

TOWN OF VIDALIA, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF JUNE 30, 2020
AND FOR THE YEAR THEN ENDED
WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF VIDALIA, LOUISIANA

Annual Financial Statements
as of and for the Year Ended June 30, 2020
With Supplementary Information Schedules

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TOWN OF VIDALIA, LOUISIANA

Annual Financial Statements
as of and for the Year Ended June 30, 2020
With Supplementary Information Schedules

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INDEPENDENT AUDITOR'S REPORT

Mayor and Members of the Board of Aldermen
Town of Vidalia, Louisiana
Vidalia, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vidalia, Louisiana as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Town of Vidalia, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vidalia, Louisiana (the Town) as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the budgetary comparison schedules, the schedule of the Town's proportionate share of the net pension liability, and the schedule of the Town's contributions on pages 51 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion nor provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion nor provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation of the governing board; the schedule of compensation, benefits, and other payments to agency head; and combining nonmajor fund financial statements, as described in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation of the governing board; the schedule of compensation, benefits, and other payments to agency head; and combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedules 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 December 2, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

This report is intended for the information of the Mayor, members of the Board of Aldermen, management of Town of Vidalia, Louisiana, and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silas Simmons, LLP

Natchez, Mississippi
December 2, 2020

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

The management of Town of Vidalia, Louisiana (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. This management's discussion and analysis is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of the Town's finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next- and subsequent-year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Overview of the Financial Statements

This section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private-sector businesses.

The Statement of Net Position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the two is 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 Town is improving or weakening.

The Statement of Activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees such as the gas, electric, water, and sewer departments.

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$58,124,437 (net position); this represents an increase of \$3,269,369 from last fiscal year. The Town's net position is comprised of \$44,124,682 from governmental activities and \$13,999,755 from business-type activities.

The following is a condensed statement of the Town's net position as of June 30, 2020 and 2019:

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Assets | | | | | | |
| Current and other assets | \$ 17,088,804 | \$ 12,772,879 | \$ 1,974,758 | \$ 3,690,966 | \$ 19,063,562 | \$ 16,463,845 |
| Capital assets (net) | 43,887,696 | 42,663,759 | 13,578,346 | 13,459,388 | 57,466,042 | 56,123,147 |
| Total | <u>\$ 60,976,500</u> | <u>\$ 55,436,638</u> | <u>\$ 15,553,104</u> | <u>\$ 17,150,354</u> | <u>\$ 76,529,604</u> | <u>\$ 72,586,992</u> |
| Deferred outflows of resources | <u>\$ 2,874,317</u> | <u>\$ 2,938,012</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,874,317</u> | <u>\$ 2,938,012</u> |
| Liabilities | | | | | | |
| Other liabilities | \$ 1,706,624 | \$ 1,661,733 | \$ 1,453,348 | \$ 1,289,840 | \$ 3,159,972 | \$ 2,951,573 |
| Long-term liabilities | 16,771,825 | 16,161,254 | 100,001 | - | 16,871,826 | 16,161,254 |
| Total liabilities | <u>\$ 18,478,449</u> | <u>\$ 17,822,987</u> | <u>\$ 1,553,349</u> | <u>\$ 1,289,840</u> | <u>\$ 20,031,798</u> | <u>\$ 19,112,827</u> |
| Deferred inflows of resources | <u>\$ 1,247,686</u> | <u>\$ 1,557,109</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,247,686</u> | <u>\$ 1,557,109</u> |
| Net Position | | | | | | |
| Invested in capital assets | \$ 43,887,696 | \$ 42,663,759 | \$ 13,478,345 | \$ 13,459,388 | \$ 57,466,041 | \$ 56,123,147 |
| Less related debt | (7,240,063) | (7,212,592) | - | - | (7,240,063) | (7,212,592) |
| Net of related debt | <u>\$ 36,647,633</u> | <u>\$ 35,451,167</u> | <u>\$ 13,478,345</u> | <u>\$ 13,459,388</u> | <u>\$ 50,225,978</u> | <u>\$ 48,910,555</u> |
| Restricted | 2,638,129 | 2,628,870 | - | - | 2,638,129 | 2,628,870 |
| Unrestricted (deficit) | 4,838,920 | 914,517 | 521,410 | 2,401,126 | 5,360,330 | 3,315,643 |
| Total net position | <u>\$ 44,124,682</u> | <u>\$ 38,994,554</u> | <u>\$ 13,999,755</u> | <u>\$ 15,860,514</u> | <u>\$ 58,124,437</u> | <u>\$ 54,855,068</u> |

By far, the largest portion of the Town's net position (\$50,225,978 or 86%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The Town has total outstanding debt of \$7,240,063, which was used to finance some of the \$57,466,042 capital assets. (For more detailed information on the Town's debt and capital assets, see pages 30 through 34.) Total liabilities of \$20,031,798 are equal to 26% of the total assets.

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

Government-Wide Financial Analysis (continued)

The Town's governmental activities increased net position by \$5,201,215. Business-type activities decreased net position by (\$1,789,536).

Governmental Activities

The governmental activities of the Town include general government, public safety, public works, economic development, and payment of interest on long-term debt. Revenues and expenditures related to the Town's involvement in the S. A. Murray Hydro Electric Station are also included in governmental activities. In that revenues normally associated with municipal operations (e.g., sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines, and operating grants) are insufficient for the funding of these activities, the Town has relied on transfers of excess revenue from its enterprise funds to cover the cost of all activities other than economic development. Economic development activities in the majority are funded by capital grants and contributions.

The following is a summary of the statement of activities:

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|-------------------------|----------------------|--------------------------|-----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenue | | | | | | |
| Program revenue | \$ 5,031,133 | \$ 12,279,553 | \$ 11,893,196 | \$ 12,737,672 | \$ 16,924,329 | \$ 25,017,225 |
| General revenue | 18,664,203 | 16,980,843 | 1,697 | 1,029 | 18,665,900 | 16,981,872 |
| Total revenue | <u>\$ 23,695,336</u> | <u>\$ 29,260,396</u> | <u>\$ 11,894,893</u> | <u>\$ 12,738,701</u> | <u>\$ 35,590,229</u> | <u>\$ 41,999,097</u> |
| Expenses | | | | | | |
| General and administrative | \$ 12,540,955 | \$ 11,771,687 | \$ - | \$ - | \$ 12,540,955 | \$ 11,771,687 |
| Public safety | 5,388,749 | 5,248,363 | - | - | 5,388,749 | 5,248,363 |
| Public works | 2,732,297 | 2,569,246 | - | - | 2,732,297 | 2,569,246 |
| Economic development | 374,427 | 503,916 | - | - | 374,427 | 503,916 |
| Combined utility | - | - | 10,430,071 | 10,855,784 | 10,430,071 | 10,855,784 |
| Convention Center | - | - | 443,690 | 516,938 | 443,690 | 516,938 |
| Interest on long-term debt | 268,361 | 314,751 | - | - | 268,361 | 314,751 |
| Total expenses | <u>\$ 21,304,789</u> | <u>\$ 20,407,963</u> | <u>\$ 10,873,761</u> | <u>\$ 11,372,722</u> | <u>\$ 32,178,550</u> | <u>\$ 31,780,685</u> |
| Net Transfers - in (out) | <u>\$ 2,810,668</u> | <u>\$ 2,338,169</u> | <u>\$ (2,810,668)</u> | <u>\$ (2,338,169)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Change in net position | <u>\$ 5,201,215</u> | <u>\$ 11,190,602</u> | <u>\$ (1,789,536)</u> | <u>\$ (972,190)</u> | <u>\$ 3,411,679</u> | <u>\$ 10,218,412</u> |
| Net position, beginning | \$ 38,994,554 | \$ 27,803,952 | \$ 15,860,514 | \$ 16,832,704 | \$ 54,855,068 | \$ 44,636,656 |
| Prior period adjustments | (71,087) | - | (71,223) | - | (142,310) | - |
| Net position, beginning, as restated | <u>\$ 38,923,467</u> | <u>\$ 27,803,952</u> | <u>\$ 15,789,291</u> | <u>\$ 16,832,704</u> | <u>\$ 54,712,758</u> | <u>\$ 44,636,656</u> |
| Net position, ending | <u>\$ 44,124,682</u> | <u>\$ 38,994,554</u> | <u>\$ 13,999,755</u> | <u>\$ 15,860,514</u> | <u>\$ 58,124,437</u> | <u>\$ 54,855,068</u> |

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has two business-type activities, which are accounted for as enterprise funds. The Town uses enterprise funds to account for the revenues and expenses related to the provision of gas, electric, water, and sewer services (combined utility fund), and for rental of the Bryant Hammett Conference and Convention Center (Riverfront Development Fund).

The following is a summary of the Utility Fund (business-type activity) of the Town:

| | Operating Revenues Net of Purchases and Sales Tax | | | | | |
|--------------------------------------|---|---------------------|------------------|--------------------|-------------|---------------------|
| | Gas | Electric | Water | Sewer | Office | Total Utility |
| Fiscal year ended June 30, 2019 | \$ 943,822 | \$ 3,727,351 | \$ 716,841 | \$ 535,493 | \$ - | \$ 5,923,507 |
| Fiscal year ended June 30, 2020 | <u>881,041</u> | <u>3,324,120</u> | <u>809,878</u> | <u>521,260</u> | <u>-</u> | <u>5,536,299</u> |
| Increase (decrease) between years | <u>\$ (62,781)</u> | <u>\$ (403,231)</u> | <u>\$ 93,037</u> | <u>\$ (14,233)</u> | <u>\$ -</u> | <u>\$ (387,208)</u> |

| | Operating Expenses | | | | | |
|--------------------------------------|--------------------|-------------------|------------------|--------------------|--------------------|------------------|
| | Gas | Electric | Water | Sewer | Office | Total Utility |
| Fiscal year ended June 30, 2019 | \$ 433,904 | \$ 1,931,790 | \$ 1,065,322 | \$ 525,084 | \$ 164,289 | \$ 4,120,389 |
| Fiscal year ended June 30, 2020 | <u>382,679</u> | <u>2,044,687</u> | <u>1,108,748</u> | <u>480,463</u> | <u>131,375</u> | <u>4,147,952</u> |
| Increase (decrease) between years | <u>\$ (51,225)</u> | <u>\$ 112,897</u> | <u>\$ 43,426</u> | <u>\$ (44,621)</u> | <u>\$ (32,914)</u> | <u>\$ 27,563</u> |

| | Net Income (Loss) From Operations | | | | | |
|--------------------------------------|-----------------------------------|---------------------|------------------|------------------|------------------|---------------------|
| | Gas | Electric | Water | Sewer | Office | Total Utility |
| Fiscal year ended June 30, 2019 | \$ 509,918 | \$ 1,795,561 | \$ (348,481) | \$ 10,409 | \$ (164,289) | \$ 1,803,118 |
| Fiscal year ended June 30, 2020 | <u>498,362</u> | <u>1,279,433</u> | <u>(298,870)</u> | <u>40,797</u> | <u>(131,375)</u> | <u>1,388,347</u> |
| Increase (decrease) between years | <u>\$ (11,556)</u> | <u>\$ (516,128)</u> | <u>\$ 49,611</u> | <u>\$ 30,388</u> | <u>\$ 32,914</u> | <u>\$ (414,771)</u> |

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Business-Type Activities (continued)

The reasons for major fluctuations previously noted are as follows:

Net income from operations decreased \$414,771 from \$1,803,118 in the previous year to \$1,388,347 in the current year.

Net operating transfers out were \$3,206,612, leaving the utility fund with a net loss of \$1,816,657.

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds, not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town maintains four individual governmental fund types. These fund types are general, special revenue, debt service, and capital projects funds. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E) for the general fund, sales tax fund, and hydro royalty fund, which are considered to be major funds. Transactions of the remaining governmental funds are combined and shown as other governmental funds on these statements. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining financial statements in the Other Information portion of this report, beginning on page 61.

The Town adopts an annual budget for its governmental funds. A statement of revenues, expenditures, and changes in fund balance for the general fund is presented in the Basic Financial Statements Section, which compares actual revenues and expenditures to the original budget and amended budget figures. Budgeted amounts for the remainder of the governmental funds are presented in the individual fund statements.

