

EISNERAMPER

CITY OF MANDEVILLE,
LOUISIANA

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
AUGUST 31, 2023



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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mandeville, Louisiana (the City), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of August 31, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on pages 58 through 61, the schedule of changes in total OPEB liability and related ratios on page 62, the schedule of proportionate share of the net pension liability on page 63, the schedule of employer contributions to each retirement system on page 64, and the notes to required supplementary information on page 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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 combining and individual non-major governmental fund financial statements, tax collector fund budgetary comparison schedule, schedule of compensation paid to City Council members, the schedule of compensation, benefits, other payments to the Mayor, the Justice System Funding Schedule – Collecting / Disbursing and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major governmental fund financial statements, tax collector fund budgetary comparison schedule, schedule of compensation paid to City Council members, the schedule of compensation, benefits, other payments to the Mayor, the Justice System Funding Schedule – Collecting / Disbursing and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2024, 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.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, LA
March 6, 2024



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

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2023

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, 2023. 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 \$131,905,737. This is comprised of \$80,392,780 in governmental activities and \$51,512,957 in business-type activities.
- The City's total net position decreased by \$7,784,834. This is comprised of a \$2,629,158 decrease from governmental activities and a \$5,155,676 decrease from business-type activities.
- The unrestricted portion of total net position totaled \$4,332,329. This is comprised of \$137,002 in governmental activities and \$4,195,327 in business-type activities. Unrestricted net position is available for use at the City's discretion.
- Approximately 65.0% of the City's total net position is comprised of its net 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 31.7% (\$41,848,210) of the City's net position is restricted by tax levies and DMV office operations and maintenance.
- The City received the second-half of the federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) of \$2,310,712 from the United States Treasury. Since the City did not incur eligible expenditures on the SLFRF allocation during 2023, the amount received is recorded as unearned revenue in the general fund. The City expects to spend these funds during 2024 in accordance with grant guidelines.

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, 2023

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, 2023

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 five major funds: General Fund, Sales Tax Fund, Special Sales Tax Fund, District No. 3 Sales Tax 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, 2023

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
- E. Schedule of Expenditures of Federal Awards and related notes

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 \$131,905,737 (total net position), of which \$4,332,329 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. The City's net investment in capital assets equals the capital assets balance at year end, less outstanding capital related debt.

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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 63,524,278	\$ 60,933,516	\$ 9,883,136	\$ 13,662,239	\$ 73,407,414	\$ 74,595,755
Capital assets	38,558,502	39,416,653	47,317,630	48,133,214	85,876,132	87,549,867
Total assets	102,082,780	100,350,169	57,200,766	61,795,453	159,283,546	162,145,622
Deferred outflows of resources	7,969,010	6,138,936	836,177	560,476	8,805,187	6,699,412
Long-term liabilities	22,638,266	19,080,066	2,497,646	1,952,161	25,135,912	21,032,227
Other liabilities	5,897,008	3,323,543	3,895,773	3,611,061	9,792,781	6,934,604
Total liabilities	28,535,274	22,403,609	6,393,419	5,563,222	34,928,693	27,966,831
Deferred inflows of resources	1,123,736	1,063,558	130,567	124,074	1,254,303	1,187,632
Net position						
Net investment in capital assets	38,407,568	39,214,944	47,317,630	48,133,214	85,725,198	87,348,158
Restricted	41,848,210	38,630,143	-	-	41,848,210	38,630,143
Unrestricted	137,002	5,176,851	4,195,327	8,535,419	4,332,329	13,712,270
Total net position	\$ 80,392,780	\$ 83,021,938	\$ 51,512,957	\$ 56,668,633	\$ 131,905,737	\$ 139,690,571

The City's net position decreased by \$7,784,834 during the current fiscal year.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2023

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 decreased the City's net position by \$2,629,158.

Summary Schedules of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,809,970	\$ 1,553,365	\$ 3,548,573	\$ 3,406,160	\$ 5,358,543	\$ 4,959,525
Grants and contributions	1,954,858	7,319,040	131,628	29,309	2,086,486	7,348,349
General revenues:						
Property taxes	2,067,666	2,046,246	-	-	2,067,666	2,046,246
Franchise taxes	1,144,853	1,144,393	-	-	1,144,853	1,144,393
Sales taxes	21,684,432	20,508,238	-	-	21,684,432	20,508,238
Licenses and permits	1,695,526	1,691,763	-	-	1,695,526	1,691,763
Fines and forfeits	429,140	360,416	-	-	429,140	360,416
Interest income	864,712	(825,447)	221,578	(78,351)	1,086,290	(903,798)
Other	201,954	196,213	138,243	95,450	340,197	291,663
Gain (loss) on asset disposal	28,162	(227,107)	(1,304,850)	-	(1,276,688)	(227,107)
Transfers	(1,367,015)	(4,909,740)	1,367,015	4,909,740	-	-
Total revenues	<u>30,514,258</u>	<u>28,857,380</u>	<u>4,102,187</u>	<u>8,362,308</u>	<u>34,616,445</u>	<u>37,219,688</u>
Expenses:						
General government	8,849,600	17,114,396	-	-	8,849,600	17,114,396
Public safety	11,922,558	10,565,534	-	-	11,922,558	10,565,534
Public works	12,311,760	5,169,965	-	-	12,311,760	5,169,965
Cemetery	48,971	45,928	-	-	48,971	45,928
Interest expense	10,527	13,424	-	-	10,527	13,424
Water	-	-	2,727,505	2,122,512	2,727,505	2,122,512
Sewer	-	-	6,530,358	2,760,590	6,530,358	2,760,590
Total expenses	<u>33,143,416</u>	<u>32,909,247</u>	<u>9,257,863</u>	<u>4,883,102</u>	<u>42,401,279</u>	<u>37,792,349</u>
Change in net position	(2,629,158)	(4,051,867)	(5,155,676)	3,479,206	(7,784,834)	(572,661)
Net position, beginning	83,021,938	87,073,805	56,668,633	53,189,427	139,690,571	140,263,232
Net position, ending	<u>\$ 80,392,780</u>	<u>\$ 83,021,938</u>	<u>\$ 51,512,957</u>	<u>\$ 56,668,633</u>	<u>\$ 131,905,737</u>	<u>\$ 139,690,571</u>

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

- Sales and use taxes increased by \$1,176,194, or 5.7%, due to an increase in sales revenues from local retailers because of the recovery from Hurricane Ida, inflationary price increases and new sales tax collections from remote sellers and businesses.
- Grants and contributions decreased by \$5,364,182, or 73.3%, due to the accrual for reimbursements from the federal disaster assistance grant in prior year.
- Interest and investment earnings increased by \$1,690,159, or 204.8%, due to a higher return on investments and unrealized gains due to market value fluctuations.
- Public works expenses increased by \$7,141,795 or 138.1%, due to increased salary and benefits expenses, additional repair and maintenance expenses and loss on disposal of assets on construction in progress projects where the City determined the project no longer met the criteria to be capitalized.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2023

Business-Type Activities

Business-type activities decreased the City's net position by \$5,155,676, or 9.1%. Key elements of this increase are as follows:

- Charges for services increased in fiscal year 2023 in the amount of \$142,413, or 4.2%.
- Interest and investment earnings increased by \$299,929, or 382.8%, due to a higher return on investments and market value fluctuations.
- Intergovernmental transfers decreased in fiscal year 2023 in the amount of \$3,542,725, or 72.2%, due to less payments made by the general fund to cover water and sewer projects during fiscal year 2023 compared to 2022.
- Expenses increased by \$4,374,761 or 89.6% due to additional expenditures for sludge removal and water and sewer system repairs throughout the city.
- Loss on asset disposal increased by \$1,304,850 or 100% due on on construction in progress projects where the City determined the project no longer met the criteria to be capitalized.

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, 2023, the City's governmental funds reported a combined ending fund balance of \$56,464,822 a decrease of \$1,103,837 when compared to the prior year. Unassigned fund balance as of August 31, 2023 was \$14,617,612. The restricted fund balance in the amount of \$41,848,210 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, 2023, the fund balance of the General Fund was \$14,730,783. The fund balance of the City's General Fund decreased by \$4,356,463 for the year ended August 31, 2023. The decrease is related to increase in public works expenditures associated with increase in salaries and benefits, repairs and maintenance expenditures and increased capital outlay expenditure associated with the purchase of land.

Sales Tax Fund

The Sales Tax Fund has a total fund balance of \$70,900. The fund balance of the Sales Tax Fund increased by \$4,594 for the year ended August 31, 2023. 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.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2023

Special Sales Tax Fund

The Special Sales Tax Fund has a total fund balance of \$8,226,642, 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 \$556,751. The City Administration is continuing the 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.

District No. 3 Sales Tax Fund

The District No. 3 Sales Tax Fund has a total fund balance of \$9,154,948, 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 \$1,630,446.

Street Construction Fund

The Street Construction Fund has a total fund balance of \$23,783,244, all of which is restricted for capital improvements. The net increase in fund balance during the current year in the Street Construction Fund was \$1,055,870.

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 \$51,512,957 of which \$4,195,327 was unrestricted. The total decrease in net position was \$5,155,676.

General Fund Budgetary Highlights

During the year, appropriations between the original and final amended budget increased by \$1,697,085. The increase is primarily due to an increase in general government and capital outlay 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, 2023, was \$85,876,132 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, right of use leased assets, and water and sewer infrastructure.

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

- Land purchases totaled \$2,778,560
- Equipment, vehicles, and buildings placed in service at a cost of \$696,599.
- Construction in progress of the general government was \$1,863,714 and consisted primarily of drainage and street projects.
- Road construction and replacement and harbor totaled \$412,738.
- Equipment and vehicles were acquired for the Water and Sewer Fund at a cost of \$305,775.

CITY OF MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2023

- Various sewer line, water well, lines and tower additions and improvements were constructed at a cost of \$3,483,109. Additional information on the City's capital assets can be found in Note 6 of this report.

Long-Term Bond Debt

At August 31, 2023, the City did not have any long-term bonded debt. The City recorded a lease liability as of August 31, 2023, of \$150,934.

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 and land acquisition. Since August 31, 2010 to August 31, 2023, the City has increased its net capital assets from \$62.5 million to \$85.7 million.

