Page 2 of 2

Reconciliation of net loss from operations to net cash provided by operating activities:

Loss from operations	\$ (1,245,140)
Adjustments to reconcile net loss from operations to net cash provided by operating activities:	
Depreciation expense	2,146,377
Change in assets, deferred outflows, liabilities and deferred inflows:	
Receivables	(5,072)
Inventories	(66,401)
Deferred outflows related to net pension liability	137,624
Deferred outflows related to Other Postemployment Benefit (OPEB) liability	28,051
Accounts payable and accrued liabilities	(98,187)
Customer deposits	(287)
Compensated absences	(14,969)
Net pension liability	(587,721)
Deferred inflows related to net pension liability	259,395
Total OPEB liability	(83,854)
Deferred inflows related to OPEB	46,983
Net cash provided by operating activities	<u>\$ 516,799</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mandeville, Louisiana (the City) adopted the Home Rule Charter on November 16, 1985, under the provisions of Article VI, Section 5, of the Louisiana Constitution of 1974. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation and utilities, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

(a) Reporting Entity

Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the City includes all funds which are controlled by or dependent on the City which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters and authority to issue debt. Based on these criteria, the City has determined that there are no component units that are part of the reporting entity.

(b) Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City's police protection, parks, recreation, community and youth services, animal control, garbage collection, public works, and general administration services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column. The City's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities when both restricted and unrestricted net position are available.

The government-wide statement of activities demonstrates the degree to which the direct expenses of the City's functions and business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include (1) charges to customers or applicants for services or privileges provided by a given function or business-type activity, such as water and sewer use or garbage collection fees, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other revenues are reported as general revenues.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Fund Financial Statements

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the City are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types.

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported as a separate column. The major funds reported are the General Fund, Sales Tax Fund, Special Sales Tax Fund, District No. 3 Sales Tax Fund, Tax Collector Fund, and Street Construction Fund. Non-major funds are aggregated and presented in a single column. The City has two non-major funds: the Bond Reserve Fund and the Bond Sinking Fund.

(d) Measurement Focus, Basis of Accounting, and Financial Statement Preparation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

An allowance for estimated uncollectible receivables is recorded for all accounts receivable older than 120 days at year-end.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Measurement Focus, Basis of Accounting, and Financial Statement Preparation (continued)

Property taxes are recognized as revenue in the year for which taxes have been levied and collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned.

The following are the City's major governmental funds:

General Fund: This fund is the general operating fund of the City and is used to account for financial resources except those required to be accounted for in another fund.

Sales Tax Special Revenue Fund (Sales Tax Fund): This fund is used to account for the proceeds of the City's 2.5% sales and use tax and the State, Parish, and Municipal Motor Vehicle sales tax. One percent can be used for any lawful corporate purpose. On November 19, 2011, a special election was held to authorize the rededication of the proceeds of this 1% sales and use tax initially authorized at an election held on August 18, 1959.

One percent of this tax was authorized at elections held on November 4, 1986 and May 1, 1999 and was dedicated to capital expenditures for constructing, improving, extending, and maintaining playgrounds and recreational facilities, public roads, streets, bridges and crossings, sewerage, garbage disposal, waterworks, fire protection, beach improvements, seawalls and extensions, harbor improvements, and other works of permanent public improvements in the City. On November 4, 2014, a special election was held to authorize the rededication of this 1% sales and use tax to 50% for constructing, acquiring, extending, improving, equipping, repairing, operating and/or maintaining sewers and sewerage disposal works, waterworks improvements, streets, drains and drainage facilities and flood protection (including the payment of salaries and acquiring of all necessary land, equipment, and furnishings) and 50% (after paying the reasonable and necessary costs and expenses of collecting and administering the tax) may be used for any lawful corporate purpose of the City.

The City first utilizes restricted resources to finance qualifying activities when both restricted and unrestricted net position are available. The remaining 0.5% sales and use tax can be used for the purpose of (i) paying, improving, repairing, and maintaining streets (including sidewalks and bike paths) in the City, (ii) repairing and maintaining existing bridges in the City, and (iii) constructing, acquiring, and maintaining roadside drainage improvements in the City.

Special Sales Tax Special Revenue Fund (Special Sales Tax Fund): This fund is used to account for 1% of the sales and use tax and the State, Parish, and Municipal Motor Vehicle sales tax transferred from the Sales Tax Fund. One percent became effective with elections held on November 4, 1986, May 1, 1999, and November 4, 2014, and the 1% tax was rededicated to 50% for any lawful corporate purpose of the City and 50% for constructing, acquiring, extending, improving, equipping, repairing, operating and/or maintaining sewers and sewerage disposal works, waterworks improvements, streets, drains and drainage facilities and flood protection (including the payment of salaries and acquiring of all necessary land, equipment, and furnishings).

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Measurement Focus, Basis of Accounting, and Financial Statement Preparation* (continued)

All monies remaining in the Special Sales Tax Fund on the 20th day of each month in excess of all reasonable and necessary expenses of collection and administration of the tax shall be considered surplus. Such surplus may be used by the issuer for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds in advance of their maturities.

Street Construction Capital Projects Fund (Street Construction Fund): This fund is used to account for the costs of (i) paving, improving, repairing, and maintaining streets (including sidewalks and bike paths) in the City, (ii) repairing and maintaining existing bridges in the City, and (iii) constructing, acquiring, and maintaining roadside drainage improvements in the City. Financing is provided by a pledge of revenue to be derived from the City's collection of a 0.5% sales tax transferred from the Sales Tax Fund. One-half percent became effective with an election held on January 20, 2001 and extended by the voters on August 15, 2021 (other than those financed by proprietary funds).

District No. 3 Sales Tax Special Revenue Fund (District No. 3 Sales Tax Fund): This fund is used to account for the portion of the St. Tammany Parish 2% sales and use tax transferred from the Sales Tax Fund to be used for joint projects with St. Tammany Parish (the Parish) to provide improvements to St. Tammany Parish's Sales Tax District No. 3 to include constructing, acquiring, extending, improving, maintaining, and/or operating: 1) roads, streets, and bridges and 2) drains and drainage facilities for the benefit of District No. 3. In April 2012, the Parish and the City amended the Sales Tax Enhancement Plan dated effective September 20, 1990, as amended by an agreement dated March 27, 2003, to allow for the joint projects.

Tax Collector Fund: The Tax Collector Fund is used to account for the receipt of the ad valorem taxes from St. Tammany Parish and the subsequent payment of the related debt service payments; however, the City had not outstanding bonded debt at August 31, 2021.

The City's sole proprietary fund is the Enterprise Fund.

Enterprise Fund: This fund is used to account for operations of the Enterprise Fund where: (a) it is financed and operated in a manner similar to a private business enterprise and (b) the periodic determination of net income is appropriate.

The City has implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in pre-November 30, 1989 FASB and AICPA Pronouncements*, which codifies most pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements that are relevant to governments and do not conflict with or contradict GASB pronouncements. This eliminates the option for business-type activities to follow new FASB pronouncements, although they may continue to be applied as "other accounting literature."

(e) *Cash and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Cash and Investments* (continued)

Investments in certificates of deposit are stated at cost. All other investments are reported at fair value (quoted market price or the best available estimate).

(f) *Inventories*

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

(g) *Prepaid Expenses*

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are accounted for on the consumption method. There were no prepaid items/expenses as of August 31, 2021.

(h) *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized over the remaining useful lives of the assets.

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds, and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met. Infrastructure has been capitalized retroactively to 1980. Interest incurred during construction is capitalized on a government-wide basis. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the proprietary fund are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis. The estimated useful lives are as follows:

Description	Estimated Useful Lives (in years)
Building and building improvements	10 - 50
Furniture and fixtures	5 - 10
Vehicles	5 - 10
Equipment	5 - 25
Trace and trailhead	10 - 99
Water, sewer systems, infrastructure, drainage, and harbor	10 - 50

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) *Compensated Absences*

The City's policy is to permit employees to accumulate earned but unused annual and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. Employees may carry over annual leave up to 30 days for Civil Service employees or 60 days for Directors. Unused annual leave in excess of the 30 or 60 days is forfeited on the employee's anniversary date. All annual pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(j) *Long-Term Obligations*

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(k) *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

(l) *Net Position - Government-Wide and Proprietary Fund Financial Statements*

Net position is displayed in three components:

1. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Net position with constraints placed on its use either by:
 - a. external groups such as creditors, grantors, contributors, or laws, or regulations of other governments, or
 - b. law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-Spendable Fund Balance - Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance - Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens by voter proposition.
3. Committed Fund Balance - Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.
4. Assigned Fund Balance - Amounts that are constrained by the City's intent that they will be used for specific purposes. The City Council is the only body authorized to assign amounts for a specific purpose and is the highest level of decision-making authority. Therefore, amounts must be reported as committed.
5. Unassigned Fund Balance - All amounts not included in other spendable classifications.