Financial Analysis of the Town's Governmental Funds

The Town's governmental funds reported combined ending fund balances of \$15,404,422, which is an increase of \$4,271,034. This increase was primarily caused by a lower debt service burden in the current year.

Fund Financial Statements - Proprietary Funds

The Town maintains two proprietary funds. Proprietary funds are used to report the same functions as business-type activities. The Town uses enterprise funds (the first type of proprietary fund) to account for its combined gas, electric, water, and sewer operations and a second enterprise fund to account for the operations of the Bryant Hammett Conference and Convention Center. These enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Fund Financial Statements – Proprietary Funds (continued)

Financial Analysis of the Town's Proprietary Funds

The Town's utility operation proprietary funds shows a decrease in ending fund balance of \$1,816,657. Overall, all departments' operating incomes decreased in total \$414,771 from 2019. The biggest contributor to the decrease was the electric department.

The Town's Riverfront Development Fund's addition to the business-type activities resulted in an increase of fund balance in the amount of \$27,121.

In that financial statements of enterprise funds are presented on the same basis of accounting as in both the government-wide financial statements and the individual fund statements, all comments and analyses made under business-type activities apply to these funds.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2020, is \$57,466,042, as compared to \$56,123,147 as of the end of the previous fiscal year.

As of June 30, 2020, the Town's total outstanding debt was \$7,240,063. Principal payments of \$253,985 are due during the upcoming fiscal year. These obligations are financed through a 1% sales tax collected within the corporate limits of Vidalia, excess hydro funds, and general surplus revenues.

Budgetary Highlights

Actual general fund revenues for the year ended June 30, 2020, were under budgeted revenues by \$3,718. Actual general fund expenditures were over total budgeted expenditures by \$229,714, resulting in a negative variance. Actual hydro royalty fund revenues for the year ended June 30, 2020, were under budgeted revenues by \$261,608. The hydro royalty fund and the sales tax fund showed positive variances for total expenditures of \$11,691 and \$22,932, respectively. The sales tax fund showed a positive variance for total revenues of \$385,722.

Current Financial Factors

The Town maintained its gas and electric rates, absorbing all increases in costs of natural gas and electric as well as fluctuations in operating costs of its combined utility fund over recent fiscal years. The Town restricted the gas and electric rates for large industrial customers to include a "power cost adjustment," as well as a revised energy consumption rate schedule. The utility fund was able to generate net revenues of \$5,536,299. \$7,483,601 was transferred for the support of general fund activities. Net revenues from the hydro royalty fund were used for the support of the utility fund activities. During the fiscal year just ended, the hydro royalty fund provided \$4,128,989 towards the operations of the utility fund as compared to \$4,636,258 in the previous year.

In the event that the net revenues of the hydro royalty fund would decrease due to a low water/low production year, the Town has established reserves and has reduced operating expenses, which will help to support the general and utility fund activities without cutting services to the Town's citizens.

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

Current Financial Factors (continued)

During the 2020-2021 fiscal year, the Town is working to complete the loading/unloading barge system for the Vidalia Port, which is being funded through State Capital Outlay funds. Permitting is planned to begin for the next phase of construction at the Port, and an extension of the gas line to the Port and industrial park is also expected.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Debra Moak, Town Accountant, Post Office Box 2010, Vidalia, Louisiana 71373.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2020

| | Governmental Activities | Business- Type Activities | Total |
|--|----------------------------|---------------------------------|----------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 4,438,137 | \$ 116,537 | \$ 4,554,674 |
| Receivables (net of allowances for uncollectibles) | 454,012 | 1,311,533 | 1,765,545 |
| Internal balances | (145,452) | 145,452 | - |
| Due from other agencies | 5,451,565 | - | 5,451,565 |
| Due from other governments | 131,547 | 1,667 | 133,214 |
| Restricted assets | 6,726,953 | 397,329 | 7,124,282 |
| Other assets | 32,042 | 2,240 | 34,282 |
| Capital assets (net) | 43,887,696 | 13,578,346 | 57,466,042 |
| Total assets | <u>\$ 60,976,500</u> | <u>\$ 15,553,104</u> | <u>\$ 76,529,604</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| | <u>\$ 2,874,317</u> | <u>\$ -</u> | <u>\$ 2,874,317</u> |
| <u>LIABILITIES</u> | | | |
| Accounts, salaries, and other payables | \$ 1,397,406 | \$ 1,056,019 | \$ 2,453,425 |
| Payable from restricted assets | - | 397,329 | 397,329 |
| Interest payable | 22,242 | - | 22,242 |
| Accrued liabilities | 226,229 | - | 226,229 |
| Other liabilities | 60,747 | - | 60,747 |
| Compensated absences payable | 613,108 | - | 613,108 |
| Bonds and capital lease payable, due within one year | 253,985 | - | 253,985 |
| Bonds and capital lease payable, beyond one year | 6,886,077 | 100,001 | 6,986,078 |
| Net pension liability | 9,018,655 | - | 9,018,655 |
| Total liabilities | <u>\$ 18,478,449</u> | <u>\$ 1,553,349</u> | <u>\$ 20,031,798</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| | <u>\$ 1,247,686</u> | <u>\$ -</u> | <u>\$ 1,247,686</u> |
| <u>NET POSITION</u> | | | |
| Invested in capital assets, net of related debt | \$ 36,647,633 | \$ 13,478,345 | \$ 50,125,978 |
| Restricted for: | | | |
| Debt service | 258,798 | - | 258,798 |
| Capital projects | 26,913 | - | 26,913 |
| Special revenues | 2,352,418 | - | 2,352,418 |
| Unrestricted | 4,838,920 | 521,410 | 5,360,330 |
| Total net position | <u>\$ 44,124,682</u> | <u>\$ 13,999,755</u> | <u>\$ 58,124,437</u> |

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

STATEMENT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

| | Expenses | Program Revenues | | | Net (Expenses)/ Revenues | Net (Expenses), Revenues, and Changes | | Total |
|--------------------------------------|----------------------|---|--|--|--------------------------------|--|-----------------------------|------------------------|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | Governmental Activities | Business-Type Activities | |
| Governmental Activities | | | | | | | | |
| General government | \$ 12,540,955 | \$ 2,281,004 | \$ 145,277 | \$ - | \$ (10,114,674) | \$ (10,114,674) | \$ - | \$ (10,114,674) |
| Public safety | 5,388,749 | 110,263 | 293,172 | - | (4,985,314) | (4,985,314) | - | (4,985,314) |
| Public works | 2,732,297 | 542,583 | - | 1,617,885 | (571,829) | (571,829) | - | (571,829) |
| Economic development | 374,427 | - | - | 40,949 | (333,478) | (333,478) | - | (333,478) |
| Interest on long-term debt | 268,361 | - | - | - | (268,361) | (268,361) | - | (268,361) |
| Total governmental activities | \$ 21,304,789 | \$ 2,933,850 | \$ 438,449 | \$ 1,658,834 | \$ (16,273,656) | \$ (16,273,656) | \$ - | \$ (16,273,656) |
| Business-Type Activities | | | | | | | | |
| Gas | \$ 1,287,300 | \$ 1,785,598 | \$ - | \$ - | \$ 498,298 | \$ - | \$ 498,298 | \$ 498,298 |
| Electric | 7,422,185 | 8,701,310 | - | - | 1,279,125 | - | 1,279,125 | 1,279,125 |
| Water | 1,108,748 | 809,850 | - | - | (298,898) | - | (298,898) | (298,898) |
| Sewer | 611,838 | 521,242 | - | - | (90,596) | - | (90,596) | (90,596) |
| Convention Center | 443,690 | 75,196 | - | - | (368,494) | - | (368,494) | (368,494) |
| Total business-type activities | \$ 10,873,761 | \$ 11,893,196 | \$ - | \$ - | \$ 1,019,435 | \$ - | \$ 1,019,435 | \$ 1,019,435 |
| Total | \$ 32,178,550 | \$ 14,827,046 | \$ 438,449 | \$ 1,658,834 | \$ (15,254,221) | \$ (16,273,656) | \$ 1,019,435 | \$ (15,254,221) |
| General Revenue | | | | | | | | |
| Property taxes | | | | | | \$ 115,135 | \$ - | \$ 115,135 |
| Sales taxes | | | | | | 3,347,359 | - | 3,347,359 |
| Franchise taxes | | | | | | 18,122 | - | 18,122 |
| Beer taxes | | | | | | 7,918 | - | 7,918 |
| Occupational licenses | | | | | | 226,128 | - | 226,128 |
| Investment earnings | | | | | | 75,046 | 1,697 | 76,743 |
| Hydro royalties | | | | | | 14,489,593 | - | 14,489,593 |
| Other general revenues | | | | | | 384,902 | - | 384,902 |
| Transfers | | | | | | 2,810,668 | (2,810,668) | - |
| Total general revenues and transfers | | | | | | \$ 21,474,871 | \$ (2,808,971) | \$ 18,665,900 |
| Change in net position | | | | | | \$ 5,201,215 | \$ (1,789,536) | \$ 3,411,679 |
| Net position - beginning | | | | | | \$ 38,994,554 | \$ 15,860,514 | \$ 54,855,068 |
| Prior period adjustment | | | | | | (71,087) | (71,223) | (142,310) |
| Net position - beginning, restated | | | | | | \$ 38,923,467 | \$ 15,789,291 | \$ 54,712,758 |
| Net position - ending | | | | | | \$ 44,124,682 | \$ 13,999,755 | \$ 58,124,437 |

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF VIDALIA, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2020

| | Major Funds | | | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------|---------------------|--------------------------------|--------------------------------|
| | General Fund | Hydro Royalty Fund | Sales Tax Fund | | |
| <u>ASSETS</u> | | | | | |
| Cash | \$ 1,755,609 | \$ 6,726,953 | \$ 1,704,619 | \$ 977,909 | \$ 11,165,090 |
| Receivables (net of allowances for uncollectibles) | 68,372 | 1,529 | 238,708 | 145,403 | 454,012 |
| Prepays | 32,042 | - | - | - | 32,042 |
| Due from other agencies | - | 5,151,812 | - | 299,753 | 5,451,565 |
| Due from other governments | 53,497 | - | - | 78,050 | 131,547 |
| Due from other funds | 13,580 | 243,314 | 60,499 | 702,241 | 1,019,634 |
| Total assets | <u>\$ 1,923,100</u> | <u>\$ 12,123,608</u> | <u>\$ 2,003,826</u> | <u>\$ 2,203,356</u> | <u>\$ 18,253,890</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 229,087 | \$ 998,480 | \$ - | \$ 169,839 | \$ 1,397,406 |
| Accrued liabilities | 206,399 | - | - | 19,830 | 226,229 |
| Due to other funds | 209,072 | 1,680 | 430,324 | 524,010 | 1,165,086 |
| Other liabilities | - | - | - | 60,747 | 60,747 |
| Total liabilities | <u>\$ 644,558</u> | <u>\$ 1,000,160</u> | <u>\$ 430,324</u> | <u>\$ 774,426</u> | <u>\$ 2,849,468</u> |
| Fund balances: | | | | | |
| Restricted: | | | | | |
| Capital projects | \$ - | \$ - | \$ - | \$ 26,913 | \$ 26,913 |
| Debt service | - | - | - | 258,798 | 258,798 |
| Special revenue funds | - | 2,352,418 | - | - | 2,352,418 |
| Committed funds, reported in: | | | | | |
| Special revenue funds | - | 8,771,030 | - | - | 8,771,030 |
| Assigned, special revenue | - | - | 1,573,502 | 1,143,219 | 2,716,721 |
| Unassigned, reported in: | | | | | |
| General fund | 1,278,542 | - | - | - | 1,278,542 |
| Total fund balances | <u>\$ 1,278,542</u> | <u>\$ 11,123,448</u> | <u>\$ 1,573,502</u> | <u>\$ 1,428,930</u> | <u>\$ 15,404,422</u> |
| Total liabilities and fund balances | <u>\$ 1,923,100</u> | <u>\$ 12,123,608</u> | <u>\$ 2,003,826</u> | <u>\$ 2,203,356</u> | <u>\$ 18,253,890</u> |