The following factors were considered in preparing the City's budget for the 2024 fiscal year:

- Projects that focus on safety initiatives, beautification, maintaining existing infrastructure, new recreational opportunities, a new Police Station Headquarters, and traffic improvements, just to name a few.
- Sales tax projected for the year ended August 31, 2024, is \$22.8 million. The City's sales tax constitutes approximately 40% of the total governmental budget, providing restricted and unrestricted revenue sources.
- Property tax projected for the year ended August 31, 2024, is \$2.075M. The City is 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 28,583,999	\$ 2,470,062	\$ 31,054,061
Investments	31,274,380	5,552,272	36,826,652
Accounts receivable (net)	4,429,634	519,413	4,949,047
Internal balances	(763,735)	763,735	-
Inventory	-	577,654	577,654
Capital assets, net	38,558,502	47,317,630	85,876,132
TOTAL ASSETS	102,082,780	57,200,766	159,283,546
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred amounts related to net pension liability	6,362,061	552,598	6,914,659
Deferred amounts related to post employment liability	1,606,949	283,579	1,890,528
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,969,010	836,177	8,805,187
<u>LIABILITIES:</u>			
Accounts payable	3,586,296	1,261,041	4,847,337
Customer deposits	-	327,778	327,778
Unearned revenue	2,310,712	2,306,954	4,617,666
Long-term liabilities:			
Due within one year	371,729	28,654	400,383
Due beyond one year	130,271	-	130,271
Total other post-employment benefit (OPEB) liability			
Due within one year	331,500	58,500	390,000
Due beyond one year	3,692,116	651,550	4,343,666
Net pension liability	18,112,650	1,758,942	19,871,592
TOTAL LIABILITIES	28,535,274	6,393,419	34,928,693
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred amounts related to lessor leases	174,338	-	174,338
Deferred amounts related to net pension liability	305,378	16,916	322,294
Deferred amounts related to total OPEB liability	644,020	113,651	757,671
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,123,736	130,567	1,254,303
<u>NET POSITION:</u>			
Net investment in capital assets	38,407,568	47,317,630	85,725,198
Restricted for:			
DMV Operations	113,171	-	113,171
Debt service	448,319	-	448,319
Capital projects	23,783,244	-	23,783,244
Special programs	17,503,476	-	17,503,476
Unrestricted	137,002	4,195,327	4,332,329
TOTAL NET POSITION	\$ 80,392,780	\$ 51,512,957	\$ 131,905,737

The accompanying notes are an integral part of this statement.

CITY OF MANDEVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

	Primary Government					
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Function/Programs						
Primary Government						
Governmental:						
General government	\$ 8,849,600	\$ 1,093,802	\$ 1,148,613	\$ (6,607,185)	\$ -	\$ (6,607,185)
Public safety	11,922,558	702,193	321,185	(10,899,180)	-	(10,899,180)
Public works	12,311,760	-	485,060	(11,826,700)	-	(11,826,700)
Cemetery	48,971	13,975	-	(34,996)	-	(34,996)
Interest expense	10,527	-	-	(10,527)	-	(10,527)
Total governmental activities	<u>33,143,416</u>	<u>1,809,970</u>	<u>1,954,858</u>	<u>(29,378,588)</u>	<u>-</u>	<u>(29,378,588)</u>
Business-type:						
Water	2,727,505	1,324,173	22,007	-	(1,381,325)	(1,381,325)
Sewer	6,530,358	2,224,400	109,621	-	(4,196,337)	(4,196,337)
Total business-type activities	<u>9,257,863</u>	<u>3,548,573</u>	<u>131,628</u>	<u>-</u>	<u>(5,577,662)</u>	<u>(5,577,662)</u>
Total primary government	<u>\$ 42,401,279</u>	<u>\$ 5,358,543</u>	<u>\$ 2,086,486</u>	<u>(29,378,588)</u>	<u>(5,577,662)</u>	<u>\$ (34,956,250)</u>
General revenues:						
Property taxes				2,067,666	-	2,067,666
Franchise taxes				1,144,853	-	1,144,853
Sales taxes				21,684,432	-	21,684,432
Licenses and permits				1,695,526		1,695,526
Fines and forfeits				429,140	-	429,140
Interest income (loss) and fair value change:				864,712	221,578	1,086,290
Other				201,954	138,243	340,197
Net gain (loss) on asset disposal				28,162	(1,304,850)	(1,276,688)
Transfers (net)				(1,367,015)	1,367,015	-
Total general revenues				<u>26,749,430</u>	<u>421,986</u>	<u>27,171,416</u>
Change in net position				(2,629,158)	(5,155,676)	(7,784,834)
Net position, August 31, 2022				<u>83,021,938</u>	<u>56,668,633</u>	<u>139,690,571</u>
Net position, August 31, 2023				<u>\$ 80,392,780</u>	<u>\$ 51,512,957</u>	<u>\$ 131,905,737</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, 2023

	<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>Street Construction Fund</u>		
ASSETS							
Cash and cash equivalents	\$ 9,275,684	\$ 1,887,598	\$ 923,422	\$ 9,397,824	\$ 7,078,493	\$ 20,978	\$ 28,583,999
Investments	11,873,417	101,729	9,564,623	-	8,897,907	836,704	31,274,380
Accounts receivable, net	2,669,208	1,716,665	-	-	-	43,761	4,429,634
Due from other funds	4,348,874	-	586,260	510,398	9,435,743	-	14,881,275
TOTAL ASSETS	<u>\$ 28,167,183</u>	<u>\$ 3,705,992</u>	<u>\$ 11,074,305</u>	<u>\$ 9,908,222</u>	<u>\$ 25,412,143</u>	<u>\$ 901,443</u>	<u>\$ 79,169,288</u>
LIABILITIES							
Accounts payable	\$ 2,400,720	\$ 26,652	\$ -	\$ -	\$ 1,158,924	\$ -	\$ 3,586,296
Due to other funds	7,563,520	3,608,440	2,847,663	753,274	469,975	402,138	15,645,010
Unearned revenue	2,310,712	-	-	-	-	-	2,310,712
TOTAL LIABILITIES	<u>12,274,952</u>	<u>3,635,092</u>	<u>2,847,663</u>	<u>753,274</u>	<u>1,628,899</u>	<u>402,138</u>	<u>21,542,018</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - grants	944,245	-	-	-	-	-	944,245
Unavailable revenue - property taxes	42,865	-	-	-	-	-	42,865
Deferred amounts - lessor leases	174,338	-	-	-	-	-	174,338
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,161,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,161,448</u>
FUND BALANCES							
Restricted for:							
DMV Operations	113,171	-	-	-	-	-	113,171
Debt service	-	-	-	-	-	448,319	448,319
Capital projects	-	-	-	-	23,783,244	-	23,783,244
Special programs	-	70,900	8,226,642	9,154,948	-	50,986	17,503,476
Unassigned	<u>14,617,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,617,612</u>
TOTAL FUND BALANCES	<u>14,730,783</u>	<u>70,900</u>	<u>8,226,642</u>	<u>9,154,948</u>	<u>23,783,244</u>	<u>499,305</u>	<u>56,465,822</u>
TOTAL LIABILITIES AND FUND BALANCE:	<u>\$ 28,167,183</u>	<u>\$ 3,705,992</u>	<u>\$ 11,074,305</u>	<u>\$ 9,908,222</u>	<u>\$ 25,412,143</u>	<u>\$ 901,443</u>	<u>\$ 79,169,288</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, 2023

Fund balances August 31, 2023 - governmental funds	\$	56,465,822
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, 2023		115,381,456
Less: accumulated depreciation and amortization as of August 31, 2023		<u>(76,822,954)</u>
		38,558,502
Revenues were collected more than sixty days after year-end for property tax or within one year for grant revenue and, therefore, are not available soon enough to pay for current period expenditures		
Property tax revenues		42,865
Grant revenues		944,245
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		6,362,061
Deferred outflows of resources - related to other postemployment benefit liability		<u>1,606,949</u>
		7,969,010
Deferred inflows of resources - related to net pension liability		(305,378)
Deferred inflows of resources - related to other postemployment benefit liability		<u>(644,020)</u>
		(949,398)
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:		
Lease liability		(150,934)
Net pension liability		(18,112,650)
Compensated absences		(351,066)
Total other postemployment benefit (OPEB) liability		<u>(4,023,616)</u>
Total net position at August 31, 2023 - governmental activities	\$	<u><u>80,392,780</u></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, 2023

	<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>Street Construction Fund</u>		
Revenues:							
Ad valorem taxes	\$ 2,057,137	\$ -	\$ -	\$ -	\$ -	\$ 7,978	\$ 2,065,115
Franchise taxes	1,144,853	-	-	-	-	-	1,144,853
Sales taxes	-	21,684,432	-	-	-	-	21,684,432
Licenses and permits	1,695,526	-	-	-	-	-	1,695,526
Fines and forfeits	429,140	-	-	-	-	-	429,140
Intergovernmental	596,332	-	-	-	24,524	-	620,856
Charges for services	913,670	-	-	-	-	-	913,670
Interest	308,577	4,714	266,676	5,036	252,093	27,616	864,712
Miscellaneous	1,098,254	-	-	-	-	-	1,098,254
Total revenues	<u>8,243,489</u>	<u>21,689,146</u>	<u>266,676</u>	<u>5,036</u>	<u>276,617</u>	<u>35,594</u>	<u>30,516,558</u>
Expenditures:							
Current -							
General government	8,233,971	260,930	16,980	-	-	30,629	8,542,510
Public safety	9,927,499	-	-	-	-	-	9,927,499
Public works	2,551,734	-	-	-	3,761,716	-	6,313,450
Cemetery	48,971	-	-	-	-	-	48,971
Capital outlay	4,745,612	-	-	-	642,198	-	5,387,810
Debt Service -							
Principal	50,775	-	-	-	-	-	50,775
Bond interest and fees	10,527	-	-	-	-	-	10,527
Total expenditures	<u>25,569,089</u>	<u>260,930</u>	<u>16,980</u>	<u>-</u>	<u>4,403,914</u>	<u>30,629</u>	<u>30,281,542</u>
Excess (deficiency) of revenues over (under) expenditures	(17,325,600)	21,428,216	249,696	5,036	(4,127,297)	4,965	235,016
Other financing sources (uses):							
Proceeds from disposal of capital assets	28,162	-	-	-	-	-	28,162
Transfers to other funds	-	(21,423,622)	(3,346,706)	(1,529,406)	-	-	(26,299,734)
Transfers from other funds	12,940,975	-	3,653,761	3,154,816	5,183,167	-	24,932,719
Total other financing sources (uses)	<u>12,969,137</u>	<u>(21,423,622)</u>	<u>307,055</u>	<u>1,625,410</u>	<u>5,183,167</u>	<u>-</u>	<u>(1,338,853)</u>
Net change in fund balance	(4,356,463)	4,594	556,751	1,630,446	1,055,870	4,965	(1,103,837)
Fund balance, beginning	19,087,246	66,306	7,669,891	7,524,502	22,727,374	494,340	57,569,659
Fund balance, ending	<u>\$ 14,730,783</u>	<u>\$ 70,900</u>	<u>\$ 8,226,642</u>	<u>\$ 9,154,948</u>	<u>\$ 23,783,244</u>	<u>\$ 499,305</u>	<u>\$ 56,465,822</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, 2023

Net change in fund balances - governmental funds \$ (1,103,837)

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	5,387,810	
Depreciation and amortization expense	(3,684,464)	
Loss on asset disposal	<u>(2,561,497)</u>	(858,151)

Change in deferred property tax revenues due to collection beyond 60 days	2,551
Change in deferral of grant revenues beyond the one year availability	944,245

Changes in long-term obligations:

Change in net pension liability and related deferrals	(1,742,155)	
Principal paid on leases	50,775	
Change in total other post-employment benefit liability and related deferrals	<u>77,414</u>	<u>(1,613,966)</u>

Change in net position of governmental activities \$ (2,629,158)

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, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 2,470,062
Investments	5,552,272
Accounts receivable (net)	519,413
Due from other funds	852,125
Inventories	577,654
Total current assets	9,971,526

Capital assets

Capital assets, cost	81,040,135
Less: accumulated depreciation	(33,722,505)
Total capital assets	47,317,630

TOTAL ASSETS

57,289,156

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts related to net pension liability	552,598
Deferred amounts related to post employment liability	283,579
TOTAL DEFERRED OUTFLOWS OF RESOURCES	836,177