The City considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The City also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

(n) Revenues

1. Program Revenues - Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.
2. Ad valorem (property) taxes for the operations of the City are normally levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise, and movable property located in St. Tammany Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A re-evaluation of all property is required to be completed no less than every four years. The last re-evaluation was completed in 2020.
3. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing or/and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user fees for water and sewer services. Operating expenses for the proprietary fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenues (continued)

The assessed value at January 1, 2020, upon which the 2021 levies were based, was \$227,515,864. Property (Ad-valorem) Taxes - Property taxes are levied on a calendar year basis. On April 11, 2020, the taxes were levied for the 2020 calendar year. They are due on December 31st of each year, and are considered delinquent on January 1st, which is the lien date. Property on which the taxes have not been paid is adjudicated to the City after being offered for sale to the public. The following is a summary of the authorized and levied property taxes:

Fund Type	Purpose	Authorized Mills	Levied Mills	Expiration Date
General	General purpose	7.00	6.48	Indefinite
General	Police department additional funding for operations, maintenance, salaries and benefits	5.08	0.94	2022 ¹
General	Police department additional funding for operations, maintenance, salaries and benefits	3.38	1.44	2022 ¹
Total		<u>15.46</u>	<u>8.86</u>	

¹ Tax was renewed in an election held on November 13, 2021 for 10 years

4. Sales Taxes - Sales taxes are due the month after sale and recognized in the month the liability is incurred. The following table is a summary of authorized sales taxes:

Purpose	Percent	Expiration Date
1959 Sales Tax - Any lawful governmental purpose	1.00	Perpetual
1986 Sales Tax for the following purposes: 50% for any lawful governmental purpose 50% constructing, improving, maintaining or operating sewer or water systems, streets, and drainage or flood protection	1.00	12/31/2029
2001 Sales Tax dedicated to (i) paving, improving, repairing and maintaining streets (including sidewalks and bike paths) in the City, (ii) repairing and maintaining existing bridges in the City, and (iii) constructing, acquiring and maintaining roadside drainage improvements	0.5	7/1/2031
Total	<u>2.50</u>	

(o) Accounts Receivable

Accounts receivables are reported net of an allowance for uncollectable balances. The more significant accounts receivable is recorded for amounts due from other governments for sales taxes, and for customers' accounts in the business-type activities and the utility fund. Customer Utility accounts are estimated to be uncollectable upon coming ninety days past due. Amounts due from governments are estimated to be uncollectable based upon the facts and circumstances of the grant agreement or funding source.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Interfund Transactions

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

(q) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

(r) Recent Reporting and Disclosure Developments

As of August 31, 2021, the Governmental Accounting Standards Board issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2021, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. In May 2021, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2021.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective for periods beginning after June 15, 2021.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Restatement of Net Position

The City determined the amounts allocated between governmental activities and business-type activities of net pension liability and total other postemployment benefits other than pensions liability and related deferrals was not correctly reported in the August 31, 2020 financial statements. In addition, the City determined a deferral of the difference between the proportional contribution allocated by each pension plan and the actual contribution was not included in the August 31, 2020, deferrals associated with net pension liability. The following restatements of net position are necessary to correct these matters:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Total Net Position, August 31, 2020 as previously reported	\$ 80,390,408	\$53,686,486
Adjustment to net pension liability allocation between activities	515,672	(515,672)
Adjustment to total OPEB liability allocation between activities	474,329	(474,329)
Adjustment to correct deferred inflows related to net pension liability	<u>(51,789)</u>	<u>(1,263)</u>
Net effect	<u>938,212</u>	<u>(991,264)</u>
Total Net Position, August 31, 2020, Restated	<u>\$ 81,328,620</u>	<u>\$52,695,222</u>

2. BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING

All proposed budgets must be completed and submitted to the City Council no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. The final budget must be adopted before the ensuing fiscal year begins or if, at the end of any fiscal year, the appropriations necessary for the support of the municipality for the ensuing fiscal year have not been made, then 50% of the amounts appropriated in the appropriation ordinance or resolution for the last validly passed budget year shall be deemed re-appropriated for the objects and purposes specified in such ordinance or resolution. This 50% limitation will continue until a budget is approved.

The City adopted a budget on a basis consistent with accounting principles generally accepted in the United States of America for the following fund types: General Fund, Special Revenue Funds, Capital Projects Funds, and Enterprise Fund (Proprietary Fund). A formal budget was not adopted for the Debt Service Funds because effective budgetary control is alternately achieved through general obligation bond provisions.

The budget may be amended under the same procedures as were followed under its adoption. A budget amendment shall be required should the total of all budget adjustments made within a fiscal year exceed 5% of a department's appropriations. The budgets presented have been amended. Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if one (1) year passes without any disbursement from or encumbrance of the appropriation. The City does not utilize encumbrance accounting. The City's had excess of actual expenditures and other uses over budgeted appropriations in the Sales Tax Fund that exceeded the 5% threshold.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

3. CASH AND CASH EQUIVALENTS

At August 31, 2021, the City had cash and cash equivalents (book balances) totaling \$47,722,559. Under state law, these deposits must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank or through letters of credit issued by the Federal Home Loan Bank. The market value of the pledged securities plus the federal deposit insurance and letters of credit must at all times equal the amount on deposit with the fiscal agent.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City does not have a deposit policy for custodial credit risk. At August 31, 2021, the City had \$47,803,497 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance and \$46,306,490 of pledged securities held by the custodial bank's trust department in the City's name.

Louisiana Revised Statute (R.S.) 39:1229 imposes a 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.

4. INVESTMENTS

Credit Quality Risk: Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the City.

The following table provides information on the credit ratings, and fair values associated with the City's investments at August 31, 2021:

	Standard and Poors:						Moody's:		Unrated	Total	
	A	A-	A+	AA	AA-	AA+	AAAm	BBB			Aa2
Federal Farm Credit Bank	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,094,255	\$ -	\$ -	\$ -	\$ -	\$ 5,094,255
Federal Home Loan Bank	-	-	-	-	-	6,215,746	-	-	-	-	6,215,746
Federal Home Loan Mortgage	-	-	-	-	-	749,983	-	-	-	508,960	1,258,943
Federal National Mortgage	-	-	-	-	-	2,168,672	-	-	-	-	2,168,672
State Government	-	-	668,885	240,691	1,430,815	-	-	-	562,145	-	2,902,536
Local Government	275,356	360,504	219,632	1,472,191	427,697	263,912	-	62,021	-	-	3,081,313
LAMP	-	-	-	-	-	-	1,483,906	-	-	-	1,483,906
Certificate of Deposit	-	-	-	-	-	-	-	-	-	250,000	250,000
US Treasury	-	-	-	-	-	-	-	-	-	2,804,415	2,804,415
Total	\$275,356	\$360,504	\$888,517	\$1,712,882	\$1,858,512	\$ 14,492,568	\$1,483,906	\$62,021	\$562,145	\$ 3,563,375	\$25,259,786

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the City's name. The investments of the City owned at August 31, 2021 were not subject to custodial credit risk.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

4. INVESTMENTS (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The following table shows the City's investments by maturities:

	Fair Value	Less Than 1			Greater Than 10
		Year	1-5 Years	6-10 Years	Years
Federal Farm Credit Bank	\$ 5,094,255	\$ 808,408	\$ 4,285,847	\$ -	\$ -
Federal Home Loan Bank	6,215,746	501,685	5,714,061	-	-
Federal Home Loan Mortgage	1,258,943	-	1,258,943	-	-
Federal National Mortgage	2,168,672	-	2,168,672	-	-
State Government	2,902,536	163,576	2,684,340	37,607	17,013
Local Government	3,081,313	275,356	2,694,301	-	111,656
Louisiana Asset Management Pool	1,483,906	1,483,906	-	-	-
Certificate of Deposit	250,000	250,000	-	-	-
US Treasury	2,804,415	2,804,415	-	-	-
Total	\$25,259,786	\$ 6,287,346	\$ 18,806,164	\$ 37,607	\$ 128,669

Concentration of Credit Risk: It is the policy of the City to diversify its investment portfolios. Assets shall be diversified to reduce the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Issuers comprising 5% or more of the City's investments at August 31, 2021 were as follows:

<u>Issuer</u>	<u>Percent</u>
Federal Farm Credit Bank	20%
Federal Home Loan Bank	25%
Federal Home Loan Mortgage	5%
Federal National Mortgage	9%
State Government	11%
Local Government	12%
Louisiana Asset Management Pool	6%
US Treasury	11%

Louisiana Asset Management Pool (LAMP): State law limits the City's investments to direct U.S. Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies; bonds, debentures, notes, or other evidence of indebtedness issued by the State of Louisiana or any of its political subdivisions; direct security repurchase agreements; fully collateralized time certificates of deposit of any bank domiciled in the State of Louisiana; mutual or trust fund institutions which are registered with the Securities and Exchange Commission (SEC) and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies; guaranteed investment contracts; commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Investor Services, Inc.; and LAMP.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

4. INVESTMENTS (continued)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with R.S. 33:2955. LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79.