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2020

| | | |
|---|----|--------------------------|
| Fund Balances, Total Governmental Funds (Statement C) | \$ | 15,404,422 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | 43,887,696 |
| Deferred outflows and inflows are not financial resources or currently payable. | | |
| Deferred outflows | \$ | 2,874,317 |
| Deferred inflows | | <u>(1,247,686)</u> |
| | | 1,626,631 |
| Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | |
| Accrued interest payable | \$ | (22,242) |
| Bonds payable | | (7,140,062) |
| Compensated absences payable | | (613,108) |
| Net pension liability | | <u>(9,018,655)</u> |
| | | <u>(16,794,067)</u> |
| Net Position of Governmental Activities (Statement A) | \$ | <u><u>44,124,682</u></u> |

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

| | Major Funds | | | Other Governmental Funds | Total Governmental Funds |
|---|-----------------|--------------------------|-------------------|--------------------------------|--------------------------------|
| | General Fund | Hydro Royalty Fund | Sales Tax Fund | | |
| REVENUES | | | | | |
| Taxes: | | | | | |
| Ad valorem | \$ 115,135 | \$ - | \$ - | \$ - | \$ 115,135 |
| Sales and use | - | - | 2,472,158 | 875,201 | 3,347,359 |
| Other taxes, penalties, interest, etc. | 18,122 | - | - | - | 18,122 |
| Licenses and permits | 234,046 | - | - | - | 234,046 |
| Intergovernmental revenues: | | | | | |
| State | 441,333 | - | - | 1,655,950 | 2,097,283 |
| Fines and forfeitures | 40,089 | - | - | 70,174 | 110,263 |
| Charges for services | 542,583 | 2,281,004 | - | - | 2,823,587 |
| Investment earnings | 10,141 | 51,895 | 12,566 | 444 | 75,046 |
| Hydro royalties | - | 14,489,593 | - | - | 14,489,593 |
| Other revenues | 296,933 | - | - | 87,969 | 384,902 |
| Total revenues | \$ 1,698,382 | \$ 16,822,492 | \$ 2,484,724 | \$ 2,689,738 | \$ 23,695,336 |
| EXPENDITURES | | | | | |
| General government | \$ 1,897,206 | \$ 9,488,309 | \$ - | \$ 558,123 | \$ 11,943,638 |
| Public safety: | | | | | |
| Police | 2,484,888 | - | - | - | 2,484,888 |
| Fire | 1,606,945 | - | - | - | 1,606,945 |
| Ambulance | - | - | - | 606,387 | 606,387 |
| Public works: | | | | | |
| Streets | 1,404,536 | - | 76,746 | - | 1,481,282 |
| Sanitation | 554,109 | - | - | - | 554,109 |
| Mechanic shop | 300,045 | - | - | - | 300,045 |
| Economic development | - | - | - | - | - |
| Capital outlay | 493,114 | - | 400,322 | 1,771,972 | 2,665,408 |
| Debt service: | | | | | |
| Principal | 156,868 | - | - | 384,106 | 540,974 |
| Interest and fiscal fees | 40,622 | - | - | 227,739 | 268,361 |
| Total expenditures | \$ 8,938,333 | \$ 9,488,309 | \$ 477,068 | \$ 3,548,327 | \$ 22,452,037 |
| Excess of revenues (expenditures) | \$ (7,239,951) | \$ 7,334,183 | \$ 2,007,656 | \$ (858,589) | \$ 1,243,299 |

- continued -

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

| | Major Funds | | | Other Governmental Funds | Total Governmental Funds |
|--|-----------------|--------------------------|-------------------|--------------------------------|--------------------------------|
| | General Fund | Hydro Royalty Fund | Sales Tax Fund | | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Long-term debt issued | \$ 188,444 | \$ - | \$ - | \$ - | \$ 188,444 |
| Transfers - in | 7,974,770 | - | - | 1,131,400 | 9,106,170 |
| Transfers - out | (369,301) | (4,128,989) | (1,693,500) | (103,712) | (6,295,502) |
| Total other financing sources (uses) | \$ 7,793,913 | \$ (4,128,989) | \$ (1,693,500) | \$ 1,027,688 | \$ 2,999,112 |
| Net change in fund balance | \$ 553,962 | \$ 3,205,194 | \$ 314,156 | \$ 169,099 | \$ 4,242,411 |
| Fund balances - beginning | \$ 695,957 | \$ 7,918,254 | \$ 1,259,346 | \$ 1,259,831 | \$ 11,133,388 |
| Prior period adjustment | 28,623 | - | - | - | 28,623 |
| Fund balances - beginning, restated | \$ 724,580 | \$ 7,918,254 | \$ 1,259,346 | \$ 1,259,831 | \$ 11,162,011 |
| Fund balances - ending | \$ 1,278,542 | \$ 11,123,448 | \$ 1,573,502 | \$ 1,428,930 | \$ 15,404,422 |

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2020

| | | |
|--|----|-----------|
| Net Changes in Fund Balances, Total Governmental Funds (Statement E) | \$ | 4,242,411 |
|--|----|-----------|

Amounts reported for governmental activities in the Statement of Activities are different because:

| | | |
|--|--|-----------|
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period and the cost of asset disposals. | | 1,223,937 |
|--|--|-----------|

The proceeds of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

| | | |
|-------------------|--|-----------|
| Principal retired | | 540,974 |
| Issuance of debt | | (188,444) |

| | | |
|---|--|-----------|
| Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the statement of activities, the net position expense is reported according to estimates required by GASB 68. This is the amount that the pension estimate exceeds the pension expenses paid in the current year. | | (395,811) |
|---|--|-----------|

| | | |
|--|--|------------------|
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount is the net effect of these differences in the treatment of interest paid on debt and current year additions to compensated absences. | | <u>(221,852)</u> |
|--|--|------------------|

| | | |
|---|----|------------------|
| Change in Net Position of Governmental Activities (Statement B) | \$ | <u>5,201,215</u> |
|---|----|------------------|

PROPRIETARY FUNDS

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2020

| | Business-Type Activities | | |
|--|--------------------------|-----------------------------------|------------------------------|
| | Utility Fund | Riverfront Development Fund | Total Enterprise Funds |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 103,974 | \$ 12,563 | \$ 116,537 |
| Receivables (net of allowances for uncollectibles) | 1,311,533 | - | 1,311,533 |
| Due from other governments | - | 1,667 | 1,667 |
| Prepays | - | 2,240 | 2,240 |
| Due from other funds | 186,863 | 212,167 | 399,030 |
| Total current assets | \$ 1,602,370 | \$ 228,637 | \$ 1,831,007 |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash | \$ 397,329 | \$ - | \$ 397,329 |
| Capital assets (net of accumulated depreciation) | 7,663,122 | 5,915,224 | 13,578,346 |
| Total noncurrent assets | \$ 8,060,451 | \$ 5,915,224 | \$ 13,975,675 |
| Total assets | \$ 9,662,821 | \$ 6,143,861 | \$ 15,806,682 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 755,839 | \$ 3,798 | \$ 759,637 |
| Accrued liabilities | 268,268 | 28,114 | 296,382 |
| Due to other funds | 246,509 | 7,069 | 253,578 |
| Total current liabilities | \$ 1,270,616 | \$ 38,981 | \$ 1,309,597 |
| Current liabilities payable from restricted assets: | | | |
| Consumer deposits | \$ 397,329 | \$ - | \$ 397,329 |
| Total current liabilities payable from restricted assets | \$ 397,329 | \$ - | \$ 397,329 |
| Long-term liabilities | | | |
| Bonds and capital lease payable, beyond one year | \$ 100,001 | \$ - | \$ 100,001 |
| Total long-term liabilities | \$ 100,001 | \$ - | \$ 100,001 |
| Total liabilities | \$ 1,767,946 | \$ 38,981 | \$ 1,806,927 |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | \$ 7,563,121 | \$ 5,915,224 | \$ 13,478,345 |
| Unrestricted | 331,754 | 189,656 | 521,410 |
| Total net position | \$ 7,894,875 | \$ 6,104,880 | \$ 13,999,755 |

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

| | Business-Type Activities | | |
|---|--------------------------|-----------------------------------|------------------------------|
| | Utility Fund | Riverfront Development Fund | Total Enterprise Funds |
| <u>OPERATING REVENUES</u> | | | |
| Charges for services: | | | |
| Gas sales | \$ 1,785,598 | \$ - | \$ 1,785,598 |
| Electricity sales | 8,701,310 | - | 8,701,310 |
| Water sales | 809,850 | - | 809,850 |
| Sewer charges | 521,242 | - | 521,242 |
| Rental charges | - | 67,596 | 67,596 |
| Other services | 418 | 7,182 | 7,600 |
| Total operating revenues | <u>\$ 11,818,418</u> | <u>\$ 74,778</u> | <u>\$ 11,893,196</u> |
| <u>OPERATING EXPENSES</u> | | | |
| Purchases and sales tax | \$ 6,282,119 | \$ - | \$ 6,282,119 |
| Personal services | 2,336,681 | 215,771 | 2,552,452 |
| Materials and supplies | 551,495 | 24,555 | 576,050 |
| Other services and charges | 674,543 | 138,334 | 812,877 |
| Depreciation | 585,233 | 65,030 | 650,263 |
| Total operating expenses | <u>\$ 10,430,071</u> | <u>\$ 443,690</u> | <u>\$ 10,873,761</u> |
| Operating income (loss) | <u>\$ 1,388,347</u> | <u>\$ (368,912)</u> | <u>\$ 1,019,435</u> |
| Nonoperating income | | | |
| Investment earnings | \$ 1,608 | \$ 89 | \$ 1,697 |
| Total nonoperating income | <u>\$ 1,608</u> | <u>\$ 89</u> | <u>\$ 1,697</u> |
| Income (loss) before transfers | <u>\$ 1,389,955</u> | <u>\$ (368,823)</u> | <u>\$ 1,021,132</u> |
| <u>OPERATING TRANSFERS AND CONTRIBUTIONS</u> | | | |
| Transfers - in | 4,276,989 | 395,944 | 4,672,933 |
| Transfers - out | (7,483,601) | - | (7,483,601) |
| Change in net position | <u>\$ (1,816,657)</u> | <u>\$ 27,121</u> | <u>\$ (1,789,536)</u> |
| Total net position - beginning | \$ 9,773,735 | \$ 6,086,779 | \$ 15,860,514 |
| Prior period adjustment | (62,203) | (9,020) | (71,223) |
| Total net position - beginning, restated | <u>\$ 9,711,532</u> | <u>\$ 6,077,759</u> | <u>\$ 15,789,291</u> |
| Total net position - ending | <u>\$ 7,894,875</u> | <u>\$ 6,104,880</u> | <u>\$ 13,999,755</u> |

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

| | Business-Type Activities | | |
|---|--------------------------|-----------------------------------|------------------------------|
| | Utility Fund | Riverfront Development Fund | Total Enterprise Funds |
| Cash flows from operating activities | | | |
| Receipts from customers and users | \$ 12,290,462 | \$ 73,554 | \$ 12,364,016 |
| Payments to suppliers | (7,356,025) | (190,588) | (7,546,613) |
| Payments to employees | (2,273,605) | (238,670) | (2,512,275) |
| Net cash provided by (used for) operating activities | \$ 2,660,832 | \$ (355,704) | \$ 2,305,128 |
| Cash flows from noncapital financing activities | | | |
| Net change in amounts due from/to other funds | \$ 636,505 | \$ (29,204) | \$ 607,301 |
| Transfers from other funds | 4,276,989 | 395,944 | 4,672,933 |
| Transfers to other funds | (7,483,601) | - | (7,483,601) |
| Net cash provided by (used for) noncapital financing activities | \$ (2,570,107) | \$ 366,740 | \$ (2,203,367) |
| Cash flows from capital and related financing activities | | | |
| Issuance of long-term debt | \$ 100,001 | \$ - | \$ 100,001 |
| Purchases of fixed assets | (769,221) | - | (769,221) |
| Net cash used for capital and related financing activities | \$ (669,220) | \$ - | \$ (669,220) |
| Cash flows from investing activities | | | |
| Interest on temporary investments | \$ 1,608 | \$ 89 | \$ 1,697 |
| Net cash provided by investing activities | \$ 1,608 | \$ 89 | \$ 1,697 |
| Net increase (decrease) in cash and cash equivalents | \$ (576,887) | \$ 11,125 | \$ (565,762) |
| Cash and cash equivalents, beginning of year | 1,078,190 | 1,438 | 1,079,628 |
| Cash and cash equivalents, end of year | \$ 501,303 | \$ 12,563 | \$ 513,866 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities | | | |
| Operating income (loss) | \$ 1,388,347 | \$ (368,912) | \$ 1,019,435 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | |
| Depreciation | \$ 585,233 | \$ 65,030 | \$ 650,263 |
| Change in assets and liabilities | | | |
| Decrease (increase) in accounts receivable | 459,388 | - | 459,388 |
| Decrease in due from other agencies | 12,656 | - | 12,656 |
| Increase in due from other governments | - | (1,224) | (1,224) |
| (Increase) decrease in prepaids | 39,241 | (59) | 39,182 |
| Increase (decrease) in accounts payable and overdrafts | 112,891 | (27,640) | 85,251 |
| Increase (decrease) in accrued liabilities and deposits | 63,076 | (22,899) | 40,177 |
| Total adjustments | \$ 1,272,485 | \$ 13,208 | \$ 1,285,693 |
| Net cash provided by (used for) operating activities | \$ 2,660,832 | \$ (355,704) | \$ 2,305,128 |

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Town of Vidalia, Louisiana (the Town) was incorporated April 1, 1901, under the provisions of the Lawrason Act. The Town operates under the Mayor/Board of Aldermen form of government and provides the following services as authorized by the Lawrason Act: public safety (police, fire, and ambulance); streets; sanitation; health; culture-recreation; public improvements; planning and zoning; provision of gas, electric, and water utilities; sewer services; and general administrative services.