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	1,261,041
Compensated absences, current	28,654
Customer deposits	327,778
Unearned revenues	2,306,954
Due to other funds	88,390
Total other post employment benefit liability, current	58,500
Total current liabilities	4,071,317

Long-term liabilities:

Net pension liability	1,758,942
Total other postemployment benefit liability	651,550
Total long-term liabilities	2,410,492

TOTAL LIABILITIES

6,481,809

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to net pension liability	16,916
Deferred amounts related to total OPEB liability	113,651
TOTAL DEFERRED INFLOWS OF RESOURCES	130,567

NET POSITION

Investment in capital assets	47,317,630
Unrestricted	4,195,327
TOTAL NET POSITION	\$ 51,512,957

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, 2023

OPERATING REVENUES:

Charges for services	
Water fees	\$ 1,270,721
Sewer fees	2,197,433
Tapping fees	
Water	16,755
Sewer	7,700
Water service charges	13,430
Delinquent fees	60,278
Miscellaneous service revenues	77,965
Water impact fees	23,267
Sewer impact fees	19,267
Total operating revenues	<u>3,686,816</u>

OPERATING EXPENSES:

Water department expenses	2,727,505
Sewer department expenses	6,530,358
Total operating expenses	<u>9,257,863</u>

LOSS FROM OPERATIONS (5,571,047)

NON-OPERATING REVENUES (EXPENSES):

Intergovernmental	95,424
Interest income (loss)	221,578
Other grants and contributions	36,204
Loss on disposal of assets	(1,304,850)
Total nonoperating revenues (expenses)	<u>(951,644)</u>

Net income before transfers (6,522,691)

Transfers from other funds 1,367,015

CHANGE IN NET POSITION (5,155,676)

NET POSITION:

Balance, beginning of year 56,668,633

Balance, end of year \$ 51,512,957

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, 2023

Page 1 of 2

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 3,607,000
Cash paid to suppliers	(4,839,009)
Cash paid to employees	(1,858,407)
Net cash used in operating activities	(3,090,416)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Due to other funds (net change in)	(2,827,533)
Transfers from other funds	1,367,015
Grants and contributions	66,076
Net cash provided by non-capital financing activities	1,380,093

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Acquisition of capital assets	(2,557,390)
Net cash used in capital financing activities	(2,557,390)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(1,792,171)
Investment income (loss)	221,578
Net cash used in investing activities	(1,570,593)

Net change in cash and cash equivalents	(5,838,306)
Cash and cash equivalents at beginning of year	8,308,368
Cash and cash equivalents at end of year	\$ 2,470,062

(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, 2023

Page 2 of 2

Reconciliation of net loss from operations to net cash used in operating activities:

Loss from operations	\$ (5,571,047)
Adjustments to reconcile net loss from operations to net cash used in operating activities:	
Depreciation expense	2,068,124
Change in assets, deferred outflows, liabilities and deferred inflows:	
Receivables	(86,264)
Inventories	(62,218)
Deferred outflows related to net pension liability	(132,607)
Deferred outflows related to OPEB liability	(143,094)
Accounts payable and accrued liabilities	278,257
Customer deposits	6,455
Net pension liability	268,829
Deferred inflows related to net pension liability	(12,211)
Total OPEB liability	276,656
Deferred inflows related to OPEB	18,704
Net cash used in operating activities	<u><u>\$ (3,090,416)</u></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, 2023

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, 2023

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, and Street Construction Fund. Non-major funds are aggregated and presented in a single column. The City has three non-major funds: Tax Collector Fund, 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, except for reimbursement grants where the revenue is recognized when the eligibility requirements are met. 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, with the exception of reimbursement grants which are recognized when the eligibility requirements of the grant are met, if they are collected within 1 year 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, 2023

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. 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, 2023

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.

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.

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).

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.

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).

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, 2023.

(h) Capital Assets

Capital assets, which include property, plant, equipment, right to use lease assets, 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. 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

Right-to-use lease assets are amortized over the term of the respective contracts.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

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 assets 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 assets 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, 2023

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-assessment of all property is required to be completed no less than every four years. The last re-assessment was completed in 2020.

The assessed value at January 1, 2022, upon which the 2023 levies were based, was \$242,295,842. Property (Ad-valorem) Taxes - Property taxes are levied on a calendar year basis. On May 26, 2022, the taxes were levied for the 2022 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:

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenues (continued)

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	2032
General	Police department additional funding for operations, maintenance, salaries and benefits	3.38	1.44	2032
	Total	15.46	8.86	

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.
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	2.50	

(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, 2023

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) Current Year Adoption of New Accounting Standard

The City has implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). Under this Statement, SBITA, as defined, are financings of the right to use an underlying IT asset. SBITA liabilities are measured at the present value of SBITA payments over the term of each respective contract. Options to renew the SBITA are included in the lease term if reasonably certain to be exercised. The right-to-use IT asset may also include certain implementation phase costs. The implementation of GASB 96 did not have a significant impact to the City's financial statements.

(s) Leases

The System enters into noncancellable lease agreements and records them in accordance with GASB Statement No. 87, Leases.

Lessee leases

The City recognizes a liability and intangible right-to-use asset in the financial statements for leased property for contracts with an initial individual value that is material to the financial statements and with periods greater than one year. At the commencement of a lease or contract, the City initially measures the liability at the present value of payments expected to be made during the lease or contract term. Subsequently, the liability is reduced by the principal portion of payments made. The right-to-use asset is initially measured as the initial amount of the lease liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life or contract term. Key estimates and judgments related to leases include (1) the discount rate used to present value the expected lease payment, (2) lease or contract term, and (3) payments.

The City uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. The lease terms include the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) *Leases (continued)*

Lessor Leases

The City recognizes a lease receivable and a deferred inflow of resources in the financial statements for those lease contracts with an initial individual value that is material to the financial statements and whose terms call for a lease period greater than one year. The lease receivable is measured at the commencement of the lease at the present value of fixed payments expected to be received during the non-cancellable lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include (1) the discount rate used to present value the expected lease receipts, (2) lease term, and (3) lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease terms include the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease receivable are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable, leased asset, liability and deferred inflow if certain changes occur that are expected to significantly affect the amount of the lease receivable or liability. Lessee leased assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net positions. Lessor leases are reported as lease receivable and deferred inflows of resources on the statement of net position.

(t) *Recent Reporting and Disclosure Developments*

As of August 31, 2023, 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. 99, *Omnibus 2022*. The requirements of this Statement related to the enhancement in comparability in accounting and financial reporting related to financial guarantees, other derivative instruments, extended use of LIBOR and other technical corrections and are effective for periods beginning after June 15, 2023.

The GASB issued Statement No. 100, *Accounting Changes and Error Correction – an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement is effective for fiscal years beginning after June 15, 2023.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Recent Reporting and Disclosure Developments (continued)

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

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.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

3. CASH AND CASH EQUIVALENTS

At August 31, 2023, the City had cash and cash equivalents (book balances) totaling \$31,054,061. 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, 2023, the City had \$30,963,129 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance and \$29,604,211 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, 2023:

	Standard and Poors:						Moody's:		Total
	A	A-	A+	AA	AA-	AA+	AAAm	Aa2	
Federal Farm Credit Bank	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,712,252	\$ -	\$ -	\$ 3,712,252
Federal Home Loan Bank	-	-	-	-	-	7,465,358	-	-	7,465,358
Federal Home Loan Mortgage	-	-	-	-	-	613,998	-	-	613,998
Federal National Mortgage	-	-	-	-	-	562,643	-	-	562,643
State Government	-	-	596,319	204,508	792,299	-	-	520,716	2,113,842
Local Government	242,019	174,116	198,972	1,227,754	1,087,501	236,640	-	-	3,167,002
LAMP	-	-	-	-	-	-	4,935,664	-	4,935,664
US Treasury	-	-	-	-	-	14,255,893	-	-	14,255,893
Total	\$ 242,019	\$ 174,116	\$ 795,291	\$ 1,432,262	\$ 1,879,800	\$ 26,846,784	\$ 4,935,664	\$ 520,716	\$ 36,826,652

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, 2023 were not subject to custodial credit risk.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

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 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Federal Farm Credit Bank	\$ 3,712,252	\$ -	\$ 3,712,252	\$ -	\$ -
Federal Home Loan Bank	7,465,358	-	7,465,358	-	-
Federal Home Loan Mortgage	613,998	-	613,998	-	-
Federal National Mortgage	562,643	-	562,643	-	-
State Government	2,113,842	101,245	1,997,410	-	15,187
Local Government	3,167,002	242,019	2,924,983	-	-
Louisiana Asset Management Pool	4,935,664	-	4,935,664	-	-
US Treasury	14,255,893	-	14,255,893	-	-
Total	\$ 36,826,652	\$ 343,264	\$ 36,468,201	\$ -	\$ 15,187

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, 2023 were as follows:

<u>Issuer</u>	<u>Percent</u>
Federal Farm Credit Bank	10%
Federal Home Loan Bank	20%
Federal Home Loan Mortgage	2%
Federal National Mortgage	2%
State Government	6%
Local Government	9%
Louisiana Asset Management Pool	13%
US Treasury	38%

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, 2023

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 57 days as of August 31, 2023.
- *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, 2023

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, 2023:

	<u>August 31, 2023</u>	<u>Fair Value Measurements Using</u>	
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Fixed Income Assets			
Federal Farm Credit Bank	\$ 3,712,252	\$ 681,989	\$ 3,030,263
Federal Home Loan Bank	7,465,358	874,789	6,590,569
Federal Home Loan Mortgage	613,998	430,566	183,432
Federal National Mortgage Association	562,643	562,643	-
State Government	2,113,842	-	2,113,842
Local Government	3,167,002	-	3,167,002
US Treasury	14,255,893	14,255,893	-
Total Investments at fair value	<u>31,890,988</u>	<u>\$ 2,549,987</u>	<u>\$ 15,085,108</u>
Reported at Net Asset Value (NAV)			
Louisiana Asset Management Pool	<u>4,935,664</u>		
Total Investments at NAV	<u>4,935,664</u>		
Total Investments	<u>\$ 36,826,652</u>		

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

5. RECEIVABLES

As of August 31, 2023, receivables, net of allowances, consisted of the following:

	Sales Taxes	Franchise Taxes	Grants	Leases	Other	Customer Utility Accounts	Total
Governmental Activities:							
General Fund	\$ -	\$ 231,601	\$ 2,169,342	\$ 173,278	\$ 94,987	\$ -	\$ 2,669,208
Sales Tax Fund	1,716,665	-	-	-	-	-	1,716,665
Non-major Funds	-	-	-	-	43,761	-	43,761
	<u>1,716,665</u>	<u>231,601</u>	<u>2,169,342</u>	<u>173,278</u>	<u>138,748</u>	<u>-</u>	<u>4,429,634</u>
Business-Type Activities:							
Proprietary Fund	-	-	65,552	-	-	777,120	842,672
Allowance for uncollectible	-	-	-	-	-	(323,259)	(323,259)
	<u>-</u>	<u>-</u>	<u>65,552</u>	<u>-</u>	<u>-</u>	<u>453,861</u>	<u>519,413</u>
Total	<u>\$ 1,716,665</u>	<u>\$ 231,601</u>	<u>\$ 2,234,894</u>	<u>\$ 173,278</u>	<u>\$ 138,748</u>	<u>\$ 453,861</u>	<u>\$ 4,949,047</u>

6. CAPITAL ASSETS

The following is a summary of the changes in capital assets for governmental activities for the year ended August 31, 2023:

	Balance 08/31/2022	Additions	Deletions and transfers	Balance 08/31/2023
<u>Cost</u>				
<u>Not being depreciated</u>				
Land	\$ 6,406,891	\$ 2,778,560	\$ -	\$ 9,185,451
Construction in progress	4,529,212	1,863,714	(2,925,298)	3,467,628
Total capital assets not being depreciated	<u>10,936,103</u>	<u>4,642,274</u>	<u>(2,925,298)</u>	<u>12,653,079</u>
<u>Being depreciated</u>				
Infrastructure - Streets	71,910,038	412,738	-	72,322,776
Trace and Trailhead	4,339,130	-	-	4,339,130
Drainage	10,160,075	-	-	10,160,075
Vehicles	3,926,413	129,526	-	4,055,939
Equipment	3,615,053	375,456	-	3,990,509
Buildings	5,960,690	191,617	-	6,152,307
Office Equipment and Furniture	163,982	-	-	163,982
Harbor	1,294,073	-	-	1,294,073
Total capital assets being depreciated	<u>101,369,454</u>	<u>1,109,337</u>	<u>-</u>	<u>102,478,791</u>
<u>Less: accumulated depreciation for</u>				
Infrastructure - Streets	(54,768,450)	(2,414,778)	-	(57,183,228)
Trace and Trailhead	(1,826,824)	(89,648)	-	(1,916,472)
Drainage	(5,112,370)	(494,899)	-	(5,607,269)
Vehicles	(3,406,123)	(191,702)	-	(3,597,825)
Equipment	(3,011,644)	(103,844)	-	(3,115,488)
Buildings	(4,240,065)	(259,271)	-	(4,499,336)
Office Equipment and Furniture	(152,490)	(11,175)	-	(163,665)
Harbor	(567,041)	(65,664)	-	(632,705)
Total accumulated depreciation	<u>(73,085,007)</u>	<u>(3,630,981)</u>	<u>-</u>	<u>(76,715,988)</u>
Net capital assets being depreciated	<u>28,284,447</u>	<u>(2,521,644)</u>	<u>-</u>	<u>25,762,803</u>
<u>Right of use leased assets:</u>				
Buildings	249,586	-	-	249,586
<u>Less: Accumulated Amortization for</u>				
Buildings	(53,483)	(53,483)	-	(106,966)
Net leased assets being amortized	<u>196,103</u>	<u>(53,483)</u>	<u>-</u>	<u>142,620</u>
Governmental activities capital assets, net	<u>\$ 39,416,653</u>	<u>\$ 2,067,147</u>	<u>\$ (2,925,298)</u>	<u>\$ 38,558,502</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

6. CAPITAL ASSETS (continued)

Depreciation and amortization was charged to governmental activities functions as follows:

General government	\$ 175,965
Public safety	177,719
Public works	<u>3,330,780</u>
	<u>\$ 3,684,464</u>

The following is a summary of the changes in capital assets for business-type activities for the year ended August 31, 2023:

	Balance 08/31/2022	Additions	Deletions and transfers	Balance 08/31/2023
<u>Cost</u>				
<u>Not being depreciated</u>				
Land	\$ 1,745,392	\$ -	\$ -	\$ 1,745,392
Construction in progress	<u>3,220,578</u>	<u>1,604,136</u>	<u>(4,140,480)</u>	<u>684,234</u>
	<u>4,965,970</u>	<u>1,604,136</u>	<u>(4,140,480)</u>	<u>2,429,626</u>
<u>Being depreciated</u>				
Buildings	1,314,487	-	-	1,314,487
Water Wells, Lines, and Tower	34,745,410	675,449	-	35,420,859
Sewer Lines	19,907,577	2,807,660	-	22,715,237
Equipment and Vehicles	3,661,298	305,775	-	3,967,073
Wastewater Treatment Plant	<u>15,192,853</u>	<u>-</u>	<u>-</u>	<u>15,192,853</u>
	<u>74,821,625</u>	<u>3,788,884</u>	<u>-</u>	<u>78,610,509</u>
<u>Less: accumulated depreciation</u>				
Buildings	(513,158)	(25,940)	-	(539,098)
Water Wells, Lines, and Tower	(10,023,113)	(1,014,550)	-	(11,037,663)
Sewer Lines	(12,177,129)	(333,284)	-	(12,510,413)
Equipment and Vehicles	(3,079,958)	(52,274)	-	(3,132,232)
Wastewater Treatment Plant	<u>(5,861,023)</u>	<u>(642,076)</u>	<u>-</u>	<u>(6,503,099)</u>
	<u>(31,654,381)</u>	<u>(2,068,124)</u>	<u>-</u>	<u>(33,722,505)</u>
Net capital assets being depreciated	<u>43,167,244</u>	<u>1,720,760</u>	<u>-</u>	<u>44,888,004</u>
Business-type activities capital assets, net	<u>\$ 48,133,214</u>	<u>\$ 3,324,896</u>	<u>\$ (4,140,480)</u>	<u>\$ 47,317,630</u>

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

Water	\$ 742,423
Sewer	<u>1,325,701</u>
	<u>\$ 2,068,124</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

6. CAPITAL ASSETS (continued)

Capital Commitments

The City has active capital projects as of August 31, 2023, as follows:

Project	Total Contract	Remaining Commitment
Highway 22 Drainage	\$ 12,000,000	\$ 11,482,164
Lakefront Wetlands Restoration	3,000,000	2,807,466
Police Department Building	2,667,000	2,665,976
Land Acquisition	3,700,000	2,651,748
Golden Glen Water Line	2,727,081	2,555,068
Seawall Repair	2,500,000	2,256,459
Asphalt Maintenance	3,000,000	2,104,208
Lift Stations 3 & 39 Upgrades	1,720,000	1,661,512
WWTP Pipeline Extension	1,618,721	1,531,817
Harbor Field Upgrades	1,200,000	1,132,190
Old Golden Shores Neighborhood Drainage	1,150,000	1,027,284
Lift Stations 42 & 43 Upgrades	1,000,000	951,129
Highway 190/22 Interchange Improvements	1,165,000	928,273
Lift Station 4 Upgrade	920,000	890,282
Roadway & Drainage Maintenance	3,500,000	748,796
East Mandeville By-Pass Road	1,250,000	741,033
City Parks & Playgrounds Improvements	995,000	716,703
Sewer System Repairs	1,598,909	671,346
Natural Waterway Debris Removal (NCRS)	870,000	627,928
Vacuum Truck	550,000	549,759
SCADA Panel Upgrades	497,935	493,957
Sidewalk on South Side of E Causeway	500,000	457,843
Harbor Gazebo Improvements	428,500	425,399
Shoreline Protection and Flood Control (Eastside)	501,015	411,669
Treatment Plant Sludge Removal	2,395,500	411,384
Sidewalk Repairs	450,000	399,750
Fontainbleau State Park Force Main Construction	350,001	347,238
City Hall Master Plann	643,413	346,098
Shoreline Protection and Flood Control (Westside)	500,000	300,644
Highway 190 Median Project	485,000	290,074
Old Mandeville Waterlines Design	290,000	286,765
Water System Repairs	1,038,819	282,961
Sanitary Sewer Evaluation Study (SSES)	550,000	277,617
Neighborhoods Deck Replacement	500,000	256,584
Striping	350,000	248,979
Lift Stations 16 & 26 Upgrades	1,070,000	236,723
Ravine aux Coquille Bank Stabilization	300,000	209,571
Fence at WWTP	175,000	175,000
Safety Study	190,000	151,478
Odor Control Collection System	429,858	123,205
Building and Grounds Repair	150,000	122,335
Lift Stations 37, 13 and 18 Design	150,000	113,726
Public Works Building	200,000	113,087

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

7. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended August 31, 2023 is as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Lease liability	\$ 201,709	\$ -	\$ (50,775)	\$ 150,934	\$ 53,848
Compensated Absences	351,066	-	-	351,066	317,881
	<u>\$ 552,775</u>	<u>\$ -</u>	<u>\$ (50,775)</u>	<u>\$ 502,000</u>	<u>\$ 371,729</u>

The City is leasing a facility from the Louisiana Department of Motor Vehicle (DMV) for a term of five years, which began in fiscal year 2021. Lease expenditures were \$47,877 for August 31, 2023. In accordance with GASB 87, the present value of future lease payments is included in lease liability. In determining the present values, discount rates of 3.03% to 6.55% were applied, depending on the duration of the lease agreement and the nature of the underlying leased asset. Future principal and interest payments related to the City's building lease at August 31, 2023 are as follows:

Year Ended	Total	Total	Total
August 31	Principal	Interest	Payments
2024	\$ 53,848	\$ 7,453	\$ 61,301
2025	57,107	4,194	61,301
2026	39,979	888	40,867
	<u>\$ 150,934</u>	<u>\$ 12,535</u>	<u>\$ 163,469</u>

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Compensated Absences	\$ 28,654	\$ -	\$ -	\$ 28,654	\$ 28,654
	<u>\$ 28,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,654</u>	<u>\$ 28,654</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, 2023

8. LESSOR LEASES

The City of Mandeville's lessor leases consist of leases of City owned property to communication service providers to provide access to and space to install equipment. The terms of the leases are for periods ranging from 3 to 11 years at various payment frequencies and amounts. In accordance with GASB Statement No. 87, Leases, a receivable has been recorded for the present value of the lease payments to be received over the lease term for each agreement. In determining the present value, discount rates of 4.42% to 5.31% were applied, depending on the duration of the lease agreement and the nature of the underlying leased asset. As of August 31, 2023, the combined value of the lease receivable was \$173,278. Also, deferred inflows associated with these leases have been recorded that will be recognized as revenue over the term. The balance of the deferred inflows at August 31, 2023, is \$174,338. Inflows recognized during the year end August 31, 2023, consisted of lease revenue of \$44,065 and interest income of \$10,162.

9. 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, 2023, there were 88 contributing municipalities in Plan A and 70 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.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

9. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

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 twenty (20) years of creditable service, exclusive of military service with an actuarially reduced early benefit.

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.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

9. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

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

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.

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:

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

9. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

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

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.

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.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

9. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

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

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.

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, 2023 for the City and covered employees were as follows:

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

9. PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions (continued)

Funding Policy (continued)

	<u>City</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan A	29.500%	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	33.925%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.925%	8.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	36.425%	7.50%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years ended August 31, were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Municipal Employees' Retirement System Plan A	\$ 997,861	\$ 832,135	\$ 673,600
Municipal Police Employees' Retirement System	1,091,536	955,870	858,947

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, 2023, measurement date. The City uses this measurement to record its net pension liability and associated amounts as of August 31, 2023, in accordance with GASB Statement No. 68. The schedule also includes the proportionate share allocation rate used at June 30, 2023 along with the change compared to the June 30, 2022 rate. The City's proportion of the net pension liability was based on the City's contributions effort to the plans as compared to the total of all participating employer's contribution effort.