The following facts are relevant for investment pools:

- *Credit Risk:* LAMP is rated AAAM by Standard & Poor's.
- *Custodial Credit Risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The City's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.
- *Concentration of Credit Risk:* Pooled investments are excluded from the five percent disclosure requirement.
- *Interest Rate Risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days or two years (762 days) for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 46 days as of August 31, 2021.
- *Foreign Currency Risk:* Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Investment Fair Values Disclosures

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the asset and are as follows:

- Level 1 Investments reflect prices quoted in active markets.
- Level 2 Investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 Investments reflect prices based upon unobservable sources.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

4. **INVESTMENTS** (continued)

Investment Fair Values Disclosures (continued)

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of August 31, 2021:

	August 31, 2021	Fair Value Measurements Using	
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
Fixed Income Assets			
Federal Farm Credit Bank	\$ 5,094,255	\$ -	\$ 5,094,255
Federal Home Loan Bank	6,215,746	-	6,215,746
Federal Home Loan Mortgage	1,258,943	-	1,258,943
Federal National Mortgage Association	2,168,672	-	2,168,672
State Government	2,902,536	-	2,902,536
Local Government	3,081,313	-	3,081,313
US Treasury	2,804,415	2,804,415	-
Total Investments at fair value	23,525,880	\$ 2,804,415	\$ 20,721,465
Reported at Net Asset Value (NAV)			
Louisiana Asset Management Pool	1,483,906		
Total Investments at NAV	1,483,906		
Reported at cost			
Certificate of Deposit	250,000		
Total Investments at cost	250,000		
Total Investments	\$ 25,259,786		

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

5. RECEIVABLES

As of August 31, 2021, receivables, net of allowances, consisted of the following:

	Sales Taxes	Franchise Taxes	Other	Customer Utility Accounts	Total
<u>Governmental Activities:</u>					
General Fund	\$ -	\$ 201,816	\$ 61,621	\$ -	\$ 263,437
Sales Tax Fund	1,465,835	-	-	-	1,465,835
Tax Collector Fund	-	-	1,855	-	1,855
	<u>1,465,835</u>	<u>201,816</u>	<u>63,476</u>	<u>-</u>	<u>1,731,127</u>
<u>Business-Type Activities:</u>					
Proprietary Fund	-	-	-	695,622	695,622
Allowance for uncollectible	-	-	-	(298,690)	(298,690)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>396,932</u>	<u>396,932</u>
Total	<u>\$ 1,465,835</u>	<u>\$ 201,816</u>	<u>\$ 63,476</u>	<u>\$ 396,932</u>	<u>\$ 2,128,059</u>

6. CAPITAL ASSETS

The following is a summary of the changes in capital assets for governmental activities for the year ended August 31, 2021:

	Balance 08/31/2020	Additions	Deletions and transfers	Balance 08/31/2021
<u>Cost</u>				
<u>Not being depreciated</u>				
Land	\$ 5,375,777	\$ -	\$ -	\$ 5,375,777
Construction in progress	4,169,414	1,341,353	(251,721)	5,259,046
	<u>9,545,191</u>	<u>1,341,353</u>	<u>(251,721)</u>	<u>10,634,823</u>
<u>Being depreciated</u>				
Infrastructure - Streets	65,764,616	1,651,370	-	67,415,986
Trace and Trailhead	4,047,854	-	-	4,047,854
Drainage	10,152,840	7,235	-	10,160,075
Vehicles	3,581,702	199,212	-	3,780,914
Equipment	3,304,313	145,406	-	3,449,719
Buildings	5,928,995	119,043	-	6,048,038
Office Equipment and Furniture	163,982	-	-	163,982
Harbor	1,249,375	44,698	-	1,294,073
	<u>94,193,677</u>	<u>2,166,964</u>	<u>-</u>	<u>96,360,641</u>
<u>Less: accumulated depreciation</u>				
Infrastructure - Streets	(49,109,588)	(2,253,681)	(1,081,715)	(52,444,984)
Trace and Trailhead	(1,769,597)	(75,083)	100,221	(1,744,459)
Drainage	(4,286,612)	(497,358)	168,291	(4,615,679)
Vehicles	(3,117,944)	(279,380)	216,649	(3,180,675)
Equipment	(3,087,334)	(113,713)	295,517	(2,905,530)
Buildings	(4,209,528)	(262,407)	321,968	(4,149,967)
Office Equipment and Furniture	(130,138)	(11,176)	-	(141,314)
Harbor	(417,015)	(63,430)	(20,931)	(501,376)
	<u>(66,127,756)</u>	<u>(3,556,228)</u>	<u>-</u>	<u>(69,683,984)</u>
Net capital assets being depreciated	<u>28,065,921</u>	<u>(1,389,264)</u>	<u>-</u>	<u>26,676,657</u>
Total capital assets, net	<u>\$ 37,611,112</u>	<u>\$ (47,911)</u>	<u>\$ (251,721)</u>	<u>\$ 37,311,480</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

6. CAPITAL ASSETS (continued)

Depreciation was charged to governmental activities functions as follows:

General government	\$	135,353
Public safety		162,503
Public works		3,258,372
	\$	3,556,228

The following is a summary of the changes in capital assets for business-type activities for the year ended August 31, 2021:

	Balance 08/31/2020	Additions	Deletions and transfers	Balance 08/31/2021
<u>Cost</u>				
<u>Not being depreciated</u>				
Land	\$ 1,745,392	\$ -	\$ -	\$ 1,745,392
Construction in progress	2,280,103	1,441,583	(1,014,782)	2,706,904
	4,025,495	1,441,583	(1,014,782)	4,452,296
<u>Being depreciated</u>				
Buildings	1,314,487	-	-	1,314,487
Water Wells, Lines, and Tower	31,255,974	986,801	-	32,242,775
Sewer Lines	19,612,957	91,684	-	19,704,641
Equipment and Vehicles	3,392,966	73,236	-	3,466,202
Wastewater Treatment Plant	15,192,853	-	-	15,192,853
	70,769,237	1,151,721	-	71,920,958
<u>Less: accumulated depreciation</u>				
Buildings	(461,278)	(25,940)	-	(487,218)
Water Wells, Lines, and Tower	(8,168,312)	(894,365)	11,440	(9,051,237)
Sewer Lines	(11,278,270)	(464,064)	24,813	(11,717,521)
Equipment and Vehicles	(3,024,151)	(98,182)	146,352	(2,975,981)
Wastewater Treatment Plant	(4,355,779)	(663,826)	(182,605)	(5,202,210)
	(27,287,790)	(2,146,377)	-	(29,434,167)
Net capital assets being depreciated	43,481,447	(994,656)	-	42,486,791
Total capital assets, net	\$ 47,506,942	\$ 446,927	\$ (1,014,782)	\$ 46,939,087

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

Water	\$	818,187
Sewer		1,328,190
	\$	2,146,377

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

6. CAPITAL ASSETS (continued)

Capital Commitments

The City has active capital projects as of August 31, 2021, as follows:

<u>Project</u>	<u>Total Contract</u>	<u>Remaining Commitment</u>
Trailhead Splash Park	\$ 231,099	\$ 231,099
Erosion Control Levees	1,350,550	1,350,550
Bayou Castine Bulkhead	999,324	61,375
W Causeway Pedestrian Path	102,031	45,874
E Causeway Intersection	96,407	42,088
Lakefront Wetlands	369,391	306,308
Golden Glen Water Line	285,594	203,692
Subterranean:		
Roadway Maintenance Task Orders 4, 5 and 6	2,134,000	1,200,191
Fire District 4 Emergency Signal	28,400	2,840
Lift Stations 12 and 24 Rehabilitations	646,802	34,917
Engineering Related to Various Projects	510,355	368,426

7. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended August 31, 2021 is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Compensated Absences	\$ 303,708	\$ -	\$ (21,679)	\$ 282,029	\$ 255,370
	<u>\$ 303,708</u>	<u>\$ -</u>	<u>\$ (21,679)</u>	<u>\$ 282,029</u>	<u>\$ 255,370</u>

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Compensated Absences	\$ 44,197	\$ -	\$ (14,969)	\$ 29,228	\$ 29,228
	<u>\$ 44,197</u>	<u>\$ -</u>	<u>\$ (14,969)</u>	<u>\$ 29,228</u>	<u>\$ 29,228</u>

Compensated absences liability, net pension liability, and the total other postemployment benefit liability are expected to be funded by the General Fund and the Proprietary Fund.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

8. PENSION AND RETIREMENT PLANS

The City of Mandeville is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS) and the Municipal Police Employees' Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

Each of the systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These financial reports for each of the systems are for fiscal years ending June 30th. These reports may be obtained by writing, calling, or downloading the reports as follows:

MERS:

7937 Office Park Boulevard
Baton Rouge, Louisiana 70809
(225) 925-4810
www.mersla.com

MPERS:

7722 Office Park Boulevard, Suite 200.
Baton Rouge, LA 70809
(225) 929-7411
www.lampers.org

Plan Descriptions

Municipal Employees' Retirement System of Louisiana (MERS)

MERS is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. MERS provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the MERS. For the year ended June 30, 2021, there were 87 contributing municipalities in Plan A and 67 in Plan B. The City of Mandeville is a participant in Plan A only.

The following is a description of the plan and its benefits and is provided for general information purposes only.

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

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

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor benefits require five (5) years creditable service at death of member.
5. Any age with twenty (20) years of creditable service, exclusive of military service with an actuarially reduced early benefit.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

8. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Eligibility for retirement for members hired on or after January 1, 2013 is as follows:

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

Generally, the monthly amount of the retirement allowance for any member shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Upon death of any member with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes. Any member who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

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

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

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

8. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

The member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, the member shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

Municipal Police Employees' Retirement System of Louisiana (MPERS)

MPERS is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security, and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by R.S. 11:2211-11:2233.

The following is a brief description of the plan and its benefits and is provided for general information purposes only:

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months, or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children.

Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability, and survivor benefits is based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

8. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Municipal Police Employees' Retirement System of Louisiana (MPERS) (continued)

Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months, or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month, whichever is greater. If a deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into MPERS shall resume and, upon later termination, he shall receive additional retirement benefits based on the additional service.

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

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

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

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

8. PENSION AND RETIREMENT PLANS (continued)

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plans are required and determined by state statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended August 31, 2021 for the City and covered employees were as follows:

	City	Employees
Municipal Employees' Retirement System Plan A	29.50%	10.00%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	29.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	29.75%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	32.25%	7.50%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	2021	2020	2019
Municipal Employees' Retirement System Plan A	\$ 673,600	\$ 655,025	\$ 611,931
Municipal Police Employees' Retirement System	858,947	846,611	771,016

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the City's proportionate share of the net pension liability allocated by each of the pension plans based on the June 30, 2021, measurement date. The City uses this measurement to record its net pension liability and associated amounts as of August 31, 2021, in accordance with GASB Statement No. 68. The schedule also includes the proportionate share allocation rate used at June 30, 2021 along with the change compared to the June 30, 2020 rate. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

8. PENSION AND RETIREMENT PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Net Pension Liability at June 30, 2021	Proportionate Rate at June 30, 2021	Increase (Decrease) to June 30, 2020 Rate
Multiple Employer Cost Sharing Plans:			
Municipal Employees' Retirement System Plan A	\$ 3,216,266	1.5631%	-0.0635%
Municipal Police Employees' Retirement System	<u>4,685,513</u>	0.8790%	0.0347%
Total - Multiple Employer Cost Sharing Plans:	<u>\$ 7,901,779</u>		

The following schedule lists each pension plan's recognized pension expense of the City for the year ended August 31, 2021:

	<u>Total</u>
Municipal Employees' Retirement System Plan A	\$ 206,720
Municipal Police Employees' Retirement System	<u>334,745</u>
	<u>\$ 541,465</u>

The City recognized revenue that was allocated by each pension plan that represent payments from non-employer contributing entities that the Sheriff withholds from ad-valorem taxes from each taxing district and allocated to each pension plan. For the year ended August 31, 2021, the City recorded allocated non-employer contributions from MERS of \$86,283 and MPERS of \$196,431.

At August 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,159	\$ (181,078)
Changes of assumptions	636,432	(133,658)
Net difference between projected and actual earnings on pension plan investments	-	(3,093,954)
Changes in proportion and differences between Employer contributions and proportionate share of contributions (cost sharing plans only)	355,536	(260,055)
Employer contributions subsequent to the measurement date	<u>269,764</u>	-
Total	<u>\$ 1,262,891</u>	<u>\$ (3,668,745)</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

8. PENSION AND RETIREMENT PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan are presented below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System Plan A	\$ 248,503	\$ (1,167,004)
Municipal Police Employees' Retirement System	1,014,388	(2,501,741)
	<u>\$ 1,262,891</u>	<u>\$ (3,668,745)</u>

The City reported a total of \$269,764 as deferred outflows of resources related to pension contributions made subsequent to the measurement date which will be recognized as a reduction in net pension liability in the year ending August 31, 2021. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan A	\$ 129,808
Municipal Police Employees' Retirement System	139,956
	<u>\$ 269,764</u>

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

Year	MERS	MPERS	Total
2022	\$ (258,523)	\$ (232,491)	\$ (491,014)
2023	(249,416)	(293,663)	(543,079)
2024	(233,622)	(347,420)	(581,042)
2025	(306,748)	(753,735)	(1,060,483)
	<u>\$ (1,048,309)</u>	<u>\$ (1,627,309)</u>	<u>\$ (2,675,618)</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

8. PENSION AND RETIREMENT PLANS (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2021 follows:

	MERS	MPERS
Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions:		
Expected Remaining		
Service Lives	3 years	4 years
Investment Rate of Return	6.85% net of investment expenses (decreased from prior year 6.95%)	6.75% net of investment expenses (decreased from prior year of 6.95%)
Inflation Rate	2.500%	2.500%
Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.
Salary Increases	Years of Service	Years of Service
	1 - 4 - 6.4%-Plan A and 7.4%-Plan B 4 & Over - 4.5%-Plan A and 4.9%-Plan B	1 - 2 - 12.30% Above 2 - 4.70%
Cost of Living Adjustments	The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

8. PENSION AND RETIREMENT PLANS (continued)

Actuarial Assumptions (Continued)

The following schedule lists the methods used by each of the retirement systems in determining the long-term expected rate of return on pension plan investments:

<u>MERS</u>	<u>MPERS</u>
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of and an adjustment for the effect of balancing or diversification.	The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the retirement systems' target asset allocations as of June 30, 2021:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>			
	<u>MERS</u>	<u>MPERS</u>	<u>MERS</u>	<u>MPERS</u>
Public equity	53.00%	-	2.31%	-
Equity	-	55.50%	-	3.47%
Public fixed income	38.00%	-	1.65%	-
Fixed Income	-	30.50%	-	0.59%
Alternatives	9.00%	14.00%	0.39%	1.01%
International equity	-	-	-	-
International fixed income	-	-	-	-
Other	-	-	-	-
Total	100.00%	100.00%	4.35%	5.07%
Inflation			2.60%	2.22%
Expected Arithmetic Nominal Return			6.95%	7.29%

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

8. PENSION AND RETIREMENT PLANS (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 6.85% and 6.75%, respectively, for the year ended June 30, 2021.