The accounting and reporting policies of the Town conform to generally accepted accounting principles as applicable to governments in the United States of America.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). The scope of the governmental entity included in this report was determined by applying the criteria established by GASB Statement 14.

The application of these criteria revealed no additional governmental reporting entities, which would be properly included in these financial statements.

The Town Marshall's balances and transactions are accounted for in the City Marshall Fund.

B. Basis of Presentation

Government-Wide and Fund 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 nonfiduciary activities of the government. 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF VIDALIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Hydro Royalty Fund is used to account for the revenues and expenses of the Town's participation in the hydroelectric project.

The Sales Tax Fund is used to account for the collection and expenditure of sales tax revenues as provided by ordinance.

The Port Access Fund is used to account for capital outlay projects related to Port infrastructure and facilities.

The Industrial Park Fund is used to account for capital outlay projects related to the industrial park.

The municipality reports the following major proprietary funds:

The Utility Fund is used to account for the provision of gas, electric, and water utilities, as well as sewer services to residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, related debt service, and billing and collection.

The Riverfront Development Fund is used to account for the collection and expenditure of revenues earned from the rental of the Town's conference and convention center.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Cash and Cash Equivalents

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Receivables and Payables (continued)

The Town annually levies ad valorem taxes in accordance with state statute for the fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Concordia Parish.

For the year ended June 30, 2020, taxes of 3.39 mills were levied on property with assessed valuations totaling \$34,085,680 after abatements and exemptions and were dedicated as follows:

| | |
|----------------------------|------------|
| General corporate purposes | 3.39 mills |
| Total taxes levied were | \$ 115,135 |

F. Inventories

Since inventories of the proprietary fund consist of items normally capitalized upon acquisition, amounts considered in the computation of operating expenses are immaterial and, therefore, not reflected.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Restricted assets were applicable to the following at June 30, 2020:

| | |
|---|---------------------|
| Hydro Royalty Fund Cash and Equivalents - Governmental Activities | \$ 6,726,953 |
| Consumer deposits - Business-Type Activities | <u>397,329</u> |
| Total | <u>\$ 7,124,282</u> |

I. Capital Assets

Capital acquisitions and construction are reflected as expenditures in the Governmental Fund statements, and the related assets are reported as capital assets 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 municipality maintains a threshold level of \$2,500 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.

TOWN OF VIDALIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|-----------------------------------|------------------------|
| Streets and parking areas | 15 - 40 Years |
| Improvements other than buildings | 10 - 40 Years |
| Buildings and structures | 10 - 40 Years |
| Machinery and equipment | 5 - 10 Years |

J. Compensated Absences

The Town has implemented GASB Statement 16, *Accounting for Compensated Absences*. Under GASB Statement 16, a liability for unpaid vacation that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to benefits.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

K. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

L. Equity Classification

Equity is classified as net position and displayed in three components: (1) invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets; (2) restricted net position – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributions or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation; and (3) unrestricted net position – all other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide statement of net position reports \$2,638,129 of restricted net position, all of which is restricted by enabling legislation.

TOWN OF VIDALIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Equity Classification (continued)

Beginning with fiscal year 2012, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Aldermen establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Aldermen through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

M. 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 revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF VIDALIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows procedures established by Louisiana Revised Statute in the preparation and adoption of its annual operating budgets as follows:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than 15 days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least 10 days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

The following individual funds had actual expenditures over budgeted appropriations for the year ended June 30, 2020:

| Fund | Original Budget | Final Budget | Actual | Unfavorable Variance |
|--------------|--------------------|-----------------|--------------|-------------------------|
| General Fund | \$ 8,708,619 | \$ 8,708,619 | \$ 8,938,333 | \$ (233,432) |

The following individual funds had a deficit in unassigned or restricted fund balance at June 30, 2020:

| Fund | Deficit Amount |
|------------------|-------------------|
| Port Access Fund | \$ 272,771 |

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2020, the municipality has cash and cash equivalents (book balances) totaling \$11,678,956 as follows:

| | |
|-----------------------------|----------------------|
| Demand deposits | \$ 9,136,613 |
| Time deposits | 2,540,992 |
| Cash on hand and NSF checks | <u>1,351</u> |
| Total | <u>\$ 11,678,956</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2020, the municipality has \$11,712,794 in deposits (collected bank balances). These deposits are secured from risk by \$2,974,161 of federal deposit insurance and \$13,943,682 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Proprietary Funds' Statement of Revenues, Expenses, and Changes in Net Position that sum to the total of the same such amounts shown in the Statement of Cash Flows.

| | |
|--|-------------------|
| Cash and cash equivalents | \$ 116,537 |
| Restricted cash | <u>397,329</u> |
| Total cash, cash equivalents, and restricted cash shown in the Statement of Cash Flows | <u>\$ 513,866</u> |

Amounts shown in restricted cash represent those required to be set aside for utility consumer deposits.

NOTE 4 - RECEIVABLES

The receivables of \$1,765,545 at June 30, 2020, are as follows:

| <u>Class of Receivables</u> | <u>Governmental Funds</u> | <u>Business-Type Funds</u> | <u>Totals</u> |
|------------------------------|-------------------------------|--------------------------------|---------------------|
| Taxes: | | | |
| Ad valorem | \$ 110 | \$ - | \$ 110 |
| Sales and use | 362,329 | - | 362,329 |
| Utility accounts | 155,390 | 1,567,873 | 1,723,263 |
| Accrued interest | 1,529 | - | 1,529 |
| Allowance for uncollectibles | (65,346) | (256,340) | (321,686) |
| Totals | <u>\$ 454,012</u> | <u>\$ 1,311,533</u> | <u>\$ 1,765,545</u> |

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units at June 30, 2020, consisted of the following:

| <u>Due From</u> | <u>General Fund</u> | <u>Port Access Fund</u> | <u>Riverfront Development Fund</u> | <u>Totals</u> |
|----------------------------------|-------------------------|-----------------------------|--|-------------------|
| State of Louisiana | \$ 44,805 | \$ 78,050 | \$ 1,666 | \$ 124,521 |
| Vidalia Beautification Committee | 3,250 | - | - | 3,250 |
| Concordia Parish | 5,442 | - | - | 5,442 |
| Totals | <u>\$ 53,497</u> | <u>\$ 78,050</u> | <u>\$ 1,666</u> | <u>\$ 133,213</u> |

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of individual receivables and payables reflected as "Due To or Due From Other Funds" follows:

| <u>Fund</u> | <u>Interfund</u> | |
|-----------------------------|---------------------|---------------------|
| | <u>Receivable</u> | <u>Payable</u> |
| General Fund | \$ 13,580 | \$ 209,072 |
| Hydro Royalty Fund | 243,314 | 1,680 |
| Sales Tax Fund | 60,499 | 430,324 |
| Other Governmental Funds | 702,241 | 524,010 |
| Riverfront Development Fund | 212,167 | 7,069 |
| Utility Fund | 186,863 | 246,509 |
| Totals | <u>\$ 1,418,664</u> | <u>\$ 1,418,664</u> |

Interfund transfers during the year ended June 30, 2020, were as follows:

| <u>Fund</u> | <u>Interfund Transfer</u> | |
|-----------------------------|---------------------------|----------------------|
| | <u>In</u> | <u>Out</u> |
| General Fund | \$ 7,974,770 | \$ 369,301 |
| Hydro Royalty Fund | - | 4,128,989 |
| Sales Tax Fund | - | 1,693,500 |
| Other Governmental Funds | 1,131,400 | 103,712 |
| Riverfront Development Fund | 395,944 | - |
| Utility Fund | 4,276,989 | 7,483,601 |
| Totals | <u>\$ 13,779,103</u> | <u>\$ 13,779,103</u> |

Transfers are primarily used to move funds from:

- The Proprietary Funds to the General Fund to cover capital expenditures and general operations.
- The Hydro Royalty Fund to the Utility Fund, as further described in Note 16.
- The Hydro Royalty Fund to the Debt Service Fund to finance capital improvement-related debt.
- The Sales Tax Fund to the Debt Service Fund to cover debt payment requirements. Additionally, amounts were transferred to General Fund to cover operational costs.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2020, are as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|---|-------------------------------|-----------------------|--------------------|----------------------------|
| <u>Governmental activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 5,794,880 | \$ - | \$ - | \$ 5,794,880 |
| Construction in progress | <u>11,899,077</u> | <u>1,771,972</u> | <u>-</u> | <u>13,671,049</u> |
| Total capital assets, not being depreciated | <u>\$ 17,693,957</u> | <u>\$ 1,771,972</u> | <u>\$ -</u> | <u>\$ 19,465,929</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and structures | \$ 12,240,248 | \$ 60,456 | \$ - | \$ 12,300,704 |
| Improvements other than buildings | 11,621,353 | 30,000 | - | 11,651,353 |
| Machinery and equipment | 5,382,949 | 402,658 | (92,014) | 5,693,593 |
| Streets and parking areas | <u>14,126,793</u> | <u>400,322</u> | <u>-</u> | <u>14,527,115</u> |
| Total capital assets being depreciated | <u>\$ 43,371,343</u> | <u>\$ 893,436</u> | <u>\$ (92,014)</u> | <u>\$ 44,172,765</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and structures | \$ (2,598,458) | \$ (262,455) | \$ - | \$ (2,860,913) |
| Improvements other than buildings | (4,610,259) | (367,079) | 49,287 | (4,928,051) |
| Machinery and equipment | (3,877,384) | (398,605) | - | (4,275,989) |
| Streets and parking areas | <u>(7,315,440)</u> | <u>(370,605)</u> | <u>-</u> | <u>(7,686,045)</u> |
| Total accumulated depreciation | <u>\$ (18,401,541)</u> | <u>\$ (1,398,744)</u> | <u>\$ 49,287</u> | <u>\$ (19,750,998)</u> |
| Total capital assets being depreciated, net | <u>\$ 24,969,802</u> | <u>\$ (505,308)</u> | <u>\$ (42,727)</u> | <u>\$ 24,421,767</u> |
| Total assets, net | <u>\$ 42,663,759</u> | <u>\$ 1,266,664</u> | <u>\$ (42,727)</u> | <u>\$ 43,887,696</u> |
| <u>Business-type activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 685,589 | \$ - | \$ - | \$ 685,589 |
| Construction in progress | <u>-</u> | <u>203,354</u> | <u>-</u> | <u>203,354</u> |
| Total capital assets, not being depreciated | <u>\$ 685,589</u> | <u>\$ 203,354</u> | <u>\$ -</u> | <u>\$ 888,943</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and structures | \$ 7,550,701 | \$ - | \$ - | \$ 7,550,701 |
| Improvements other than buildings | 1,245,643 | - | - | 1,245,643 |
| Machinery and equipment | <u>20,540,274</u> | <u>565,867</u> | <u>-</u> | <u>21,106,141</u> |
| Total capital assets, being depreciated | <u>\$ 29,336,618</u> | <u>\$ 565,867</u> | <u>\$ -</u> | <u>\$ 29,902,485</u> |