	<u>Net Pension</u>	<u>Proportionate</u>	<u>Increase</u>
	<u>Liability at June</u>	<u>Rate at June</u>	<u>(Decrease) to</u>
	<u>30, 2023</u>	<u>30, 2023</u>	<u>June 30, 2022</u>
			<u>Rate</u>
Multiple Employer Cost Sharing Plans:			
Municipal Employees' Retirement System Plan A	\$ 6,281,936	1.7188%	0.3900%
Municipal Police Employees' Retirement System	13,589,656	1.2863%	0.2110%
Total - Multiple Employer Cost Sharing Plans:	<u>\$ 19,871,592</u>		

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

9. PENSION AND RETIREMENT PLANS (continued)

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

The following schedule lists each pension plan's recognized pension expense of the City for the year ended August 31, 2023:

	Total
Municipal Employees' Retirement System Plan A	\$ 1,424,651
Municipal Police Employees' Retirement System	2,956,873
	\$ 4,381,524

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, 2023, the City recorded allocated non-employer contributions from MERS of \$129,300 and MPERS of \$296,661.

At August 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 961,472	\$ (63,140)
Changes of assumptions	226,770	-
Net difference between projected and actual earnings on pension plan investments	2,188,946	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions (cost sharing plans only)	3,197,893	(259,154)
Employer contributions subsequent to the measurement date	339,578	-
Total	\$ 6,914,659	\$ (322,294)

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

9. 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	\$ 1,973,566	\$ (60,414)
Municipal Police Employees' Retirement System	4,941,093	(261,880)
	\$ 6,914,659	\$ (322,294)

The City reported a total of \$339,578 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, 2024. 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	\$ 154,070
Municipal Police Employees' Retirement System	185,508
	\$ 339,578

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
2024	\$ 796,961	\$ 1,656,302	\$ 2,453,263
2025	484,390	1,094,221	1,578,611
2026	523,681	1,816,096	2,339,777
2027	(45,950)	(72,914)	(118,864)
	\$ 1,759,082	\$ 4,493,705	\$ 6,252,787

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

9. 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, 2023 follows:

	MERS	MPERS
Valuation Date	June 30, 2023	June 30, 2023
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	6.75% net of investment expenses
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 value 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, 2023

9. 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:

MERS	MPERS
<p>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.</p>	<p>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.</p>

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, 2023:

<u>Asset Class</u>	<u>MERS</u>	<u>MPERS</u>	Long-Term Expected Real Rate of Return	
			<u>MERS</u>	<u>MPERS</u>
Public equity	56.00%	-	2.44%	-
Equity	-	52.00%	-	3.29%
Public fixed income	29.00%	-	1.26%	-
Fixed Income	-	34.00%	-	1.12%
Alternatives	15.00%	14.00%	0.65%	0.95%
Total	100.00%	100.00%	4.35%	5.36%

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

9. 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, 2023.

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	\$ 8,709,103	\$ 6,281,936	\$ 4,231,708
MPERS			
Rates	5.750%	6.750%	7.750%
City of Mandeville of NPL	\$ 19,121,718	\$ 13,589,656	\$ 8,968,347

Balance Payable to Each Retirement System

The City did not have payables due to the retirement systems at August 31, 2023.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

10. 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, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	22
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	109
Total	131

Total OPEB Liability

The City’s total OPEB liability of \$4,733,666 was measured as of August 31, 2023 and was determined by an actuarial valuation as of September 1, 2022.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary Increases	3.0%, including inflation
Prior Discount Rate	3.70%
Discount Rate	3.81%
Healthcare Cost Trend Rates	5.50% annually for 5 years, then 4.14 thereafter
Mortality	120% of Pub-2010 for General Employees and Healthy Retirees with MP-2021 scale

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of August 31, 2023, the end of the applicable measurement period.

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

10. POSTEMPLOYMENT BENEFITS (continued)

Total OPEB Liability (continued)

The actuarial assumptions used in the August 31, 2023 valuation were based on the results of ongoing evaluations of the assumptions from September 1, 2009 to August 31, 2022:

Balance at August 31, 2022	\$ 3,939,946
Changes for the Year	
Service Cost	54,170
Interest	146,780
Differences between Expected and Actual Experience	869,121
Changes in Assumptions	95,079
Benefit Payments and Net Transfers	<u>(371,430)</u>
Net Changes	<u>793,720</u>
Balance at August 31, 2023	<u>\$ 4,733,666</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 (2.81%) or one percentage point higher (4.81%) than the current discount rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	2.81%	3.81%	4.81%
Total OPEB Liability	<u>\$ 5,028,127</u>	<u>\$ 4,733,666</u>	<u>\$ 4,464,475</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	1.0% Increase
		5.5% for 5 Years reducing to 4.14%	
Total OPEB Liability	<u>\$ 4,441,043</u>	<u>\$ 4,733,666</u>	<u>\$ 5,061,784</u>

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

10. POSTEMPLOYMENT BENEFITS (continued)

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

For the year ended August 31, 2023, the City recognized OPEB expense of \$446,282. At August 31, 2023, 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	\$ 1,418,453	\$ (280,236)
Changes in Assumptions	472,075	(477,435)
Total	\$ 1,890,528	\$ (757,671)

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
2024	\$ 245,333
2025	245,333
2026	245,334
2027	178,530
2028	178,530
Thereafter	39,797
	\$ 1,132,857

Deferred Compensation Plan

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, 2023

11. FUND BALANCES

Fund balances for the City's governmental funds consisted of the following as of August 31, 2023:

Restricted Fund Balance: The restricted fund balance in the General Fund is made up of \$113,171 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 \$70,900 in sales taxes that have not been transferred to other funds at August 31, 2023. The restricted fund balance in the Special Sales Tax Fund is made up of \$8,226,642 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 \$9,154,948 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 \$23,783,244 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 \$50,986 in restricted fund balance for debt service restricted by dedicated millage. The Bond Reserve Fund and Bond Sinking Fund total \$448,319 restricted for debt service by bond ordinance.

12. 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, 2023 were as follows:

	Due From Other Funds	Due to Other Funds
<u>Governmental Funds:</u>		
General Fund	\$ 4,348,874	\$ 7,563,520
Sales Tax Fund	-	3,608,440
Special Sales Tax Fund	586,260	2,847,663
District No. 3 Sales Tax Fund	510,398	753,274
Street Construction Fund	9,435,743	469,975
Non-Major Governmental Funds	-	402,138
<u>Proprietary Funds:</u>		
Utility System	852,125	88,390
	\$ 15,733,400	\$ 15,733,400

CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

12. 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, 2023 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ 12,940,975	\$ -
Sales Tax Fund	-	21,423,622
Special Sales Tax Fund	3,653,761	3,346,706
District No. 3 Sales Tax Fund	3,154,816	1,529,406
Street Construction Fund	5,183,167	-
<u>Proprietary Funds:</u>		
Utility System	1,367,015	-
	<u>\$ 26,299,734</u>	<u>\$ 26,299,734</u>

13. 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.

14. 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 has been rendered a judgement to remedy a drainage issue on private property by following an engineering plan represented by the property owner. The judgement orders specific performance of drainage remediation to the property which is estimated between \$1 million up to \$5 million in costs and materials.

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, 2023

15. 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, 2023 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 its allocation of the federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) enacted under the American Rescue Plan Act totaling \$4,617,666. Since the City did not incur or identify eligible expenditures on the SLFRF allocation, the amount received is recorded as unearned revenue in the General Fund for \$2,310,712 and in the Proprietary Fund for \$2,306,954. The City expects to spend these funds during 2024 on eligible expenditures. These funds are subject to repayment to the United States Treasury if not spent on eligible activities or programs.

16. ON-BEHALF PAYMENTS FOR SALARIES

The State of Louisiana sends a check monthly for \$600 directly to each individual post certified police staff. Police staff received a total of \$776,684 in 2023 which has been included in the fund financial statements in intergovernmental revenue and public safety expenditures.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Ad valorem taxes	\$ 2,015,792	\$ 2,015,792	\$ 2,057,137	\$ 41,345
Franchise taxes	1,034,324	1,034,324	1,144,853	110,529
Licenses and permits	1,581,700	1,581,700	1,695,526	113,826
Fines and forfeits	576,623	576,623	429,140	(147,483)
Intergovernmental	7,738,427	4,891,927	596,332	(4,295,595)
Charges for services	923,854	923,854	913,670	(10,184)
Interest	-	50,000	308,577	258,577
Miscellaneous	882,819	1,097,819	1,098,254	435
Total revenues	<u>14,753,539</u>	<u>12,172,039</u>	<u>8,243,489</u>	<u>(3,928,550)</u>
Expenditures:				
Current -				
General government	6,663,457	7,834,556	8,233,971	(399,415)
Public safety	9,865,554	9,865,554	9,927,499	(61,945)
Public works	2,661,733	2,692,733	2,551,734	140,999
Cemetery	100,000	100,000	48,971	51,029
Capital outlay	4,107,413	4,602,399	4,745,612	(143,213)
Debt Service -				
Principal	-	-	50,775	(50,775)
Bond interest and fees	-	-	10,527	(10,527)
Total expenditures	<u>23,398,157</u>	<u>25,095,242</u>	<u>25,569,089</u>	<u>(473,847)</u>
Excess (deficiency) of revenues over (under) expenditures	(8,644,618)	(12,923,203)	(17,325,600)	(4,402,397)
Other financing sources (uses):				
Proceeds from disposal of capital assets	15,000	15,000	28,162	13,162
Transfers from other funds	11,641,918	11,641,918	12,940,975	1,299,057
	<u>11,656,918</u>	<u>11,656,918</u>	<u>12,969,137</u>	<u>1,312,219</u>
Net change in fund balance	<u>3,012,300</u>	<u>(1,266,285)</u>	<u>(4,356,463)</u>	<u>(3,090,178)</u>
Fund balance, beginning	<u>18,852,480</u>	<u>18,852,480</u>	<u>19,087,246</u>	<u>234,766</u>
Fund balance, ending	<u>\$ 21,864,780</u>	<u>\$ 17,586,195</u>	<u>\$ 14,730,783</u>	<u>\$ (2,855,412)</u>

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Sales taxes	\$ 19,623,351	\$ 19,623,351	\$ 21,684,432	\$ 2,061,081
Interest	-	3,500	4,714	1,214
Total revenues	<u>19,623,351</u>	<u>19,626,851</u>	<u>21,689,146</u>	<u>2,062,295</u>
Expenditures:				
Current -				
General government	225,669	225,669	260,930	(35,261)
Total expenditures	<u>225,669</u>	<u>225,669</u>	<u>260,930</u>	<u>(35,261)</u>
Excess of revenues over expenditures	19,397,682	19,401,182	21,428,216	2,027,034
Other financing sources (uses):				
Transfers to other funds	(19,397,682)	(19,397,682)	(21,423,622)	(2,025,940)
	<u>(19,397,682)</u>	<u>(19,397,682)</u>	<u>(21,423,622)</u>	<u>(2,025,940)</u>
Net change in fund balance	<u>-</u>	<u>3,500</u>	<u>4,594</u>	<u>1,094</u>
Fund balance, beginning	<u>81,425</u>	<u>81,425</u>	<u>66,306</u>	<u>(15,119)</u>
Fund balance, ending	<u>\$ 81,425</u>	<u>\$ 84,925</u>	<u>\$ 70,900</u>	<u>\$ (14,025)</u>