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

The following table presents the City's proportionate share of the net pension liability (NPL) using the discount rate of each retirement system as well as what the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each of the retirement systems:

	<u>1.0% Decrease</u>		<u>Current Discount Rate</u>		<u>1.0% Increase</u>
MERS					
Rates	5.850%		6.850%		7.850%
City of Mandeville Share of NPL	\$ 4,763,454	\$	3,216,266	\$	1,909,451
MPERS					
Rates	5.750%		6.750%		7.750%
City of Mandeville of NPL	\$ 8,166,109	\$	4,685,513	\$	1,780,390

Balance Payable to Each Retirement System

The following table presents the balances due to each retirement system at August 31, 2021:

MERS	\$ 68,928
MPERS	286,878
	<u>\$ 355,806</u>

The payable balance includes \$210,783 due to MPERS that represents actuarial projected delinquent contributions due to MPERS that resulted from the City previously not including contributions on incentive pay paid to police staff. The actuarial projected contribution was determined as of August 31, 2021.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

9. POSTEMPLOYMENT BENEFITS

General Information about the Other Postemployment Benefit (OPEB) Plan

Plan Description: The City provides certain continuing health care and life insurance benefits for its retired employees. The City's OPEB Plan (the OPEB Plan) is a single-employer, defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Codification Section P52, *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided: Medical and dental benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement. The employees are covered by one of two retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (DROP entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Employees' Retirement System of Louisiana, whose retirement eligibility (DROP entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service.

Employees Covered by Benefit Terms: At August 31, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	23
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	98
Total	121

Total OPEB Liability

The City's total OPEB liability of \$4,363,270 was measured as of August 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	3.0%, including inflation
Prior Discount Rate	2.21%
Discount Rate	2.14%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates	5.50% annually for ten years, then 4.5%
Mortality	SOA RP-2014 Table.

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of August 31, 2021, the end of the applicable measurement period.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

9. POSTEMPLOYMENT BENEFITS (continued)

Total OPEB Liability (continued)

The actuarial assumptions used in the August 31, 2021 valuation were based on the results of ongoing evaluations of the assumptions from September 1, 2009 to August 31, 2021:

Balance at August 31, 2020	\$ 5,008,301
Changes for the Year	
Service Cost	103,170
Interest	111,317
Differences between Expected and Actual Experience	(235,854)
Changes in Assumptions	(189,454)
Benefit Payments and Net Transfers	<u>(434,210)</u>
Net Changes	<u>(645,031)</u>
Balance at August 31, 2021	<u>\$ 4,363,270</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.14%) or one percentage point higher (3.14%) than the current discount rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	1.14%	2.14%	3.14%
Total OPEB Liability	<u>\$ 4,630,036</u>	<u>\$ 4,363,270</u>	<u>\$ 4,117,765</u>

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

	1.0% Decrease	Current Trend 5.5% for 10 Years reducing to 4.0%	1.0% Increase
Total OPEB Liability	<u>\$ 4,103,738</u>	<u>\$ 4,363,270</u>	<u>\$ 4,652,233</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

9. POSTEMPLOYMENT BENEFITS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended August 31, 2021, the City recognized OPEB expense of \$366,365. At August 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 802,598	\$ (355,011)
Changes in Assumptions	574,240	(239,397)
Total	\$ 1,376,838	\$ (594,408)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31,	Amount
2022	\$ 151,878
2023	151,877
2024	151,877
2025	151,878
2026	151,878
2027 - 2031	72,971
2032 - 2034	(49,929)
	\$ 782,430

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. An independent plan administrator through an administrative service agreement administers the plan. The City's administrative involvement is limited to transmitting amounts withheld from employees to the plan administrator who performs investing functions. Plan assets are held in trust for the exclusive benefit of the participants and their beneficiaries, and the City does not control how the funds are invested. The assets will not be diverted to any other purpose. Accordingly, the plan's financial information is not included in the City's financial statements.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

10. FUND BALANCES

Fund balances for the City's governmental funds consisted of the following as of August 31, 2021:

Restricted Fund Balance: The restricted fund balance in the General Fund is made up of \$172,299 for State of Louisiana Department of Motor Vehicles office maintenance and operations within the city limits. The restricted fund balance in the Sales Tax Fund is made up of \$65,974 in sales taxes that have not been transferred to other funds at August 31, 2021. The restricted fund balance in the Special Sales Tax Fund is made up of \$11,585,308 for public works projects and related debt service as detailed in the 1.0% sales tax proposition. The restricted fund balance in the District No. 3 Sales Tax Fund is made up of \$6,547,603 for public improvements to St. Tammany Parish District No. 3 funded by proceeds of the 2.0% St. Tammany Parish sales and use tax. The Capital Projects Fund totals \$20,455,522 in restricted fund balance and is made up of the 1/2 cent special sales tax and funding from the 1.0% sales tax dedicated for capital improvements. The Tax Collector Fund totals \$91,271 in restricted fund balance for debt service restricted by dedicated millage. The Bond Reserve Fund and Bond Sinking Fund total \$431,707 restricted for debt service by bond ordinance.

11. INTERFUND BALANCES

Interfund Receivables/Payables

The primary purpose of interfund receivables and payables is to loan monies from the General Fund to individual funds to cover current expenditures. The balances are expected to be repaid within one year. Individual fund balances due from/to other funds at August 31, 2021 were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds:</u>		
General Fund	\$ 9,323,034	\$ -
Sales Tax Fund	-	3,104,043
Special Sales Tax Fund	495,546	3,076,984
District No. 3 Sales Tax Fund	459,571	1,059,444
Tax Collector Fund	-	2,342,177
Street Construction Fund	1,617,704	245,663
Non-Major Governmental Funds	-	-
<u>Proprietary Funds:</u>		
Utility System	<u>1,690,557</u>	<u>3,758,101</u>
	<u>\$ 13,586,412</u>	<u>\$ 13,586,412</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

11. INTERFUND BALANCES (continued)

Interfund Transfers

Operating transfers between funds consist primarily of sales tax revenues transferred out of the Sales Tax Fund and Special Sales Tax Fund to the particular funds for which the sales tax revenue is to be used. Interfund transfers for the year ended August 31, 2021 were as follows:

	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
General Fund	\$ 10,117,168	\$ -
Sales Tax Fund	-	18,036,694
Special Sales Tax Fund	3,077,315	2,575,778
District No. 3 Sales Tax Fund	2,650,117	1,059,444
Tax Collector Fund	-	-
Street Construction Fund	4,136,759	-
Non-Major Governmental Funds	-	-
<u>Proprietary Funds:</u>		
Utility System	1,690,557	-
	<u>\$ 21,671,916</u>	<u>\$ 21,671,916</u>

12. MAUSOLEUM ENDOWED CARE TRUST FUND

The City entered into an agreement with Citizens Bank and Trust Company on June 24, 1966, creating "Lake Lawn Park, Inc., Endowed Care Trust, Town of Mandeville." This Trust Fund was created to provide for the maintenance and care of the mausoleum. On January 24, 2006, the account was transferred to Argent Trust. The Trust Fund can make disbursements to the City "upon presentation to the company of an itemized and notarized statement of maintenance expenses and costs approved and signed by the mayor." This account is not reflected on the financial statements because the Trust Fund is not considered a part of the reporting entity and is not significant in total.

13. COMMITMENTS AND CONTINGENCIES

The City is a defendant in several lawsuits. Damages are generally covered by insurance less deductible for risks retained by the City. The City persists in its vigorous defense of these lawsuits and maintains that the defenses available should shield the City from liability or, at a minimum, preclude the amount of damages sought by the plaintiffs. The City does not expect any material adverse impact relating to these lawsuits.

The City is exposed to various risks of loss related to damage and destruction of assets, errors and omissions, and injuries to employees. The City has contracted with various insurers to cover its risk of loss in these areas.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

14. GRANT PROGRAMS

The City participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of August 31, 2021 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the City.

The City received one-half of its allocated portion of the federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) enacted under the American Rescue Plan Act totaling \$2,306,954. The City is expected to receive its remaining allocation during 2022 of approximately the same amount. Since the City did not incur eligible expenditures on the SLRF allocation during 2021, the amount received is recorded as unearned revenue in the Proprietary Fund. The City expects to spend these funds during 2022 and subsequent years on eligible expenditures. These funds are subject to repayment to the United States Treasury if not spent on eligible activities or programs.

15. ON-BEHALF PAYMENTS FOR SALARIES

The State of Louisiana sends a check monthly for \$500 directly to each individual post certified police staff. Police staff received a total of \$222,882 in 2021 and has been included in the fund financial statements in intergovernmental revenue and public safety expenditures.