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - CAPITAL ASSETS (continued)

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|---|-------------------------------|---------------------|------------------|----------------------------|
| Less accumulated depreciation for: | | | | |
| Buildings and structures | \$ (862,116) | \$ (33,847) | \$ - | \$ (895,963) |
| Improvements other than buildings | (33,905) | (1,331) | - | (35,236) |
| Machinery and equipment | <u>(15,666,798)</u> | <u>(615,085)</u> | - | <u>(16,281,883)</u> |
| Total accumulated depreciation | <u>\$ (16,562,819)</u> | <u>\$ (650,263)</u> | <u>\$ -</u> | <u>\$ (17,213,082)</u> |
| Total capital assets being depreciated, net | <u>\$ 12,773,799</u> | <u>\$ (84,396)</u> | <u>\$ -</u> | <u>\$ 12,689,403</u> |
| Total capital assets, net | <u>\$ 13,459,388</u> | <u>\$ 118,958</u> | <u>\$ -</u> | <u>\$ 13,578,346</u> |

Depreciation expense of \$1,398,744 for the year ended June 30, 2020, was charged to the following governmental functions:

| | |
|----------------------|---------------------|
| General government | \$ 258,749 |
| Public safety | 370,638 |
| Public works | 394,930 |
| Economic development | <u>374,427</u> |
| Total | <u>\$ 1,398,744</u> |

NOTE 8 - CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of June 30, 2020. At year-end, the commitments with contractors are as follows:

| <u>Project</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|-----------------------------|--------------------------|---------------------------------|
| Port barge loading facility | \$ 7,897,042 | \$ 617,811 |
| Port access road project | <u>456,191</u> | <u>1,500</u> |
| Total | <u>\$ 8,353,233</u> | <u>\$ 619,311</u> |

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2020 and 2019:

| | Long-Term Debt and Capital Leases Payable | | | | | | |
|--------------------------|---|-----------------------------------|--------------------------|---------------------|-----------------------|---------------------|------------|
| | Sales Tax Bonds | Revenue Bonds Electric Utility | General Obligation Bonds | | Capital Leases and | Totals | |
| | 2007 Series | 2020 Series | USDA #2 | USDA #3 | Notes | | |
| | Payable at June 30, 2019 | \$ 280,000 | \$ - | \$ 88,148 | \$ 6,308,710 | | \$ 815,734 |
| Issuance of debt | - | 100,001 | - | - | 188,444 | | 288,445 |
| Principal retired | (280,000) | - | (1,450) | (102,656) | (156,868) | (540,974) | |
| Payable at June 30, 2020 | <u>\$ -</u> | <u>\$ 100,001</u> | <u>\$ 86,698</u> | <u>\$ 6,206,054</u> | <u>\$ 847,310</u> | <u>\$ 7,240,063</u> | |

| | Long-Term Debt and Capital Leases Payable | | | | | |
|--------------------------|---|--------------------------|---------------------|-----------------------|---------------------|--------------|
| | Sales Tax Bonds | General Obligation Bonds | | Capital Leases and | Totals | |
| | 2007 Series | USDA #2 | USDA #3 | Notes | | |
| | Payable at June 30, 2018 | \$ 550,000 | \$ 89,549 | \$ 6,407,817 | | \$ 3,440,257 |
| Principal retired | (270,000) | (1,401) | (99,107) | (2,609,948) | | (2,980,456) |
| Reclassification | - | - | - | (14,575) | (14,575) | |
| Payable at June 30, 2019 | <u>\$ 280,000</u> | <u>\$ 88,148</u> | <u>\$ 6,308,710</u> | <u>\$ 815,734</u> | <u>\$ 7,492,592</u> | |

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2020 and 2019:

| | 2020 | 2019 |
|-------------------|---------------------|---------------------|
| Current portion | \$ 253,985 | \$ 499,125 |
| Long-term portion | 6,986,078 | 6,993,467 |
| Total | <u>\$ 7,240,063</u> | <u>\$ 7,492,592</u> |

Sales Tax Bond Series 2007 dated January 9, 2007, in the amount of \$2,440,000

Principal installments are payable on June 1 of each year beginning June 1, 2007, and ending June 1, 2020, with interest rates ranging from 3.55% to 4.10% per annum and principal payments ranging from \$10,000 to \$280,000. Financing for these bonds is to be provided from sales tax revenues.

| | | |
|--|------|------------|
| | \$ - | \$ 280,000 |
|--|------|------------|

General Obligation Bond dated November 1, 2012, in the amount of \$96,000, USDA #2

Financing obtained from USDA to pay off interim financing for the construction of municipal complex to house administrative, police, and fire functions. Note-bearing interest at 3.5% with first payment of interest only due August 9, 2016, with monthly payments of principal and interest thereafter and matures August 9, 2052. Debt is secured by a pledge of excess municipal revenues including, but not limited to, the Hydro Royalty Fund.

| | | |
|--|--------|--------|
| | 86,698 | 88,148 |
|--|--------|--------|

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

General Obligation Bond dated November 1, 2012, in the amount of \$6,841,000, USDA #3

Financing obtained from USDA to pay off interim financing for the construction of municipal complex to house administrative, police, and fire functions. Note-bearing interest at 3.5% with first payment of interest only due August 9, 2016, with monthly payments of principal and interest thereafter and matures August 9, 2052. Debt is secured by a pledge of excess municipal revenues including, but not limited to, the Hydro Royalty Fund.

6,206,054 6,308,710

Capital lease dated December 21, 2015, in the amount of \$798,332

Financing obtained through Southside Bank for the purchase of a fire truck, fifteen payments of principal and interest due in the amount of \$70,932, with interest at 3.83% and matures in December 2030.

627,271 672,474

Capital lease dated November 1, 2017, in the amount of \$286,991

Financing obtained through Ford Motor Credit for the purchase of nine police vehicles, four payments of principal and interest due in the amount of \$77,292, with interest at 7.73% and matures in December 2020.

64,707 143,260

Capital lease dated June 24, 2019, in the amount of \$188,444

Financing obtained through Bancorp South Equipment Finance for the purchase of a 2020 International Garbage Truck, 36 payments of principal and interest due in the amount of \$3,379 monthly and a lump sum final payment of \$85,000 at maturity, with interest at 4.29% and matures in December 2020.

155,332 -

Electric Utility Revenue Bonds, Series 2020, in the amount of \$7,000,000

Financing obtained through Revenue Bonds, to construct and acquire extensions and improvements to the Town's electric utility system. Note-bearing interest at 6.0% with first payment of interest only due September 1, 2020, with semi-annual payments of principal and interest thereafter and matures March 1, 2040. Debt is secured by a pledge of revenues of the electric utility system.

100,001 -

\$ 7,240,063 \$ 7,492,592

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

At June 30, 2020, the municipality has accumulated \$258,798 in the debt service funds for future debt requirements. The bonds and notes are due as follows:

| <u>Year ending June 30,</u> | <u>Principal Payments</u> | <u>Interest Payments</u> | <u>Totals</u> |
|-----------------------------|-------------------------------|------------------------------|----------------------|
| 2021 | \$ 253,985 | \$ 251,553 | \$ 505,539 |
| 2022 | 196,419 | 241,392 | 437,811 |
| 2023 | 350,879 | 231,382 | 582,261 |
| 2024 | 172,227 | 225,033 | 397,260 |
| 2025 | 178,494 | 218,766 | 397,260 |
| 2026-2030 | 994,764 | 991,536 | 1,986,300 |
| 2031-2035 | 889,034 | 813,538 | 1,702,572 |
| 2036-2040 | 977,426 | 654,214 | 1,631,640 |
| 2041-2045 | 1,164,058 | 467,582 | 1,631,640 |
| 2046-2050 | 1,386,327 | 245,313 | 1,631,640 |
| 2051-2053 | <u>676,450</u> | <u>26,789</u> | <u>703,239</u> |
| Total | <u>\$ 7,240,063</u> | <u>\$ 4,367,098</u> | <u>\$ 11,607,161</u> |

The municipality is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75% of the avails of the tax. The municipality was within this 75% limitation when the sales tax bonds were issued.

NOTE 10 - SALES AND USE TAX REVENUES

- A. On July 17, 1999, a special election was held, at which the citizens of Vidalia approved two individual propositions concerning (1) the levy and use of an additional 1% sales tax and (2) the use of the existing 1% sales tax, which was approved in 1970.

Generally, the propositions authorized the imposition of a new 1% sales tax for 18 years and dedicated the proceeds of both the new and existing sales tax for the acquisition, construction, extending, improving, maintaining, and/or operating public streets, drainage facilities, waterworks system facilities and improvements, and sewerage system facilities and improvements and authorized the Town to fund the proceeds of both sales taxes into bonds for any capital purpose set forth above.

During 2017, the citizens of Vidalia approved an extension of this 1% sales tax for a period of 18 years commencing on October 1, 2017, upon the sale at retail, the use, the lease or rental, the consumption, and the storage for use or consumption of tangible personal property and on sales of services in the Town, all as defined by law, inclusive, with the proceeds of the tax (after paying the reasonable and necessary expenses of collecting and administering the tax), to be dedicated and used for acquiring, constructing, extending, improving, maintaining, and/or operating public streets, drainage facilities, waterworks system facilities and improvements, and sewerage system facilities and improvements, and the Town shall be further authorized to fund the proceeds of the tax into bonds for any of the capital purposes set forth above to the extent and in the manner permitted by the laws of Louisiana.

- B. Proceeds of an additional 0.5% sales and use tax are dedicated to providing the community with ambulance service.

TOWN OF VIDALIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS), the Municipal Police Employees' Retirement System (MPERS), the Louisiana State Employees' Retirement System (LASERS), and the Municipal Firefighters' Retirement System (MFRS) and additions to/deductions from MERS's, MPERS's, LASERS's, and MFRS's fiduciary net position have been determined on the same basis as they are reported by MERS, MPERS, LASERS, and MFRS.

NOTE 12 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position reports a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town's deferred outflows and deferred inflows are resources related to pensions.

NOTE 13 - PENSION PLANS

For the year ended June 30, 2020, the Town reports the following note disclosures as required by GASB Statement 68, *Accounting and Financial Reporting for Pensions*.

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

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

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

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds, and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless they have at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

TOWN OF VIDALIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 – PENSION PLANS (continued)

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2018, was 14% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans Parish) of the taxes shown to be collectible by the tax rolls of each Parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each Plan. The contribution requirements of Plan members and the Town are established and may be amended by state statute.

As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan B for the years ending June 30, 2020 and 2019, were \$540,115 and \$549,538, respectively, equal to the required contributions for those years.

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--|
| Valuation date | June 30, 2019 |
| Actuarial cost method | Entry Age Normal Cost |
| Expected remaining service lives | 3 years |
| Investment rate of return | 7.0% |
| Inflation rate | 2.5% |
| Salary increases, including inflation and merit increases | 1–4 years of service : 7.4%; More than 4 years of service: 4.9% |
| Annuitant and beneficiary 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 |
| Employee 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 |
| Disabled lives mortality | PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated 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 and an adjustment for the effect of rebalancing/diversification.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - PENSION PLANS (continued)

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

The target allocation and best estimate of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019, is summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|-------------------------|--|
| Public equity | 50% | 2.15% |
| Public fixed income | 35% | 1.51% |
| Alternatives | 15% | 0.64% |
| Totals | <u>100%</u> | <u>4.30%</u> |
| Inflation | | <u>2.70%</u> |
| Expected arithmetic nominal return | | <u>7.00%</u> |

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

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2020, was 32.5% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 2020 and 2019, were \$144,464 and \$167,189, respectively, equal to the required contributions for those years.