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
SPECIAL SALES TAX FUND
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Interest	\$ -	\$ 450,000	\$ 266,676	\$ (183,324)
Miscellaneous	3,158,730	3,948,730	-	(3,948,730)
Total revenues	<u>3,158,730</u>	<u>4,398,730</u>	<u>266,676</u>	<u>(4,132,054)</u>
Expenditures:				
Current -				
General government	-	-	16,980	(16,980)
Total expenditures	<u>-</u>	<u>-</u>	<u>16,980</u>	<u>(16,980)</u>
Excess of revenues over expenditures	3,158,730	4,398,730	249,696	(4,149,034)
Other financing sources (uses):				
Transfers to other funds	(11,664,085)	(12,404,085)	(3,346,706)	9,057,379
Transfers from other funds	3,292,481	3,292,481	3,653,761	361,280
	<u>(8,371,604)</u>	<u>(9,111,604)</u>	<u>307,055</u>	<u>9,418,659</u>
Net change in fund balance	<u>(5,212,874)</u>	<u>(4,712,874)</u>	<u>556,751</u>	<u>5,269,625</u>
Fund balance, beginning	<u>7,160,562</u>	<u>7,160,562</u>	<u>7,669,891</u>	<u>509,329</u>
Fund balance, ending	<u>\$ 1,947,688</u>	<u>\$ 2,447,688</u>	<u>\$ 8,226,642</u>	<u>\$ 5,778,954</u>

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
DISTRICT No. 3 SALES TAX FUND
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Intergovernmental	\$ -	\$ 7,000,000	\$ -	\$ (7,000,000)
Interest	7,000,000	4,500	5,036	536
Total revenues	<u>7,000,000</u>	<u>7,004,500</u>	<u>5,036</u>	<u>(6,999,464)</u>
Expenditures:				
Current -				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	7,000,000	7,004,500	5,036	(6,999,464)
Other financing sources (uses):				
Transfers to other funds	(7,600,000)	(7,600,000)	(1,529,406)	6,070,594
Transfers from other funds	2,935,276	2,935,276	3,154,816	219,540
	<u>(4,664,724)</u>	<u>(4,664,724)</u>	<u>1,625,410</u>	<u>6,290,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,335,276</u>	<u>2,339,776</u>	<u>1,630,446</u>	<u>(709,330)</u>
Fund balance, beginning	<u>5,938,378</u>	<u>5,938,378</u>	<u>7,524,502</u>	<u>1,586,124</u>
Fund balance, ending	<u>\$ 8,273,654</u>	<u>\$ 8,278,154</u>	<u>\$ 9,154,948</u>	<u>\$ 876,794</u>

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF CHANGES IN TOTAL OTHER
POST-EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
YEAR ENDED AUGUST 31, 2023

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
8/31/2023	8/31/2023	\$ 54,170	\$ 146,780	\$ 869,121	\$ 95,079	\$ (371,430)	793,720	\$ 3,939,946	4,733,666	\$ 6,755,907	70.07%
8/31/2022	8/31/2022	70,288	94,126	130,589	(374,224)	(344,103)	(423,324)	4,363,270	3,939,946	4,763,355	82.71%
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, 2023 (*)

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
2023	MERS (Plan A)	1.7119%	\$ 6,281,936	\$ 3,454,559	181.8448%	72.4597%
2022	MERS (Plan A)	1.3288%	5,518,938	2,666,577	206.9671%	67.8660%
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%
2023	MPERS	1.2863%	\$ 13,589,656	\$ 3,380,409	402.0122%	71.3030%
2022	MPERS	1.0753%	10,991,914	3,178,063	345.8683%	70.7991%
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 two 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, 2023

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
2023	MERS (Plan A)	\$ 997,861	\$ 997,861	\$ -	\$ 3,382,581	29.5000%
2022	MERS (Plan A)	832,135	832,135	-	2,820,808	29.4999%
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%
2023	MPERS	\$ 1,091,536	\$ 1,091,536	\$ -	\$ 3,446,106	31.6745%
2022	MPERS	955,870	955,870	-	3,188,741	29.9764%
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, 2023

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		
2023	3.810%	5.5%	5yr, then 4.14%	3.000%	120% of Pub-2010 - MP-2021
2022	3.700%	5.5%	10yr, then 4.5%	3.000%	SOA RP 2014 Table
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	
2023	6.850%	2023	6.750%
2022	6.850%	2022	6.750%
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, 2023

	<u>Special Revenue Fund</u>	<u>Debt Service Funds</u>		<u>Total Non- Major Governmental Funds</u>
	<u>Tax Collector Fund</u>	<u>Bond Reserve Fund</u>	<u>Bond Sinking Fund</u>	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,360	\$ 652	\$ 18,966	\$ 20,978
Investments	408,003	331,545	97,156	836,704
Accounts receivable, net	43,761	-	-	43,761
TOTAL ASSETS	<u>\$ 453,124</u>	<u>\$ 332,197</u>	<u>\$ 116,122</u>	<u>\$ 901,443</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 402,138	\$ -	\$ -	\$ 402,138
TOTAL LIABILITIES	<u>402,138</u>	<u>-</u>	<u>-</u>	<u>402,138</u>
<u>FUND BALANCES</u>				
<u>Restricted for:</u>				
Debt service	-	332,197	116,122	448,319
Special programs	50,986	-	-	50,986
TOTAL FUND BALANCES	<u>50,986</u>	<u>332,197</u>	<u>116,122</u>	<u>499,305</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 453,124</u>	<u>\$ 332,197</u>	<u>\$ 116,122</u>	<u>\$ 901,443</u>

CITY OF MANDEVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Special Revenue Fund</u>	<u>Debt Service Funds</u>		<u>Total Non- Major Governmental Funds</u>
	<u>Tax Collector Fund</u>	<u>Bond Reserve Fund</u>	<u>Bond Sinking Fund</u>	
Revenues:				
Ad valorem taxes	\$ 7,978	\$ -	\$ -	\$ 7,978
Interest	12,524	11,162	3,930	27,616
Total revenues	<u>20,502</u>	<u>11,162</u>	<u>3,930</u>	<u>35,594</u>
Expenditures:				
Current:				
General government	30,362	267	-	30,629
Total expenditures	<u>30,362</u>	<u>267</u>	<u>-</u>	<u>30,629</u>
Net change in fund balance	(9,860)	10,895	3,930	4,965
Fund balance, beginning	<u>60,846</u>	<u>321,302</u>	<u>112,192</u>	<u>494,340</u>
Fund balance, ending	<u>\$ 50,986</u>	<u>\$ 332,197</u>	<u>\$ 116,122</u>	<u>\$ 499,305</u>

CITY OF MANDEVILLE
BUDGETARY COMPARISON SCHEDULE
TAX COLLECTOR FUND
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Ad valorem taxes	\$ 4,500	\$ 4,500	\$ 7,978	\$ 3,478
Interest	-	6,000	12,524	6,524
Total revenues	<u>4,500</u>	<u>10,500</u>	<u>20,502</u>	<u>10,002</u>
Expenditures:				
Current -				
General government	30,250	30,250	30,362	(112)
Total expenditures	<u>30,250</u>	<u>30,250</u>	<u>30,362</u>	<u>(112)</u>
Net change in fund balance	<u>(25,750)</u>	<u>(19,750)</u>	<u>(9,860)</u>	<u>9,890</u>
Fund balance, beginning	<u>73,846</u>	<u>73,846</u>	<u>60,846</u>	<u>(13,000)</u>
Fund balance, ending	<u>\$ 48,096</u>	<u>\$ 54,096</u>	<u>\$ 50,986</u>	<u>\$ (3,110)</u>

CITY OF MANDEVILLE, LOUISIANA
Schedule of Compensation Paid to
City Council Members
For the Year Ended August 31, 2023

<u>Name</u>	<u>Period Active</u>	<u>Amount</u>
Rebecca Bush	9/01/2022 - 8/31/2023	\$ 14,400
Rick Danielson	9/01/2022 - 8/31/2023	14,400
Dr. Skelly Kreller	9/01/2022 - 8/31/2023	14,400
Jill McGuire	9/01/2022 - 8/31/2023	14,400
Jason Zuckerman	9/01/2022 - 8/31/2023	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, 2023

Agency Head Name: Clay Madden, Mayor

Purpose	Amount
Salary	\$ 99,861
Salary - Car Allowance	6,000
Other Salary benefit	305
Benefits-retirement:	
Employer amount	9,986
Employee amount	29,459
Benefits-insurance	9,603
Payroll Taxes	8,092
Other - travel and meals	1,743
Other - cell phone	600
	<u>\$ 165,649</u>

CITY OF MANDEVILLE, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING / DISBURSING
FOR THE YEAR ENDED AUGUST 31, 2023

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

Cash Basis Presentation	First Six Month Period Ended 02/28/2023	Second Six Month Period Ended 08/31/2023
Beginning Balance of Amounts Collected	\$ 1,800	\$ 700
Add: Collections		
Bond Fees	300	1,000
Pre-Trial Diversion Program Fees	5,541	5,968
Criminal Court Costs/Fees	32,188	29,127
Criminal Fines - Contempt	33,104	18,035
Criminal Fines - Other	109,005	167,414
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	10,786	13,262
Interest Earnings on Collected Balances	-	-
Subtotal Collections	190,924	234,806
Less: Disbursements To Governments & Nonprofits:		
Trial Court Management Information System - Judicial Administrator, Supreme Court Of La (Criminal Fines - Other)	2,436	2,850
22nd Judicial District Court -Indigent Defender Fund (Criminal Fines - Other)	28,480	33,282
Louisiana Commission On Law Enforcement (Criminal Fines - Other)	3,493	3,856
Florida Parish Juvenile Justice Commission (Criminal Fines - Other)	4,085	4,763
Crimestoppers, Inc. (Criminal Fines - Other)	1,634	1,906
Louisiana Association of Chiefs of Police (Criminal Fines - Other)	1,634	1,906
St Tammany Parish Sheriff - Criminal Lab (Criminal Fines - Other)	6,994	7,528
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund (Criminal Fines - Other)	1,255	1,338
Louisiana Judicial College (Criminal Fines - Other)	468	538
Less: Amounts Retained by Collecting Agency		
City of Mandeville, Court Fees	32,188	29,127
City of Mandeville, Diversion Fees	5,541	5,968
City of Mandeville, Contempt Fee	33,104	18,035
City of Mandeville, Traffic Fines	58,526	109,447
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	300	100
Other Disbursements to Individuals (additional detail is not required)	1,100	-
Payments to 3rd Party Collection/Processing Agencies	10,786	13,262
Subtotal Disbursements/Retainage	192,024	233,906
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ 700	\$ 1,600
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>	20,336	34,880
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>	\$ -	\$ -

OTHER REPORT

**Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Honorable 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, 2023, 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 March 6, 2024.

Report on 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-003 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-006 to be significant deficiencies.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-002, 2023-005 and 2023-006.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

A stylized signature of EisnerAmper LLP in a cursive font.