16. CONTINGENCY

On January 30, 2021, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2021, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates. It is unknown how long these conditions will last and what the complete financial effect will be to the City.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

17. LEASE OBLIGATION

The City renewed an operating lease for a facility to provide Louisiana Department of Motor Vehicle (DMV) services during the fiscal year for a term of five years. Lease expenditures was \$59,536 for August 31, 2021. Future minimum payments under this lease are:

2022	61,056
2023	61,056
2024	61,056
2025	61,056
2026	<u>40,704</u>
	<u>284,928</u>

18. SUBSEQUENT EVENTS

On August 29, 2021, Hurricane Ida struck the Louisiana Gulf Coast causing considerable damage to the Greater New Orleans area and the surrounding areas. The City incurred approximately \$9 million in costs related to emergency response and debris removal in the immediate days and weeks following the storm. The City has requested assistance from the Federal Emergency Management Agency (FEMA) for reimbursement of costs incurred. The City expects that substantially all costs incurred for emergency response and debris removal, will be funded by FEMA. A liability was not recorded at of August 31, 2021, due to effects of Hurricane Ida.

On November 13, 2021, an election was held in the City where the voters passed a proposal to renew two property tax mills for 5.08 and 3.38 for ten years that provide additional funding to operate and maintain the police department. These two mills were set to expire after the August 31, 2022, year end and are now extended to expire after the August 31, 2032 year end.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Ad valorem taxes	\$ 1,907,050	\$ 1,907,050	\$ 1,974,334	\$ 67,284
Franchise taxes	1,019,208	1,019,208	895,967	(123,241)
Licenses and permits	1,564,422	1,564,422	1,496,594	(67,828)
Fines and forfeits	408,327	408,327	550,514	142,187
Intergovernmental	285,846	285,846	305,689	19,843
Charges for services	874,030	874,030	932,522	58,492
Interest	256,753	256,753	30,778	(225,975)
Miscellaneous	772,161	772,161	666,867	(105,294)
Total revenues	<u>7,087,797</u>	<u>7,087,797</u>	<u>6,853,265</u>	<u>(234,532)</u>
Expenditures:				
Current -				
General government	6,229,872	6,811,697	5,890,029	921,668
Public safety	7,291,427	7,449,308	7,732,158	(282,850)
Public works	2,149,752	2,097,317	1,446,724	650,593
Cemetery	100,000	100,000	31,264	68,736
Capital outlay	3,429,000	3,375,398	1,831,837	1,543,561
Total expenditures	<u>19,200,051</u>	<u>19,833,720</u>	<u>16,932,012</u>	<u>2,901,708</u>
Excess (deficiency) of revenues over (under) expenditures	(12,112,254)	(12,745,923)	(10,078,747)	2,667,176
Other financing sources (uses):				
Proceeds from disposal of capital assets	31,830	31,830	15,228	(16,602)
Transfers from other funds	13,089,796	13,089,796	10,117,168	(2,972,628)
	<u>13,121,626</u>	<u>13,121,626</u>	<u>10,132,396</u>	<u>(2,989,230)</u>
Net change in fund balance	<u>1,009,372</u>	<u>375,703</u>	<u>53,649</u>	<u>(322,054)</u>
Fund balance, beginning	<u>19,660,661</u>	<u>23,128,825</u>	<u>23,161,245</u>	<u>32,420</u>
Fund balance, ending	<u>\$ 20,670,033</u>	<u>\$ 23,504,528</u>	<u>\$ 23,214,894</u>	<u>\$ (289,634)</u>

See accompanying independent auditor's report.

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Sales taxes	\$ 14,997,565	\$ 14,997,565	\$ 18,246,438	\$ 3,248,873
Interest	7,188	7,188	1,310	(5,878)
Total revenues	<u>15,004,753</u>	<u>15,004,753</u>	<u>18,247,748</u>	<u>3,242,995</u>
Expenditures:				
Current -				
General government	173,716	173,716	226,173	(52,457)
Total expenditures	<u>173,716</u>	<u>173,716</u>	<u>226,173</u>	<u>(52,457)</u>
Excess of revenues over expenditures	14,831,037	14,831,037	18,021,575	3,190,538
Other financing sources (uses):				
Transfers to other funds	(14,825,093)	(14,825,093)	(18,036,694)	(3,211,601)
	<u>(14,825,093)</u>	<u>(14,825,093)</u>	<u>(18,036,694)</u>	<u>(3,211,601)</u>
Net change in fund balance	<u>5,944</u>	<u>5,944</u>	<u>(15,119)</u>	<u>(21,063)</u>
Fund balance, beginning	<u>-</u>	<u>81,117</u>	<u>81,093</u>	<u>(24)</u>
Fund balance, ending	<u>\$ 5,944</u>	<u>\$ 87,061</u>	<u>\$ 65,974</u>	<u>\$ (21,087)</u>

See accompanying independent auditor's report.

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
SPECIAL SALES TAX FUND
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Interest	\$ 29,194	\$ 29,194	\$ 31,240	\$ 2,046
Total revenues	<u>29,194</u>	<u>29,194</u>	<u>31,240</u>	<u>2,046</u>
Expenditures:				
Current -				
General government	307	307	23,447	(23,140)
Total expenditures	<u>307</u>	<u>307</u>	<u>23,447</u>	<u>(23,140)</u>
Excess of revenues over expenditures	28,887	28,887	7,793	(21,094)
Other financing sources (uses):				
Transfers to other funds	(8,492,660)	(8,492,660)	(2,575,778)	5,916,882
Transfers from other funds	2,618,728	2,618,728	3,077,315	458,587
	<u>(5,873,932)</u>	<u>(5,873,932)</u>	<u>501,537</u>	<u>6,375,469</u>
Net change in fund balance	<u>(5,845,045)</u>	<u>(5,845,045)</u>	<u>509,330</u>	<u>6,354,375</u>
Fund balance, beginning	<u>8,550,820</u>	<u>11,077,595</u>	<u>11,075,978</u>	<u>(1,617)</u>
Fund balance, ending	<u>\$ 2,705,775</u>	<u>\$ 5,232,550</u>	<u>\$ 11,585,308</u>	<u>\$ 6,352,758</u>

See accompanying independent auditor's report.

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
DISTRICT No. 3 SALES TAX FUND
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Interest	\$ 6,122	\$ 6,122	\$ 4,950	\$ (1,172)
Total revenues	<u>6,122</u>	<u>6,122</u>	<u>4,950</u>	<u>(1,172)</u>
Expenditures:				
Current -				
General government	-	-	9,498	(9,498)
Total expenditures	<u>-</u>	<u>-</u>	<u>9,498</u>	<u>(9,498)</u>
Excess (deficiency) of revenues over (under) expenditures	6,122	6,122	(4,548)	(10,670)
Other financing sources (uses):				
Transfers to other funds	(1,963,600)	(1,963,600)	(1,059,444)	904,156
Transfers from other funds	1,731,453	1,731,453	2,650,117	918,664
	<u>(232,147)</u>	<u>(232,147)</u>	<u>1,590,673</u>	<u>1,822,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(226,025)</u>	<u>(226,025)</u>	<u>1,586,125</u>	<u>1,812,150</u>
Fund balance, beginning	4,358,588	4,961,478	4,961,478	-
Fund balance, ending	<u>\$ 4,132,563</u>	<u>\$ 4,735,453</u>	<u>\$ 6,547,603</u>	<u>\$ 1,812,150</u>

See accompanying independent auditor's report.

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
TAX COLLECTOR FUND
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Ad valorem taxes	\$ 31,869	\$ 31,869	\$ 12,466	\$ (19,403)
Interest	18,796	18,796	3,537	(15,259)
Total revenues	<u>50,665</u>	<u>50,665</u>	<u>16,003</u>	<u>(34,662)</u>
Expenditures:				
Current -				
General government	30,805	30,805	29,480	1,325
Total expenditures	<u>30,805</u>	<u>30,805</u>	<u>29,480</u>	<u>1,325</u>
Net change in fund balance	<u>19,860</u>	<u>19,860</u>	<u>(13,477)</u>	<u>(33,337)</u>
Fund balance, beginning	<u>104,748</u>	<u>105,034</u>	<u>104,748</u>	<u>(286)</u>
Fund balance, ending	<u>\$ 124,608</u>	<u>\$ 124,894</u>	<u>\$ 91,271</u>	<u>\$ (33,623)</u>

See accompanying independent auditor's report.