TOWN OF VIDALIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 – PENSION PLANS (continued)

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

Actuarial assumptions. The total pension liability as of June 30, 2019, is based on actuarial valuations and assumptions as follows:

| | | |
|---|---|---------------------------|
| Valuation date | June 30, 2019 | |
| Actuarial cost method | Entry Age Normal Cost | |
| Investment rate of return | 7.125%, net of investment expense | |
| Expected remaining service lives | 2019 – four years | |
| | 2018 – four years | |
| | 2017 – four years | |
| | 2016 – four years | |
| Inflation rate | 2.50% | |
| Salary increases, including inflation and merit | <u>Years of Service</u> | <u>Salary Growth Rate</u> |
| | 1-2 | 9.75% |
| | 3-23 | 4.75% |
| | 23 and over | 4.25% |
| Mortality | <p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex-Distinct Tables, projected to 2029 by Scale AA (set back one year for females) for healthy annuitants and beneficiaries.</p> <p>RP-2000 Disabled Lives Table set back five years for males and set back three years for females for disabled annuitants</p> <p>RP-2000 Employee Table, set back four years for males and three years for females, for active members.</p> | |
| Cost-of-living adjustments | <p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p> | |

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on Plan data for the period July 2, 2009 through June 30, 2014, and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables:

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 – PENSION PLANS (continued)

B. Municipal Police Employees’ Retirement System of Louisiana (MPERS) (continued)

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System’s target allocation as of June 30, 2019, are summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|----------------------------|--|
| Equity | 48.50% | 3.28% |
| Fixed income | 33.50% | 0.80% |
| Alternatives | 18.00% | 1.06% |
| Totals | <u>100.00%</u> | <u>5.14%</u> |
| Inflation | | <u>2.75%</u> |
| Expected arithmetic nominal return | | <u>7.89%</u> |

C. Municipal Firefighters’ Retirement System of Louisiana (MFRS)

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Firefighters’ Retirement System of Louisiana, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 10.0% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2020, is 27.75% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town’s contributions to the System for the years ending June 30, 2020 and 2019, were \$228,571 and \$207,506, respectively, equal to the required contributions for those years.

Actuarial assumptions. In February of 2017, the Board of Trustees adopted a recommendation to reduce the long-term rate of return assumption. The recommendation was formed after an analysis of the System’s portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from a number of investment consulting firms in addition to the System’s investment consultants, New England Pension Consultants. Based on this analysis and after discussions with the Board, a plan was approved to reduce the 7.50% valuation interest rate in effect for the fiscal year 2016 actuarial valuation to 7.00% over the coming five actuarial valuations with reductions of 0.10% each year.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - PENSION PLANS (continued)

C. Municipal Firefighters' Retirement System of Louisiana (MFRS) (continued)

The fiscal year 2019 actuarial valuation was scheduled to be run at a 7.20% valuation interest rate. However, prior to the completion of this valuation, a review of the valuation interest rate for fiscal year 2019 was performed based upon an update to the G. S. Curran & Company Consultant Average Capital Market Assumptions for 2019 and an update to the actuary's reasonable range for the assumed rate of return. To determine the reasonable range, the actuary computed an expected long-term portfolio return and standard deviation based upon the System's target asset allocation and a 30-year time horizon. Based upon the results of this study, 10,000 stochastic trials were run to determine a reasonable range around the Plan's expected long-term portfolio rate of return. The review found that the scheduled rate of 7.20% was no longer inside the reasonable range. Therefore, the assumed rate of return for the fiscal year 2019 valuation was further reduced to 7.15%, which was found to lie within the actuary's reasonable range.

The System's reductions in the valuation interest have been in part based upon a reduction in the expected long-term inflation rate. Therefore, the assumed long-term inflation rate has also been reduced over the same period. For fiscal year 2019, an assumed rate of inflation of 2.50% was implicit in the assumed rate of return. After reviewing the cumulative reductions in the valuation interest rate over the past three years (i.e., 0.35%) and considering the recommendation that the fiscal year 2019 actuarial valuation be run at a valuation interest rate lower than the Board's original reduction schedule, a decision was made to perform an interim review of the Plan's salary scale assumption. Based upon this review, it was determined that it would be appropriate to reduce the Plan's salary scale by 0.25% at each duration until a complete review is performed in the System's next experience study scheduled for the upcoming fiscal year. The remaining actuarial assumptions utilized for this report are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014, unless otherwise specified in this report. Additional details are given in the actuary's complete Experience Report for fiscal years 2010 through 2014.

Additional information on the actuarial methods and assumptions used as of the June 30, 2019 actuarial valuations follows:

| | |
|----------------------------------|---|
| Valuation date | June 30, 2019 |
| Actuarial cost method | Entry Age Normal Cost |
| Actuarial assumptions: | |
| Estimated remaining service life | Seven years, closed period |
| Investment rate of return | 7.15% per annum |
| Inflation rate | 2.5% per annum |
| Mortality | For the fiscal year ended June 30, 2019, mortality assumptions were set after reviewing an experience study performed on Plan data for the period July 1, 2009 through June 30, 2014. The pre- and post-mortality life expectancies of participants based on the RP-2000 Combined Healthy with Blue Collar Adjustment Sex-Distinct Tables projected to 2031 using Scale AA for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality table, set back five years for males and three years for females, was selected for disabled annuitants. |
| Salary increases | Vary from 14.75% in the first two years of service to 4.5% after 25 years. |
| Cost-of-living adjustments | Only those previously granted. |

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - PENSION PLANS (continued)

C. Municipal Firefighters' Retirement System of Louisiana (MFRS) (continued)

The estimated long-term expected real 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 were 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, 2.75%. The long-term expected real rates of return were 7.94% as of June 30, 2019. Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019, are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> |
|------------------------------------|--------------------------------|---|
| Fixed income | 31% | 2.17% |
| U.S. Equity | 21.5% | 5.98% |
| Non-U.S. Equity | 17.5% | 7.52% |
| Global Equity | 10% | 6.59% |
| Real Estate | 6% | 4.14% |
| Private Equity | 4% | 10.52% |
| Global Tactical Asset Allocation | 5% | 4.37% |
| Risk Parity | 5% | 4.67% |
| Totals | <u>100%</u> | <u>5.19%</u> |
| Inflation | | <u>2.75%</u> |
| Expected arithmetic nominal return | | <u>7.94%</u> |

D. Louisiana State Employees' Retirement System (LASERS)

Plan Description. The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of LA R.S. 11:401, as amended, for eligible state officers, employees, and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. The following is a description of the Plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - PENSION PLANS (continued)

D. Louisiana State Employees' Retirement System (LASERS) (continued)

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing 10 years of creditable service, depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service, and those hired on or after July 1, 2015, may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. The System also provides disability and survivor's benefits. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired on July 1, 2006, or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the members' age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service, and may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous-duty members are eligible to retire with 12 years of creditable service at age 55, 25 years of creditable service at any age, or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, the hazardous-duty plan will receive a 3.33% accrual rate, and judges will receive a 3.5% accrual rate. The extra 1% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous-duty employees have the option to transition to the new hazardous-duty plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to LASERS, Post Office Box 44213, Baton Rouge, Louisiana 70804; or by visiting the Louisiana Legislative Auditor website, www.la.la.gov; or by calling (225) 922-0600.

TOWN OF VIDALIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 – PENSION PLANS (continued)

D. Louisiana State Employees’ Retirement System (LASERS) (continued)

Funding Policy. Plan members are required by state statute to contribute 8% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2020, is 41.7% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town’s contributions to the System for the years ending June 30, 2020 and 2019, were \$52,251 and \$46,434, respectively, equal to the required contributions for those years.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019, is as follows:

| | |
|---|---|
| Valuation date | June 30, 2019 |
| Actuarial cost method | Entry Age Normal |
| Expected remaining service lives | 2 years |
| Investment rate of return | 7.6% per annum, net of investment expenses |
| Inflation rate | 2.5% per annum |
| Mortality | <i>Non-disabled members</i> - Mortality rates based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. <i>Disabled members</i> - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement. |
| Termination, disability, and retirement | Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System’s members for 2019. |
| Salary increases | Salary increases were projected based on a 2014-2018 experience study of the System’s members. The salary increase ranges for specific types of members are: |

| <u>Member Type</u> | <u>Lower Range</u> | <u>Upper Range</u> |
|--------------------|--------------------|--------------------|
| Regular | 3.2% | 13% |
| Judges | 2.8% | 5.3% |
| Corrections | 3.8% | 14% |
| Hazardous duty | 3.8% | 14% |
| Wildlife | 3.8% | 14% |

Cost-of-living adjustments

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 projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 – PENSION PLANS (continued)

D. Louisiana State Employees' Retirement System (LASERS) (continued)

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 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 9% for 2019. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019, are summarized in the following table:

Expected long-term real rates of return:

| Asset class | <u>2019</u> |
|----------------------------|-------------|
| Cash | -0.48% |
| Domestic equity | 4.83% |
| International equity | 5.83% |
| Domestic fixed income | 2.79% |
| International fixed income | 4.49% |
| Alternative investments | 8.32% |
| Risk parity | 5.06% |
| Total fund | 6.09% |

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

At June 30, 2020, the Town reported a liability of \$4,929,937; \$1,610,671; \$2,008,577; and \$469,470 for its proportionate share of the net pension liability for MERS, MPERS, MFRS, and LASERS, respectively. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating cities, actuarially determined. At June 30, 2019, the Town's proportion was 5.635416% for MERS, 0.177354% for MPERS, 0.320761% for MFRS, and 0.00648% for LASERS.

For the year ended June 30, 2020, the Town recognized pension expense of \$1,215,184, \$31,964, \$477,153, and \$60,533, for MERS, MPERS, MFRS, and LASERS, respectively. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>MERS</u> | <u>MPERS</u> | <u>MFRS</u> | <u>LASERS</u> |
|--|---------------------|---------------------|---------------------|-----------------|
| Deferred inflows of resources: | | | | |
| Differences between expected and actual experience | \$ (218,664) | \$ (49,553) | \$ (144,887) | \$ (976) |
| Changes of assumptions | - | - | (146) | - |
| Changes in proportion | <u>(14,760)</u> | <u>(639,305)</u> | <u>(179,395)</u> | <u>-</u> |
| Total deferred inflows of resources | <u>\$ (233,424)</u> | <u>\$ (688,858)</u> | <u>\$ (324,428)</u> | <u>\$ (976)</u> |

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 – PENSION PLANS (continued)

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

| | <u>MERS</u> | <u>MPERS</u> | <u>MFRS</u> | <u>LASERS</u> |
|--|---------------------|-------------------|-------------------|------------------|
| Changes in proportion and differences between Town contributions and proportionate share of contributions: | | | | |
| Differences between expected and actual experience | \$ - | \$ 3,380 | \$ - | \$ 2,883 |
| Changes of assumptions | 300,527 | 90,259 | 182,732 | 4,023 |
| Changes in proportion | 194,179 | - | 277,153 | - |
| Net difference between projected and actual earnings on pension plan investments | 519,244 | 104,643 | 135,071 | 16,220 |
| Town contributions subsequent to the measurement date | <u>558,717</u> | <u>144,464</u> | <u>288,571</u> | <u>52,251</u> |
| Total deferred outflows of resources | <u>\$ 1,572,667</u> | <u>\$ 342,746</u> | <u>\$ 883,527</u> | <u>\$ 75,377</u> |

\$1,044,003 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | <u>MERS</u> | <u>MPERS</u> | <u>MFRS</u> | <u>LASERS</u> |
|---------------------|-------------|--------------|-------------|---------------|
| Year ended June 30: | | | | |
| 2020 | \$ 403,823 | \$ (306,291) | \$ 160,320 | \$ 16,328 |
| 2021 | 262,456 | (234,198) | 27,879 | (4,720) |
| 2022 | 69,140 | 23,786 | 91,129 | 4,462 |
| 2023 | 45,107 | 26,127 | 21,402 | 6,080 |
| 2024 | - | - | (24,083) | - |
| Thereafter | - | - | (6,119) | - |

Discount Rate. The discount rate used to measure the total pension liability was 7.00% for MERS, 7.125% for MPERS, 7.15% for MFRS, and 7.60% for LASERS. 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 and nonemployer entities will be made at the actuarially determined rates approved by the Board of Trustees and PRSAC, taking into consideration the recommendation of the system's actuary. Based on these 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.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - PENSION PLANS (continued)