EISNERAMPER LLP
Baton Rouge, LA
March 6, 2024



**Independent Auditors' Report on Compliance on the Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

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

Report on Compliance on the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Mandeville's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Mandeville's major federal program for the year ended August 31, 2023. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respect, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-007. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-007 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



EISNERAMPER LLP
Baton Rouge, Louisiana
March 6, 2024



**CITY OF MANDEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2023**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	Assistance Listing Number	Pass-Through Grantor No.	Expenditures
<u>United States Department of Agriculture</u>			
Passed Through US Natural Resources Conservation Service: USDA Emergency Watershed Protection Program	10.923	N/A	\$ 613,179
Total United States Department of Agriculture			<u>613,179</u>
<u>United States Department of Transportation</u>			
Passed Through Louisiana Department of Transportation: Highway Planning and Construction	20.205	H.013406	24,523
State and Community Highway Safety	20.600 ¹	SRM#2000622150/U4 251402.2227	800
		SRM#2000702325/U4 251402.2328	<u>6,700</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	SRM#2000622150/U4 251641.2126	3,200
		SRM#2000702325/U4 251641.2227	<u>21,775</u>
Total United States Department of Transportation			<u>56,998</u>
<u>United States Environmental Protection Agency</u>			
Passed Through University of New Orleans Research and Technology Foundation, Inc: Geographic Programs - Lake Pontchartrain Basin Restoration Program (PRP)	66.125	BR-01F84101- Subaward 58563E	28,193
		BR-01F84101- Subaward 58563D	<u>32,463</u>
Total United States Environmental Protection Agency			<u>60,656</u>
<u>United States Homeland Security</u>			
<u>Federal Emergency Management Agency</u>			
Passed Through Louisiana Governors Office of Homeland Security and Emergency Protection: Flood Mitigation Assistance	97.029	FMA-PJ-06-LA-2018- 032	134,400
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-LA-DR4611- PW1367	3,067,728
		FEMA-LA-DR4611- PW1401	3,019,274
		FEMA-LA-DR4611- PW1311	<u>321,787</u>
Total United States Department of Homeland Security			<u>6,543,189</u>
TOTAL FEDERAL AWARDS			<u>\$ 7,274,022</u>

¹ Highway Safety Cluster \$ 7,500

See notes to the Schedule of Expenditures of Federal Awards

CITY OF MANDEVILLE, LOUISIANA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

NOTE 1- GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of Mandeville (the "City"). The City reporting entity is defined in Note 1 to the City's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements or under specific reporting methods required by certain awards.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS Federal awards expenditures are reported in the City's financial statements as follows:

Governmental funds intergovernmental revenue	\$	620,856
Proprietary funds intergovernmental revenue		95,424
Total intergovernmental revenues	\$	716,280
Less:		
State and local intergovernmental revenue		(411,500)
FEMA Disaster - revenues since expenditures are reported once approved / obligated		613,429
Miscellaneous recorded as revenue in current year with expenditures in the prior year		(52,976)
Plus:		
Disaster fund - Project DR-4611 expenditures		6,408,789
Total adjustments		6,557,742
Total Schedule of Expenditures of Federal Awards	\$	7,274,022

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MATCHING REVENUES For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 6 – DE MINIMUS COST RATE During the year ended August 31, 2023, the City did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

NOTE 7 – AMOUNTS PASSED THROUGH TO SUBRECIPIENTS During the year ended August 31, 2023, the City did not pass through any federal funding to subrecipients.

NOTE 8 – DISASTER GRANTS – PUBLIC ASSISTANCE LISTING 97.036 The FEMA grant expenditures are reported on the SEFA when 1) FEMA has approved the project worksheet (PW), and 2) eligible expenditures have been incurred. At August 31, 2023, FEMA approved \$6,408,789 of eligible expenditures with \$6,408,789 incurred at August 31, 2022.

**CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2023**

A. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

- Material weakness(es) identified? x yes no
- Significant deficiencies identified that are not considered to be material weaknesses? x yes none reported

Noncompliance material to financial statements noted? x yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? x yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes x none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? x yes no

Identification of the major program:

Assistance

Listing

<u>Numbers</u>	<u>Name of Federal Program or Cluster</u>
----------------	---

97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)
--------	---

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.

The City of Mandeville was not determined to be a low-risk auditee.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2023

B. Findings - Financial Statement Audit

2023-001 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 timely gathering of system reports, schedules, external statements, or preparation of reconciliations and recording necessary adjustments that are in accordance with accounting standards to evidence the timely and accurate closing of the accounting period and financial reporting.

Condition: Documentation was not completed timely enough or accurately in several accounting areas for the year-end audit of the financial statements. Routine year-end entries were not recorded to adjust all accounts based on appropriate accounting standards, which required significant additional adjustments. A similar finding was reported in the August 31, 2022 audit. The table below summarizes the total adjustments by financial statement categories for the governmental funds and the proprietary fund.

	Governmental Funds	Proprietary Fund
	Increases (Decreases) net	
Assets	\$ 1,398,622	\$ (6,490,372)
Deferred outflows	-	275,701
Liabilities	1,977,246	739,152
Deferred inflows	1,121,134	6,493
Fund balance / net position	2,254,734	(6,960,316)
Revenues	(2,768,044)	(20,979)
Expenditures / expenses	91,533	5,763,715
Other	2,774,535	(1,175,622)
Change in fund balance / net position	(85,042)	(6,960,316)

Cause: The City does not have adequate policies and procedures in place for financial statement close including recording transactions based on applicable accounting standards.

Effect: The lack of completing a detailed financial statement closing process on all accounts and accounting cycles created delays in the audit and significant adjustments necessary to correct the balances to the reconciliations and other support. 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 all of the reconciled balances reported in the financial statements including researching to support adjustments are recorded according to applicable accounting standards. 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.

View of Responsible Official:

The City concurs with the finding. The City continues to improve on this finding.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2023

B. Findings - Financial Statement Audit (continued)

2023-002 LOCAL GOVERNMENT BUDGET ACT

Criteria: Louisiana Revised Statute 39:1311 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 respective budgeted amounts. In addition, Louisiana Revised Statute 39:1305 requires the estimated beginning and ending fund balance to be included in the budget schedules and adoption.

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

- Revenues in the General Fund
- Expenditures and other uses in the Sales Tax Fund.
- Revenues in the Tax Collector Fund
- Revenues and expenditures in the Special Sales Tax Fund
- Revenues in the District No. 3 Sales Tax Fund

In addition, the budget statements adopted did not include an estimated beginning or ending fund balance. A similar finding was reported in the August 31, 2022 audit.

Cause: The City failed to take the necessary steps to ensure compliance with the requirements of Louisiana Revised Statute 39:1311. In addition, the City overlooked including the estimated beginning and ending fund balances in the budget schedules as required by Louisiana Revised Statute 39:1305.

Effect: The City is not in compliance with the requirements of the Louisiana Revised Statute 39:1311 or 39:1305.

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. Also, we recommend the City include an estimated beginning and ending fund balance in the budget schedules and adoption process.

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 Questioned Costs
For the Year Ended August 31, 2023

B. Findings - Financial Statement Audit (continued)

2023-003 DISASTER ASSISTANCE REIMBURSEMENT SUBMISSIONS

Criteria: The City should have policies and procedures in place including internal controls over the timely execution of grant agreements, preparation of request for reimbursements on grant projects from federal and state agencies. Disaster/emergency expenditures associated with the recent disaster should be timely submitted for consideration for reimbursement.

Condition: The City was affected by Hurricane Ida in August 2021 and incurred disaster/emergency expenditures to recover from the storm's effects. In 2023, the City continued to incur expenditures associated with projects related to this disaster which are accounted for in an emergency expenditure account reported in the general government function of the general fund. Total expenditures of \$11,040,426 have been recorded in the emergency expense account over two years, \$1,235,017 in 2023 and \$9,805,409 in 2022. The City has recognized grant revenues of \$6,712,115 for the eligible amount net of the City's match. There are approximately \$4 million in expenditures where the City did not provide grant reimbursement requests or grant agreements.

Cause: The requests for reimbursement do not appear to be completed and submitted for reimbursement. In addition, executed grant agreements were not provided on certain projects with expenditures included in the emergency expense account.

Effect: Lack of timely execution of grant agreements and requesting reimbursements for cost incurred on the emergency expenses could result in grant eligible costs being rejected for payment and the fund that paid the emergency expenses experiencing a shortage of cash to pay for other operating functions.

Recommendations: The City should implement policies and procedures and designate personnel to be responsible for determining grant agreements are executed on expenditures expected to be reimbursed by grants, the timely requesting of reimbursement of grant amounts due on all emergency expenditures qualifying for grant reimbursement. The documentation on these requests for reimbursement should be forwarded to the accounting department so the transactions can be recorded in the general ledger to properly accrue the revenue and receivable associated with the requests for reimbursement.

View of Responsible Official:

The City concurs with the finding and will comply with the recommendation.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2023

2023-004 CONTROLS OVER CAPITALIZED ASSETS AND ACCURACY OF REPORTS

Criteria: A system of internal controls should be in place to provide reasonable assurance that capital assets are properly accounted for including a listing with acquisitions and dispositions that meet the capitalization policies that are established by the City while also safeguarding the assets from unauthorized use. Management is responsible for maintaining an accurate listing of equipment that meet the capitalization policies including the related depreciation calculation on each asset along with a listing of assets purchased and disposed during the year. This listing needs to be reconciled to the financial records where the current ending balance agrees with the prior period listing plus current period purchases coded to respective equipment purchase accounts or capital outlay account, less current period disposals (summary roll-forward). In addition, the procedures should also provide guidelines for identifying and segregating repair and maintenance costs and exclude these costs from being capitalized.

Condition: The capital asset and depreciation listing are maintained by the City in manual spreadsheets which requires excessive time and effort to update with the potential for errors to exist. After significant delays, the listings were presented for audit which then required several revisions and adjustments due to inaccuracies and determination capitalizable costs, the total costs being capitalized, disposing of assets that have been identified as no longer meeting the capitalization criteria, or the inability to identify disposals. As a result, internal control processes to ensure a complete and accurate capital assets listings were lacking.

Cause: The above condition resulted from the untimely periodic reconciliations and reviews of capital asset listings, including reviews and approvals of changes or modifications of asset information recorded on the listing.

Effect: Without proper internal controls over tracking, reporting and reconciliation of capitalized assets, there is a potential for inaccuracies in the capital assets balances and for the financial reports to be materially misstated.

Recommendation: We recommend for management to implement internal control procedures to ensure that the listing of capitalized assets is timely, accurate, reflects costs qualifying for capitalization and reconciles to the financial records with items included on the listing that are within the capitalization policy. These procedures should include review and approvals of assets recorded or changed on the listing, including periodic reconciliations to the summary roll-forwards, including inventory counts for moveable capital assets at or near year-end, to ensure that the balances reported on the financial statements are materially correct.

View of Responsible Official and Planned Corrective Action:

The City concurs with the finding and will comply with the recommendation.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2023

2023-005: AUDIT LAW

Criteria: Louisiana Revised Statute 24:513 requires that political subdivisions of the State submit completed audit reports to the Legislative Auditor no later than six months after the fiscal year. Accordingly, the submission due date for the City was February 29, 2024, to submit the August 31, 2023, audited financial statements. In accordance with the provisions for non-emergency extensions promulgated by Louisiana Revised Statute 39:721, the City requested an extension to complete and submit the audit to the Legislative Auditor.

Condition: The audit was submitted after the statutory deadline.

Cause: Certain information and documentation was not provided timely and accurately which resulted in the audit not being completed by the statutory deadline.

Effect: The City's intergovernmental grant funding received from the State of Louisiana could be suspended until the audited financial statements are submitted.

Recommendation: We recommend that the City implement procedures to prepare documentation necessary to support the information in the financial statements earlier and more accurately, for the information to be completed and available for the audit.

View of Responsible Official: We concur with the finding. The City will take steps to ensure that the audit is completed timely.

2023-006 REVENUE RECEIVED FROM GARBAGE COLLECTIONS

Criteria: The City Council approved an increase in garbage collection fees on June 13, 2019, per Ordinance No. 19-13. The City should be charging garbage customers the approved garbage rates.