CITY OF MANDEVILLE, LOUISIANA

**SCHEDULE OF CHANGES IN TOTAL OTHER
POST-EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
YEAR ENDED AUGUST 31, 2021**

Financial statement reporting date	Measurement date	Service cost	Interest	Difference between actual and expected experience	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered employee payroll	Total OPEB liability as a percentage of covered employee payroll
8/31/2021	8/31/2021	\$ 103,170	\$ 111,317	\$ (235,854)	\$ (189,454)	\$ (434,210)	\$ (645,031)	\$ 5,008,301	\$ 4,363,270	\$ 4,763,355	91.60%
8/31/2020	8/31/2020	66,477	135,137	206,804	260,802	(421,962)	247,258	4,761,043	5,008,301	4,826,273	103.77%
8/31/2019	8/31/2019	52,543	127,692	935,546	554,218	(399,964)	1,270,035	3,491,008	4,761,043	4,640,647	102.59%
8/31/2018	8/31/2018	54,152	140,960	(190,087)	(92,842)	-	(87,817)	3,578,825	3,491,008	4,372,765	79.84%

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

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan

CITY OF MANDEVILLE, LOUISIANA
Schedule of the Proportionate Share of the Net Pension Liability
Cost Sharing Plans Only
For the Year Ended August 31, 2021 (*)

Year	Pension Plan	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	MERS (Plan A)	1.1563%	\$ 3,216,266	\$ 2,289,676	140.4682%	77.8169%
2020	MERS (Plan A)	1.2198%	5,273,889	2,333,142	226.0423%	64.5220%
2019	MERS (Plan A)	1.2625%	5,275,631	2,337,165	225.7278%	64.6752%
2018	MERS (Plan A)	1.2781%	5,292,060	2,333,376	226.7984%	63.9406%
2017	MERS (Plan A)	1.3437%	5,621,152	2,445,590	229.8485%	62.4940%
2016	MERS (Plan A)	1.3991%	5,734,387	2,555,492	224.3946%	62.1103%
2015	MERS (Plan A)	1.4546%	5,196,106	2,567,775	202.3583%	66.1790%
2021	MPERS	0.8790%	\$ 4,685,513	\$ 2,639,173	177.5372%	84.0881%
2020	MPERS	0.8443%	7,803,355	2,561,380	304.6543%	70.9450%
2019	MPERS	0.8142%	7,394,717	2,366,905	312.4214%	71.0078%
2018	MPERS	0.8090%	6,839,302	2,387,446	286.4694%	71.8871%
2017	MPERS	0.8322%	7,265,624	2,453,263	296.1616%	70.0815%
2016	MPERS	0.8521%	7,986,268	2,798,773	285.3489%	66.0422%
2015	MPERS	0.8093%	6,339,636	2,471,094	256.5518%	70.7300%

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

(*) The amounts presented have a measurement date of June 30th for the year identified.

The three Retirement Systems reported in this schedule are as follows:

Multiple Employer Cost Sharing Pension Plans:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

CITY OF MANDEVILLE, LOUISIANA
Schedule of Employer Contributions to Each Retirement System
Cost Sharing Plans Only
For the Year Ended AUGUST 31, 2021

Year	Pension Plan:	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Employer's Covered Payroll ³	Contributions as a % of Covered Payroll
2021	MERS (Plan A)	\$ 673,600	\$ 673,600	\$ -	\$ 2,283,697	29.4960%
2020	MERS (Plan A)	655,025	655,025	-	2,333,947	28.0651%
2019	MERS (Plan A)	611,931	611,931	-	2,323,618	26.3353%
2018	MERS (Plan A)	605,202	605,202	-	2,422,095	24.9867%
2017	MERS (Plan A)	560,977	560,977	-	2,437,818	23.0114%
2016	MERS (Plan A)	508,404	508,404	-	2,523,644	20.1456%
2015	MERS (Plan A)	482,887	482,887	-	2,449,071	19.7171%
2021	MPERS	\$ 858,947	\$ 858,947	\$ -	\$ 2,600,782	33.0265%
2020	MPERS	846,611	846,611	-	2,599,332	32.5703%
2019	MPERS	771,016	771,016	-	2,387,096	32.2993%
2018	MPERS	768,149	768,149	-	2,476,062	31.0230%
2017	MPERS	768,685	768,685	-	2,433,858	31.5830%
2016	MPERS	734,297	734,297	-	2,460,044	29.8489%
2015	MPERS	678,542	678,542	-	2,185,865	31.0423%

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

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll

² Actual employer contributions remitted to Retirement Systems

³ Employer's covered payroll amount for the year ended August 31 of each year

The Retirement Systems reported in this schedule are as follows:

Multiple Employer Cost Sharing Pension Plans:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

CITY OF MANDEVILLE, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART II
AUGUST 31, 2021

A. Total Other Postemployment Benefit Liability (OPEB)

The following actuarial assumptions were used in each of the years in the following table in the OPEB liability valuation:

Year	Discount Rate	Healthcare	Salary Increases	Mortality
		Costs Trent Rate		
2021	2.140%	5.5%, 10yr, then 4.5%	3.000%	SOA RP 2014 Table
2020	2.210%	5.5%, 10yr, then 4.5%	4.000%	SOA RP 2000 Table
2019	2.970%	4.000%	4.000%	RP 2000 50%/50% Unisex
2018	3.880%	5.500%	3.000%	RP 2000 50%/50% Unisex
2017	3.520%	5.500%	3.000%	RP 2000 50%/50% Unisex

B. Net Pension Liability

Changes in assumptions affecting net pension liability are as follows:

The following discount rate changes were made to the pension plans identified in the following table:

Dicount Rate:		Dicount Rate:	
Year (*)	Dicount Rate:	Year (*)	Dicount Rate:
MERS		MPERS	
2021	6.850%	2021	6.750%
2020	6.950%	2020	6.950%
2019	7.000%	2019	7.125%
2018	7.275%	2018	7.200%
2017	7.400%	2017	7.325%
2016	7.500%	2016	7.500%
2015	7.500%	2015	7.500%
2014	7.750%	2014	7.500%

(*) The amounts presented have a measurement date of the June 30th of year listed.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MANDEVILLE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

	Debt Service Funds		Total Non- Major Governmental Funds
	Bond Reserve Fund	Bond Sinking Fund	Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 651	\$ 18,956	\$ 19,607
Investments	319,201	92,899	412,100
TOTAL ASSETS	\$ 319,852	\$ 111,855	\$ 431,707
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-
<u>FUND BALANCES</u>			
<u>Restricted for:</u>			
Debt service	319,852	111,855	431,707
TOTAL FUND BALANCES	319,852	111,855	431,707
TOTAL LIABILITIES AND FUND BALANCES	\$ 319,852	\$ 111,855	\$ 431,707

See accompanying independent auditor's report.

CITY OF MANDEVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Debt Service Funds		Total Non- Major Governmental Funds
	Bond Reserve Fund	Bond Sinking Fund	Governmental Funds
Revenues:			
Interest	\$ 854	\$ 90	\$ 944
Total revenues	854	90	944
Expenditures:			
Current:			
General government	163	-	163
Total expenditures	163	-	163
Net change in fund balance	691	90	781
Fund balance, beginning	319,161	111,765	430,926
Fund balance, ending	\$ 319,852	\$ 111,855	\$ 431,707

See accompanying independent auditor's report.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Compensation Paid to
City Council Members
For the Year Ended August 31, 2021

<u>Name</u>	<u>Period Active</u>	<u>Amount</u>
Rebecca Bush	9/01/2020 - 8/31/2021	\$ 14,400
Rick Danielson	9/01/2020 - 8/31/2021	14,400
Dr. Skelly Kreller	9/01/2020 - 8/31/2021	14,400
Jill McGuire	9/01/2020 - 8/31/2021	14,400
Jason Zuckerman	9/01/2020 - 8/31/2021	14,400
		<u>\$ 72,000</u>

CITY OF MANDEVILLE, LOUISIANA
Schedule of Compensation, Benefits, and Other
Payments to the Mayor
For the Year Ended August 31, 2021

Agency Head Name: Donald J. Villere, Mayor Clay Madden, Mayor
Term ended 08/31/2020 Term began 09/01/2020

Purpose	<u>Amount</u>	<u>Amount</u>
Salary	\$ 881	\$ 93,773
Benefits-insurance	-	7,849
Benefits-retirement	348	28,026
Payroll Taxes	67	7,601
Car Allowance	-	5,769
Other expenses	-	264
Other - cell phone	-	577
	<u>\$ 1,296</u>	<u>\$ 143,859</u>

CITY OF MANDEVILLE, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING / DISBURSING
FOR THE YEAR ENDED AUGUST 31, 2021