Sensitivity to Changes in Discount Rate. The following presents the Town's net pension liability for each of the pension plans calculated using the respective discount rates, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

| | Changes in Discount Rate | | |
|-----------------------|--------------------------|---------------|--------------|
| | 1% | Current | 1% |
| | Decrease | Discount Rate | Increase |
| | 6.00% | 7.00% | 8.00% |
| Net Pension Liability | \$ 6,570,337 | \$ 4,929,937 | \$ 3,542,601 |

| | Changes in Discount Rate | | |
|-----------------------|--------------------------|---------------|--------------|
| | 1% | Current | 1% |
| | Decrease | Discount Rate | Increase |
| | 6.125% | 7.125% | 8.125% |
| Net Pension Liability | \$ 2,244,196 | \$ 1,610,671 | \$ 1,079,208 |

| | Changes in Discount Rate | | |
|-----------------------|--------------------------|---------------|--------------|
| | 1% | Current | 1% |
| | Decrease | Discount Rate | Increase |
| | 6.15% | 7.15% | 8.15% |
| Net Pension Liability | \$ 2,908,555 | \$ 2,008,577 | \$ 1,253,203 |

| | Changes in Discount Rate | | |
|-----------------------|--------------------------|---------------|------------|
| | 1% | Current | 1% |
| | Decrease | Discount Rate | Increase |
| | 6.60% | 7.60% | 8.60% |
| Net Pension Liability | \$ 592,531 | \$ 469,470 | \$ 365,525 |

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 14 - SEGMENT INFORMATION FOR UTILITY FUND

The Utility Fund operated by the Town provides gas, electric, water, and sewer utility services. The following is a summary of disclosures required by the National Council on Governmental Accounting in Interpretation 2, Segment Information for Enterprise Funds, Utility Departments only:

| | <u>Gas Utility</u> | <u>Electric Utility</u> | <u>Water Utility</u> | <u>Sewer Utility</u> | <u>Office</u> | <u>Total</u> |
|---------------------------------|------------------------|-----------------------------|--------------------------|--------------------------|---------------------|-----------------------|
| Operating revenues | \$ 1,785,662 | \$ 8,701,618 | \$ 809,878 | \$ 521,260 | \$ - | \$ 11,818,418 |
| Purchase of utility provided | (904,621) | (5,377,498) | - | - | - | (6,282,119) |
| Operating expenses | (382,679) | (1,843,107) | (965,691) | (272,380) | (98,862) | (3,562,719) |
| Depreciation | <u>-</u> | <u>(201,580)</u> | <u>(143,057)</u> | <u>(208,083)</u> | <u>(32,513)</u> | <u>(585,233)</u> |
| Operating income (loss) | <u>\$ 498,362</u> | <u>\$ 1,279,433</u> | <u>\$ (298,870)</u> | <u>\$ 40,797</u> | <u>\$ (131,375)</u> | \$ 1,388,347 |
| Operating transfers, net | | | | | | (3,206,612) |
| Interest income and grants | | | | | | <u>1,608</u> |
| Net loss | | | | | | <u>\$ (1,816,657)</u> |

NOTE 15 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 16 - TOWN OF VIDALIA - HYDROELECTRIC PROJECT

On March 22, 1984, the Town entered into a conditional agreement with Catalyst Energy Development Corporation to enable Catalyst to successfully finance, develop, construct, operate, and maintain the Vidalia Hydroelectric Project to be located in the State of Louisiana between the Mississippi River and the Atchafalaya River near the U.S. Corps of Engineers' Old River Control Project.

On June 28, 1988, the Town and Catalyst Old River Hydroelectric Limited Partnership (successor to the rights and obligations of Catalyst Energy Development Corporation) entered into an agreement to amend and restate the March 22, 1984 agreement in its entirety. This agreement was again amended and restated on August 17, 1990, in its entirety. A general summary is as follows:

A. Payment of Royalties to Town of Vidalia, Louisiana

In consideration for its participation in this hydroelectric project, the Town will be entitled to royalty payments based on a percentage of gross revenues beginning with 3.75% in the first year of operations, graduated to 11.6% in the year 2021, and 20% thereafter. All such payments shall be paid quarterly by depositing or transferring funds into a royalty account.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 16 - TOWN OF VIDALIA - HYDROELECTRIC PROJECT (continued)

B. Restrictions on Revenues

Revenues derived from the Town's participation in the S. A. Murray, Jr. Hydro Station shall be deposited into a special bank account and designated as the "Town of Vidalia Hydro Royalty Fund." This fund is accounted for as a "Special Revenue Fund." These revenues shall be maintained and administered in the following order of priority and expended for the following express purposes:

1. Payments of all expenses and costs arising from the Town's participation in the S. A. Murray, Jr. Hydro Station.
2. Satisfaction of any debt requirements incurred to finance capital improvements, which were approved pursuant to the conditions as set forth in the following Item 7.
3. The establishment and maintenance of a reserve fund into which amounts shall be transferred, the total of which shall equal or exceed the highest amount possibly due under the Catalyst Vidalia Power Purchase Agreement in any two-month period of any upcoming calendar year.
4. The Town transfers to the utility fund each month the amount by which the Town's "normal" cost of electric power and energy exceeds 38 mills per kilowatt hour. "Normal" cost of power and energy is the amount paid per kilowatt hour under the current or future power purchase agreements exclusive of power purchased under economic development rate schedules or any other discounted rate schedule which results in a cost which is less than 38 mills per kilowatt hour.
5. The rebate of an amount, to be determined by the Mayor and Board of Aldermen, to the then current retail customers of the Town's municipal electric system. This amount shall not exceed 50% of the revenues remaining after payment of amounts noted in Items 1 through 4. The amount rebated to each class of retail customer shall be determined by applying to the total amount to be rebated the percentage which the gross margin from retail electric sales to each class of customer bears to total gross margin from all retail sales of electric power. This rebate will be based on kilowatt hour usage during the previous calendar year and shall not exceed 50% of each customer's total electric billing during that period. In all cases, the Town reserves the right to offset any and all amounts due it from individual customers.
6. The transfer to the Town's general fund is an amount necessary to offset any deficits incurred in the operation and maintenance of all nonutility municipal services.
7. Revenue not expended as previously stated shall be considered surplus revenue and may be used for any lawful corporate purpose after satisfying the following conditions:

The Mayor and Board of Aldermen shall annually compile a schedule of projects on which these surplus revenues are proposed to be expended. A summary of these projects shall be published and the public notified that details are available for public inspection. At the same time, a minimum of two public hearings shall be called to discuss the proposed projects and receive public input concerning possible alternative uses of surplus funds.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 16 - TOWN OF VIDALIA - HYDROELECTRIC PROJECT (continued)

B. Restrictions on Revenues (continued)

After holding the required public hearings and giving due consideration of public input, the Board of Aldermen shall approve the expenditures of surplus funds for projects deemed to be in the best public interest.

None of the foregoing shall preclude the loaning of funds to any municipal entity of the Town providing that said loan with interest equal to the average rate of return on the investment of surplus municipal funds shall be repaid prior to the expiration of the term of the Mayor and Board of Aldermen authorizing said loan.

C. Option to Purchase the Hydroelectric Project

The partnership has granted to the Town an option to purchase, at any time on or after January 1, 2030, but before January 1, 2032, all of the partnership's rights, title, and interest in and to the hydroelectric project, as then constituted, subject to any permitted mortgages then outstanding at the price of (1) \$1,000 payable in cash at closing, and (2) the balance payable on or before the 15th of each month following the month in which the sale of the project occurs through December 31, 2132, in an amount equal to two-thirds of the cash available for distribution during the preceding month.

This option shall be exercisable by the Town only by 12 months prior written notice given by the Town to the partnership provided, however, that the partnership shall give written notice to the Town during the year 2029 for the Town's exercise of its option to purchase.

NOTE 17 - PRIOR PERIOD RESTATEMENT

Various prior period adjustments occurred during the year in both the government-wide financial statements and the individual fund financial statements. See adjustment descriptions below:

(Governmental Activities)

To record previously unrecorded portion of compensated absence liability.

| | <u>As Previously Stated</u> | <u>As Restated</u> | <u>Effect of Correction</u> |
|------------------------------|---------------------------------|----------------------|---------------------------------|
| Statement of net position | | | |
| Compensated absences payable | \$ 291,546 | \$ 391,256 | \$ 99,710 |
| Total net position | <u>\$ 27,803,952</u> | <u>\$ 27,704,242</u> | <u>\$ (99,710)</u> |

TOWN OF VIDALIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 17 - PRIOR PERIOD RESTATEMENT (continued)

(Fund Financials)

General Fund

To correctly record unrecorded transfers and adjustments to sanitation accounts receivable.

| | <u>As Previously Stated</u> | <u>As Restated</u> | <u>Effect of Correction</u> |
|--|---------------------------------|--------------------|---------------------------------|
| Statement of fund balance | | | |
| Receivables (net of allowances for uncollectibles) | \$ 57,695 | \$ 86,318 | \$ 28,623 |
| Total fund balance | <u>\$ 695,957</u> | <u>\$ 724,580</u> | <u>\$ 28,623</u> |

Utility Fund

To correctly record unrecorded transfers and adjustments to accounts receivable.

| | <u>As Previously Stated</u> | <u>As Restated</u> | <u>Effect of Correction</u> |
|--|---------------------------------|---------------------|---------------------------------|
| Statement of net position | | | |
| Receivables (net of allowances for uncollectibles) | \$ 1,804,063 | \$ 1,770,920 | \$ (33,143) |
| Total net position | <u>\$ 9,773,735</u> | <u>\$ 9,740,592</u> | <u>\$ (33,143)</u> |

To record previously unrecorded portion of compensated absence liability.

| | <u>As Previously Stated</u> | <u>As Restated</u> | <u>Effect of Correction</u> |
|---------------------------|---------------------------------|---------------------|---------------------------------|
| Statement of net position | | | |
| Accrued liabilities | \$ 176,133 | \$ 205,193 | \$ 29,060 |
| Total net position | <u>\$ 9,773,735</u> | <u>\$ 9,744,675</u> | <u>\$ (29,060)</u> |

Riverfront Development Fund

To record previously unrecorded portion of compensated absence liability.

| | <u>As Previously Stated</u> | <u>As Restated</u> | <u>Effect of Correction</u> |
|---------------------------|---------------------------------|---------------------|---------------------------------|
| Statement of net position | | | |
| Accrued liabilities | \$ 41,993 | \$ 51,013 | \$ 9,020 |
| Total net position | <u>\$ 6,086,779</u> | <u>\$ 6,077,759</u> | <u>\$ (9,020)</u> |

NOTE 18 - EVALUATION OF SUBSEQUENT EVENTS

The Town has evaluated subsequent events through June 30, 2020, the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency due to a new strain of coronavirus originating in Wuhan, China, and the risk to the international community as the virus spread globally beyond its point of origination. In March of 2020, the WHO classified the COVID-19 outbreak a pandemic, based on the rapid increase in infection rates globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of the release of these financial statements. As such, the full impact that the pandemic will have on the Town's operations and financial reporting is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF VIDALIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2020

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------------|-----------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 122,000 | \$ 122,000 | \$ 133,257 | \$ 11,257 |
| Licenses and permits | 277,000 | 277,000 | 234,046 | (42,954) |
| Fines and forfeits | - | 40,000 | 40,089 | 89 |
| Intergovernmental revenue | 426,000 | 375,000 | 441,333 | 66,333 |
| Charges for services | 613,100 | 613,100 | 542,583 | (70,517) |
| Investment earnings | - | - | 10,141 | 10,141 |
| Other | 64,750 | 275,000 | 296,933 | 21,933 |
| Total revenues | <u>\$ 1,502,850</u> | <u>\$ 1,702,100</u> | <u>\$ 1,698,382</u> | <u>\$ (3,718)</u> |
| Expenditures | | | | |
| General government | \$ 1,801,694 | \$ 1,801,694 | \$ 1,897,206 | \$ (95,512) |
| Public safety: | | | | |
| Police | 2,807,700 | 2,807,700 | 2,484,888 | 322,812 |
| Fire | 1,711,075 | 1,711,075 | 1,606,945 | 104,130 |
| Public works: | | | | |
| Streets | 1,110,150 | 1,110,150 | 1,404,536 | (294,386) |
| Sanitation | 634,150 | 634,150 | 554,109 | 80,041 |
| Mechanic shop | 332,350 | 332,350 | 300,045 | 32,305 |
| Capital outlay | 311,500 | 311,500 | 493,114 | (181,614) |
| Debt service: | | | | |
| Principal | - | - | 156,868 | (156,868) |
| Interest and fiscal fees | - | - | 40,622 | (40,622) |
| Total expenditures | <u>\$ 8,708,619</u> | <u>\$ 8,708,619</u> | <u>\$ 8,938,333</u> | <u>\$ (229,714)</u> |
| Excess (deficiency) of revenues before operating transfers | <u>\$ (7,205,769)</u> | <u>\$ (7,006,519)</u> | <u>\$ (7,239,951)</u> | <u>\$ (233,432)</u> |
| Other financing sources (uses) | | | | |
| Long-term debt issued | \$ - | \$ - | \$ 188,444 | \$ 188,444 |
| Operating transfers - in | 7,766,480 | 8,925,125 | 7,974,770 | (950,355) |
| Operating transfers - out | (530,300) | (570,100) | (369,301) | 200,799 |
| Total other financing sources (uses) | <u>\$ 7,236,180</u> | <u>\$ 8,355,025</u> | <u>\$ 7,793,913</u> | <u>\$ (561,112)</u> |
| Net change in fund balance | <u>\$ 30,411</u> | <u>\$ 1,348,506</u> | <u>\$ 553,962</u> | <u>\$ (794,544)</u> |
| Fund balance - beginning of year | \$ 695,957 | \$ 695,957 | \$ 695,957 | \$ - |
| Prior period adjustment | 28,623 | 28,623 | 28,623 | - |
| Fund balance - beginning of year, restated | <u>\$ 724,580</u> | <u>\$ 724,580</u> | <u>\$ 724,580</u> | <u>\$ -</u> |
| Fund balance - end of year | <u>\$ 754,991</u> | <u>\$ 2,073,086</u> | <u>\$ 1,278,542</u> | <u>\$ (794,544)</u> |