Condition(s): We noted in our testing of garbage collections the rate being charged was \$16.46. Per Ordinance No. 19-13, the City approved an increase in this rate to \$17.18. This resulted in an estimated loss of garbage fee billings of approximately \$36,000 in fiscal year 2023.

Cause: The City is not increasing the rate in the system due to the amount of time it would take to change the rates.

Effect: The City is losing garbage collection revenue each year by not increasing the rate charged in their system.

Recommendation: We recommend the City develop a plan to increase the rates to the approved ordinance amount of \$17.18.

View of Responsible Official:
The City concurs with the finding and will comply with the recommendation.

CITY OF MANDEVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2023

C. Findings and Questioned Costs – Major Federal Award Programs

2023-007 PROCEDURES OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Criteria: The City should have systems of internal accounting control which ensures the schedule of expenditures of federal awards (SEFA) is presented in accordance with *Title I U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on a timely basis.

Condition: The City did not have adequate policies and procedures in place to prepare an accurate and complete SEFA on a timely basis.

*Universe /
Population:* None

Sample size: None

Questioned Cost: Not applicable

Cause: The City does not have adequate policies and procedures in place for SEFA preparation.

Effect: The lack of completing a detailed review over the SEFA created delays in the audit and significant adjustments necessary to correct the balances to the reconciliations and other support. This created delays with completing the audit process. Adjustments of \$2,998,397 were required to decrease the federal expenditure balance in the original SEFA provided by the City for the audit.

Recommendation: The City should strengthen its controls including its review and approval processes over the identification of federal programs and the information and balances that are accumulated and reported on the SEFA to make sure the expenditures reported are an accurate representation of federal expenditures and based on the reporting requirements provided in the federal award and the compliance supplement.

View of Responsible Official:

The City concurs with the finding and will comply with the recommendation

CITY OF MANDEVILLE, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended August 31, 2023

A. Summary Prior Year Findings - Financial Statement Audit

2022-001 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 timely gathering of system reports, schedules, external statements, or preparation of reconciliations and recording necessary adjustments to evidence the timely and accurate closing of the accounting period and financial reporting.

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.

Current year status:

The City's preparation for the 2023 audit greatly improved; however, not all accounts and accounting cycles were fully reconciled and adjusted to be audited. This finding is repeated in the current year.

2022-002 LOCAL GOVERNMENT BUDGET ACT

Criteria: Louisiana Revised Statute 39:1311 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 respective budgeted amounts. In addition, Louisiana Revised Statute 39:1305 requires the estimated beginning and ending fund balance to be included in the budget schedules and adoption.

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.

Current year status:

The City's budget to actual variance was not properly amended in five funds; therefore, this finding is repeated for the current year.

CITY OF MANDEVILLE, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended August 31, 2023

2022-003 DISASTER ASSISTANCE REIMBURSEMENT SUBMISSIONS

Criteria: The City should have policies and procedures in place including internal controls over the timely request for reimbursements on grant projects from federal and state agencies. Disaster expenditures associated with the recent hurricane should be timely submitted for consideration for reimbursement.

View of Responsible Official:

The City concurs with the finding and will comply with the recommendation.

Current year status:

The City's submission of reimbursement requests are still delayed due to the City not requesting reimbursement until the project is completed.

2022-004 INCORRECT CALCULATION OF TERMINATION PAY FOR POLICE EMPLOYEES

Criteria: Louisiana Revised Statute (LRS) 40:1667.3 requires that state supplemental pay be included in the calculation of accrued annual and sick leave an police officer or firefighter is entitled to upon termination.

View of Responsible Official:

The City concurs with the finding and will comply with the recommendation.

Current year status:

The City has complied with the recommendations.

2022-005 REVENUE RECEIVED FROM CELL COMMUNICATION PROVIDERS

Criteria: The City should have records of contracts, agreements, ordinances, etc that support the collection of revenue and demonstrate the amounts received belong to the City. Title 44 of the Louisiana Revised Statute's provide for the retention and availability of agency records. Internal controls should be in place to determine all amounts owed under agreements are collected and the amounts being received are accurate and in accordance with the agreements.

udView of Responsible Official:

The City concurs with the finding and will comply with the recommendation.

Current year status:

The City has complied with recommendations.

CLAY MADDEN
MAYOR

City of Mandeville

“THE HEART OF THE OZONE BELT”



3101 East Causeway Approach, Mandeville, LA 70448
985-626-3144

City Council

JASON ZUCKERMAN
Council Chairman
RICK DANIELSON
AT LARGE
REBECCA BUSH
DISTRICT I
SKELLY KRELLER
DISTRICT II
JILL McGUIRE
DISTRICT III

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended August 31, 2023

2023-001 PROCEDURES OVER FINANCIAL STATEMENT CLOSING PROCESS

The City of Mandeville Finance Director, Kathleen Sides, is working closely with Accountant, Cady Ball, and Accounting Specialist, Ann Wilson, to make sure that procedures and internal controls are followed in a timely manner. We are creating a checklist to determine if all year-end transactions are recorded and all year-end closeout documentation steps are completed. This will be implemented immediately.

2023-002 LOCAL GOVERNMENT BUDGET ACT

The City of Mandeville Finance Director will ensure that compliance with all requirements of the Local Government Budget Act are met. The City has already begun to include estimated beginning and ending fund balances in the budget schedules, starting with the Fiscal Year 2024 budget.

2023-003 DISASTER ASSISTANCE REIMBURSEMENT SUBMISSIONS

The City of Mandeville has hired Melissia O'Neil, Executive Assistant to the Mayor. She is experienced in this field and is helping in determining that grant agreements are executed on expenditures expected to be reimbursed. We are also creating documentation to track these expenditures and revenues as they are paid/received.

2023-004 CONTROLS OVER CAPITALIZED ASSETS AND ACCURACY OF REPORTS

The City of Mandeville has recently purchased two pieces of software, Capital Predictor and Asset Essentials to ensure that the listing of capitalized assets is accurate. Both systems are currently in the process of being implemented. Finance Director, Kathleen Sides, and Public Works Director, Keith LaGrange, are managing this process.

EISNERAMPER

CITY OF MANDEVILLE

REPORT ON STATEWIDE AGREED-UPON PROCEDURES
on COMPLIANCE and CONTROL AREAS

FOR THE YEAR ENDED AUGUST 31, 2023



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Clay Madden, Mayor, Members of the City Council, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of the City of Mandeville for the fiscal period September 1, 2022 through August 31, 2023. The City of Mandeville's management is responsible for those C/C areas identified in the SAUPs.

The City of Mandeville has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period September 1, 2022 through August 31, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the City of Mandeville to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs of the City of Mandeville for the fiscal period September 1, 2022, through August 31, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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



EISNERAMPER LLP
Baton Rouge, Louisiana
March 6, 2024

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The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 13 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

1) Written Policies and Procedures

A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

No exception noted.

ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

No exception noted.

iii. **Disbursements**, including processing, reviewing, and approving.

No exception noted.

iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exception noted.

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

No exception noted.

vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exception noted.

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

No exception noted.

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

No exception noted.

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

The City does not have a formal policy on ethics. However, the City's Municipal Employees' Civil Service Manual includes only ethics training requirements. The Manual does not specifically address the prohibitions as defined in Louisiana Revised Statute 42:1111-1121 according to attribute (1), actions to be taken if an ethics violation takes place according to attribute (2), a system to monitor possible ethic violations according to attribute (3), or a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy(4).

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

No exception noted.

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

No exception noted.

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

The City does not have a written policy for (3) annual reporting. The other attributes were addressed in the policy.

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2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Of the 12 months of minutes observed, the City did not present budget-to-actual comparisons for 5 out of 12 months.

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

No exception noted.

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

The council did not receive written updates of the progress of resolving audit findings according to management's corrective action plan at each meeting until the findings were considered fully resolved.

3) Bank Reconciliations

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

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A listing of bank accounts was provided and included a total of 17 bank accounts. Management identified the entity's main operating accounts for each fund. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (General & Enterprise main operating and 3 randomly) and obtained the bank reconciliations for the month ending August 31, 2023, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

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

Of the 5 bank reconciliations prepared, two were not prepared within 2 months of the related statement closing date.

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

No exception noted.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exception noted.

4) Collections (excluding electronic funds transfers)

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

A listing of deposit sites was provided and included 1 deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we tested the 1 deposit site and performed the procedures below.

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

A listing of collection locations for the deposit site selected in procedure 4A was provided and included 1 collection location. No exceptions were noted as a result of performing this procedure.

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From the listings provided, we selected the one collection location for the deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

We randomly selected 2 deposit dates for the three bank accounts selected (the only bank accounts to receive traditional deposits during the fiscal year) in procedure 3A. We obtained supporting documentation for each of the 6 deposits and performed the procedures below.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the only location and performed the procedures below.

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

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure 5A was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exception noted.

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- ii. At least two employees are involved in processing and approving payments to vendors;

No exception noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

No exception noted.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exception noted.

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

No exception noted.

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

A listing of non-payroll disbursements for each payment processing location selected in procedures 5A was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

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

No exception noted.

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

No exception noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by

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only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No electronic disbursements in FY2023. Procedure is not applicable.

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

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

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

From the listing provided, we randomly selected 5 cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

No exception noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exception noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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We randomly selected transactions for 3 of the 5 cards selected in procedure #6B (2 fuel cards excluded) and performed the specified procedures. No exception noted.

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

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

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

Of the 5 reimbursements selected for our procedures, 3 used a per diem and actual costs and 2 used only actual costs. 1 out of 3 of the per diem reimbursements received higher per diem rates than what is listed on gsa.gov.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exception noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by "Written Policies and Procedures", procedure #1A(vii); and

No exception noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exception noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active*

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vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

Of the 5 contracts selected for our procedures, 1 was subject to Louisiana Public Bid Law. No exceptions noted.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

No exception noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exception noted.

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

We randomly selected 1 payment for the 5 contracts selected and performed the specified procedures. No exceptions noted.

9) Payroll and Personnel

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

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures.

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

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We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure 9A.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures. No exceptions noted.

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

No exception noted.

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10) Ethics

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

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

No exception noted.

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

The entity did not have any changes to the ethics policy, so this step is not applicable.

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

No exception noted.

11) Debt Service

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

Not applicable. The Entity issued no new debt in the current fiscal year.

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

Not applicable.

12) Fraud Notice

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

No exception noted.

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

No exception noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

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

No exception noted.

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

No exception noted.

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

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

**CITY OF MANDEVILLE
AGREED-UPON PROCEDURES MANAGEMENT RESPONSES
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Schedule B

Management's Response to Statewide Agreed-Upon Procedures City of Mandeville

In response to written policies and procedures 1ix) and 1xii)

The City has created and added policies for the exceptions above. New manuals were published on September 28, 2023.

In response to Board or Finance Committee exception 2A(ii):

The City was not aware of this requirement until completion of the 2022 audit. This has since been addressed and minutes reflect submission of the monthly financial report.

In response to Board or Finance Committee exception 2A(iv):

The Finance Director will give the City Council written updates of the progress of resolving audit findings at each meeting.

In response to Bank Reconciliations exception 3A(ii):

Employee responsible for this duty will be required to adhere to the established policies and complete the task within the deadlines.

In response to Travel & Travel-Related Expense Reimbursements exception 7A(i):

The City will ensure that the current PPM 49 – Travel Guide is used.