This schedule was prescribed by the Louisiana Legislative Auditor's Office as required
by Act 87 of the 2020 Regular Session

Cash Basis Presentation	First Six Month Period Ended 02/28/2021	Second Six Month Period Ended 08/31/2021
Beginning Balance of Amounts Collected	\$ -	\$ 2,869
Add: Collections		
Bond Fees	2,565	2,200
Pre-Trial Diversion Program Fees	6,968	4,187
Criminal Court Costs/Fees	58,559	61,183
Criminal Fines - Contempt	20,617	40,881
Criminal Fines - Other	212,899	234,453
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	14,144	21,141
Interest Earnings on Collected Balances	404	19
Subtotal Collections	316,156	364,064
Less: Disbursements To Governments & Nonprofits:		
Trial Court Management Information System - Judicial Administrator, Supreme Court Of La (Criminal Fines - Other)	4,344	4,482
22Nd Judicial District Court -Indigent Defender Fund (Criminal Fines - Other)	50,853	52,625
Louisiana Commission On Law Enforcement (Criminal Fines - Other)	5,541	6,406
Florida Parish Juvenile Justice Commission (Criminal Fines - Other)	7,299	7,545
Crimestoppers, Inc. (Criminal Fines - Other)	2,920	3,018
Louisiana Association of Chiefs of Police (Criminal Fines - Other)	2,918	3,018
St Tammany Parish Sheriff - Criminal Lab (Criminal Fines - Other)	12,340	12,978
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund (Criminal Fines - Other)	2,634	2,677
Louisiana Judicial College (Criminal Fines - Other)	804	863
LA State Treasurer - (Criminal Fines - Other)	50	75
Less: Amounts Retained by Collecting Agency		
City of Mandeville, Court Fees	58,559	61,183
City of Mandeville, Diversion Fees	6,968	4,187
City of Mandeville, Contempt Fee	20,617	40,881
City of Mandeville, Traffic Fines	123,196	140,766
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	100	847
Payments to 3rd Party Collection/Processing Agencies	14,144	21,141
Subtotal Disbursements/Retainage	313,287	362,692
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ 2,869	\$ 4,241
Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.</i>	30,832	20,629
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	\$ -	\$ -
Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	\$ -	\$ -

See accompanying independent auditor's report.

OTHER REPORTS

**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***

Independent Auditor's Report

The Honorable Clay Madden, Mayor
and the Members of the City Council
City of Mandeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mandeville, Louisiana (the City), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Mandeville, Louisiana's basic financial statements, and have issued our report thereon dated October 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-002.

City's Response to Findings

The City's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Postlethwaite & Netterville

Baton Rouge, LA
October 28, 2022

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Responses
For the Year Ended August 31, 2021

A. Summary of Auditor’s Results

Financial Results:

- | | |
|--|---------------|
| 1. Type of auditor’s report | Unmodified |
| 2. Internal control over financial reporting | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c. Non-compliance material to the financial statements noted? | Yes |

B. Findings - Financial Statement Audit

2021-001 PROCEDURES OVER FINANCIAL STATEMENT CLOSING PROCESS

Criteria: The system of accounting should include procedures and steps necessary to close the accounting period and prepare the documentation necessary to support the financial statements. This includes system reports, schedules, external statements, or reconciliations that provide support for the balances reported in the financial statements. The procedures should also include a checklist to determine if all year-end transactions are recorded and all year-end closeout and documentation steps are completed. Internal controls procedures also need to be developed and followed for the closing process to ensure proper preparation, review, and approval of the supporting documentation.

Condition: Documentation was not readily available for the year end audit of the financial statements. Routine year-end entries were not recorded, and support provided for various account balances did not reconcile with the general ledger balances.

Cause: The City’s finance director retired, and the accounting personnel was not aware of all the procedures involved with closing the accounting period and preparing for the audit of the financial statements. In addition, the damages caused by Hurricane Ida at the end of August 2021 created obstacles with the close out process.

Effect: The lack of completing a detailed financial statement closing process created delays in the audit and significant adjustments necessary to correct the balances to the reconciled documentation. This created delays with completing the audit process.

Recommendation: The City should implement procedures and internal controls to ensure the books are closed timely along with preparing and providing audit documentation that supports the balances reported in the financial statements.

View of Responsible Official:

The City concurs with the finding. The City has engaged a third-party accountant to assist with closing the books timely and preparing and providing audit documentation that supports the balances reported in the financial statements as of August 31, 2022.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Responses
For the Year Ended August 31, 2021

B. Findings - Financial Statement Audit (continued)

2021-002 LOCAL GOVERNMENT BUDGET ACT

Criteria: Louisiana Revised Statute 38:1311 requires the governmental entity to revise its budget when total revenues or expenditures and other sources or uses plus projected revenues or expenditures and other sources or uses for the remainder of the year, within a fund, are failing to meet total budgeted revenues or expenditures and other sources or uses by five percent or more.

Condition: The following budget statements reported unfavorable budget variances of 5% or more:

- Revenues and other sources in the General Fund
- Expenditures and other uses in the Sales Tax Fund.
- Revenues in the Tax Collector Fund

Cause: The City failed to take the necessary steps to ensure compliance with the requirements of Louisiana Revised Statute 39:1311.

Effect: The City is not in compliance with the requirements of the Louisiana Revised Statute 39:1311.

Recommendation: We recommend that the City comply with all requirements of the Local Government Budget Act and adopt amendments to the budget so the variances are within 5% as required by the legal requirements.

View of Responsible Official:

The City concurs with the finding. The City will comply with the requirements of the Local Government Budget Act and adopt amendments to the budget, so the variances are within 5% as required by legal requirements.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Responses
For the Year Ended August 31, 2021

C. Prior Year Findings - Financial Statement Audit

None.



To the Honorable Mayor and
Members of the City Council
City of Mandeville, Louisiana

We have audited the general-purpose financial statements of the City of Mandeville (the City) for the year ended August 31, 2021, and have issued our report thereon dated October 28, 2022. As part of our audit, we obtained an understanding of internal accounting controls and compliance to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control or a legal determination of compliance.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during the course of our audit, we became aware of a matter for strengthening internal controls or operating efficiency. We also became aware of a matter to clarify compliance with regulations. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated October 28, 2022, on the financial statements of the City or the City's internal control over financial reporting and compliance.

ML 21-001 Invoice Approval Process

Condition: Internal controls should be designed to prevent, detect and correct timely unauthorized or incorrect transactions. The City's policy for invoice approval requires the department head to review and approve invoices and forward to accounting department for payment processing. The department head approval was not documented on two out of 25 expenditure/expense transactions that we examined.

Recommendation: The City should take steps to ensure all invoices processed for payment are properly documented with all the required reviews and approvals in accordance with the City's policy.



ML 21-001 Invoice Approval Process (continued)

View of Responsible

Official:

The City concurs with the finding. The City will implement procedures to ensure all invoices are processed for payment as required by the City's policy.

ML 21-002 Employer Pick Up of Employee Pension Contributions

Condition:

Internal Revenue Code (IRC) Section 414(h)(2) provides for a governmental unit (the City) to “pick up” and pay the employee contribution amounts to pension plans. However, Revenue Ruling 2006-43 clarified the requirements for employee contributions to be considered made, or picked up, by the employer with the following:

- The City’s Council must take formal action to provide the contributions on behalf of a specific class of employees, although designated employee contributions will be paid by the employing unit in lieu of being contributed by the employee.
- Participating employees must not be able to opt out of the pick-up contributions being paid on their behalf and receive the contributed amounts directly instead of the contributions being paid directly to the pension plan by the City.

The City participates in two pension plans - The Municipal Employees’ Retirement System (MERS) and The Municipal Police Employees’ Retirement System (MPERS). Louisiana Revised Statute 11:1869 provided for the City to pick up the MERS employee contributions if the City’s governing authority approved the payment of the pick-up contributions. The City adopted ordinances 13-32 and 13-33 in December 2013 authorizing the payment of the MERS employee contributions; however, the City did not provide a Louisiana Statute or ordinance for the payment of the MPERS employee contributions.

Recommendation:

The City should determine if the approvals exists and/or complete the documentation required by IRC Section 414(h)(2) or Revenue Ruling 2006-43 to approve the pick-up of payment of employee contributions to MPERS.

View of Responsible

Official:

The City will consult legal counsel to determine if the approvals exist to document the pick-up of payment of employee contributions to MPERS.

This information is intended solely for the use of the Council Members and management of the City and should not be used for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 28, 2022