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 HYDRO ROYALTY FUND

FOR THE YEAR ENDED JUNE 30, 2020

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------------------|-----------------------------|-----------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Charges for services | \$ 2,312,304 | \$ 2,542,200 | \$ 2,281,004 | \$ (261,196) |
| Investment earnings | 32,000 | 23,000 | 51,895 | 28,895 |
| Hydro royalties | 15,519,375 | 14,518,900 | 14,489,593 | (29,307) |
| Total revenues | <u>\$ 17,863,679</u> | <u>\$ 17,084,100</u> | <u>\$ 16,822,492</u> | <u>\$ (261,608)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Other services and charges | \$ 10,184,045 | \$ 9,500,000 | \$ 9,488,309 | \$ 11,691 |
| Total expenditures | <u>\$ 10,184,045</u> | <u>\$ 9,500,000</u> | <u>\$ 9,488,309</u> | <u>\$ 11,691</u> |
| Excess of revenues before operating transfers | <u>\$ 7,679,634</u> | <u>\$ 7,584,100</u> | <u>\$ 7,334,183</u> | <u>\$ (249,917)</u> |
| Other financing sources (uses) | | | | |
| Operating transfers - out | \$ (4,473,632) | \$ (4,430,000) | \$ (4,128,989) | \$ 301,011 |
| Total other financing sources (uses) | <u>\$ (4,473,632)</u> | <u>\$ (4,430,000)</u> | <u>\$ (4,128,989)</u> | <u>\$ 301,011</u> |
| Net change in fund balance | \$ 3,206,002 | \$ 3,154,100 | \$ 3,205,194 | \$ 51,094 |
| Fund balance - beginning of year | <u>7,918,254</u> | <u>7,918,254</u> | <u>7,918,254</u> | <u>-</u> |
| Fund balance - end of year | <u><u>\$ 11,124,256</u></u> | <u><u>\$ 11,072,354</u></u> | <u><u>\$ 11,123,448</u></u> | <u><u>\$ 51,094</u></u> |

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND

JUNE 30, 2020

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------------|-----------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 2,197,000 | \$ 2,097,000 | \$ 2,472,156 | \$ 375,156 |
| Other | 2,000 | 2,000 | 12,566 | 10,566 |
| Total revenues | <u>\$ 2,199,000</u> | <u>\$ 2,099,000</u> | <u>\$ 2,484,722</u> | <u>\$ 385,722</u> |
| Expenditures | | | | |
| Other services and charges | \$ 116,000 | \$ - | \$ 76,746 | \$ (76,746) |
| Capital outlay | 1,150,000 | 500,000 | 400,322 | 99,678 |
| Total expenditures | <u>\$ 1,266,000</u> | <u>\$ 500,000</u> | <u>\$ 477,068</u> | <u>\$ 22,932</u> |
| Excess (deficiency) of revenues before operating transfers | <u>\$ 933,000</u> | <u>\$ 1,599,000</u> | <u>\$ 2,007,654</u> | <u>\$ 408,654</u> |
| Other financing sources (uses) | | | | |
| Operating transfers - out | \$ (1,841,500) | \$ (1,841,500) | \$ (1,693,500) | \$ 148,000 |
| Total other financing sources (uses) | <u>\$ (1,841,500)</u> | <u>\$ (1,841,500)</u> | <u>\$ (1,693,500)</u> | <u>\$ 148,000</u> |
| Net change in fund balance | \$ (908,500) | \$ (242,500) | \$ 314,154 | \$ 556,654 |
| Fund balance - beginning of year | <u>1,259,346</u> | <u>1,259,346</u> | <u>1,259,346</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 350,846</u> | <u>\$ 1,016,846</u> | <u>\$ 1,573,500</u> | <u>\$ 556,654</u> |

See Independent Auditor's Report. .

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America.

TOWN OF VIDALIA, LOUISIANA

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

YEAR ENDED JUNE 30, 2020

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| MERS: | | | | | | |
| Town's proportion of the net pension liability (asset) | 5.635416% | 5.226637% | 5.269048% | 5.305974% | 4.798171% | 5.022907% |
| Town's proportionate share of the net pension liability (asset) | \$ 4,929,937 | \$ 4,420,856 | \$ 4,558,953 | \$ 4,398,167 | \$ 3,261,063 | \$ 2,358,237 |
| Town's covered-employee payroll | \$ 3,857,966 | \$ 3,925,270 | \$ 3,570,408 | \$ 3,676,422 | \$ 3,893,136 | \$ 3,329,289 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 127.79% | 118.23% | 127.69% | 119.63% | 83.76% | 70.83% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.14% | 65.60% | 62.49% | 63.34% | 68.71% | 73.99% |
| MPERS: | | | | | | |
| Town's proportion of the net pension liability (asset) | 0.177354% | 0.185210% | 0.296137% | 0.382016% | 0.302588% | 0.2754518% |
| Town's proportionate share of the net pension liability (asset) | \$ 1,610,671 | \$ 1,565,777 | \$ 2,585,401 | \$ 3,580,566 | \$ 2,370,461 | \$ 1,717,406 |
| Town's covered-employee payroll | \$ 444,504 | \$ 518,414 | \$ 590,460 | \$ 826,659 | \$ 1,097,178 | \$ 817,650 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 362.35% | 302.03% | 437.86% | 433.14% | 216.05% | 210.04% |
| Plan fiduciary net position as a percentage of the total pension liability | 71.01% | 71.89% | 70.08% | 66.04% | 70.73% | 75.10% |
| MFRS: | | | | | | |
| Town's proportion of the net pension liability (asset) | 0.320761% | 0.337523% | 0.362176% | 0.349986% | 0.260390% | 0.265972% |
| Town's proportionate share of the net pension liability (asset) | \$ 2,008,577 | \$ 1,941,459 | \$ 2,075,938 | \$ 2,289,225 | \$ 1,405,354 | \$ 1,183,552 |
| Town's covered-employee payroll | \$ 823,679 | \$ 783,041 | \$ 805,577 | \$ 865,789 | \$ 863,768 | \$ 553,377 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 243.85% | 247.94% | 257.70% | 264.41% | 162.70% | 213.88% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.96% | 74.76% | 73.55% | 68.16% | 72.45% | 76.02% |

TOWN OF VIDALIA, LOUISIANA

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

YEAR ENDED JUNE 30, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| LASERS: | | | | | | |
| Town's proportion of the net pension liability (asset) | 0.006480% | 0.00658% | 0.00685% | 0.00204% | -% | -% |
| Town's proportionate share of the net pension liability (asset) | \$ 469,470 | \$ 449,024 | \$ 482,441 | \$ 160,271 | - | - |
| Town's covered-employee payroll | \$ 111,412 | \$ 106,502 | \$ 110,762 | \$ 99,733 | - | - |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 421.38% | 421.61% | 435.57% | 160.70% | -% | -% |
| Plan fiduciary net position as a percentage of the total pension liability | 62.9% | 64.3% | 62.5% | 57.7% | -% | -% |

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

TOWN OF VIDALIA, LOUISIANA
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
YEAR ENDED JUNE 30, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| MERS: | | | | | | |
| Contractually required contribution | \$ 540,115 | \$ 549,538 | \$ 473,079 | \$ 404,406 | \$ 369,990 | \$ 316,566 |
| Contributions in relation to the contractually required contribution | <u>(540,115)</u> | <u>(549,538)</u> | <u>(473,079)</u> | <u>(404,406)</u> | <u>(369,990)</u> | <u>(316,566)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Town's covered-employee payroll | \$ 3,857,966 | \$ 3,925,270 | \$ 3,570,408 | \$ 3,676,422 | \$ 3,893,136 | \$ 3,329,289 |
| Contributions as a percentage of covered-employee payroll | 14.00% | 14.00% | 13.25% | 11.00% | 9.50% | 9.51% |

| | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| MPERS: | | | | | | |
| Contractually required contribution | \$ 237,657 | \$ 167,189 | \$ 181,567 | \$ 264,524 | \$ 326,838 | \$ 258,965 |
| Contributions in relation to the contractually required contribution | <u>(237,657)</u> | <u>(167,189)</u> | <u>(181,567)</u> | <u>(264,524)</u> | <u>(326,838)</u> | <u>(258,965)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Town's covered-employee payroll | \$ 444,504 | \$ 518,414 | \$ 590,460 | \$ 826,659 | \$ 1,097,178 | \$ 817,650 |
| Contributions as a percentage of covered-employee payroll | 53.47% | 32.25% | 30.75% | 32.00% | 29.79% | 31.67% |

| | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| MFRS: | | | | | | |
| Contractually required contribution | \$ 228,571 | \$ 207,506 | \$ 213,478 | \$ 218,612 | \$ 237,764 | \$ 163,992 |
| Contributions in relation to the contractually required contribution | <u>(228,571)</u> | <u>(207,506)</u> | <u>(213,478)</u> | <u>(218,612)</u> | <u>(237,764)</u> | <u>(163,992)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Town's covered-employee payroll | \$ 823,679 | \$ 783,041 | \$ 805,577 | \$ 865,789 | \$ 863,768 | \$ 553,377 |
| Contributions as a percentage of covered-employee payroll | 27.75% | 26.50% | 26.50% | 25.25% | 27.53% | 29.63% |

TOWN OF VIDALIA, LOUISIANA
 SCHEDULE OF THE TOWN'S CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2020

| LASERS: | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-----------------|-----------------|-----------------|-----------------|-------------|-------------|
| Contractually required contribution | \$ 52,251 | \$ 46,434 | \$ 48,431 | \$ 36,004 | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>(52,251)</u> | <u>(46,434)</u> | <u>(48,431)</u> | <u>(36,004)</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered-employee payroll | \$ 111,412 | \$ 106,502 | \$ 110,762 | \$ 99,733 | \$ - | \$ - |
| Contributions as a percentage of covered-employee payroll | 46.90% | 43.60% | 43.73% | 36.10% | -% | -% |

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER INFORMATION

TOWN OF VIDALIA, LOUISIANA
 SCHEDULE OF COMPENSATION OF THE GOVERNING BOARD
 YEAR ENDED JUNE 30, 2020

The Governing Board of Town of Vidalia, Louisiana consists of a mayor and five aldermen. For the fiscal year ended June 30, 2020, their compensation was as follow:

| | | |
|--------------------------|-----------|----------------|
| Buz Craft, Mayor | \$ | 82,931 |
| Jon Betts, Alderman | | 8,428 |
| Robert Gardner, Alderman | | 8,428 |
| Thomas Probst, Alderman | | 8,428 |
| Triand McCoy, Alderman | | 8,428 |
| Erin Doré, Alderman | | 8,428 |
| Total | <u>\$</u> | <u>125,071</u> |

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

YEAR ENDED JUNE 30, 2020

Agency Head Name: Honorable Buz Craft, Mayor

| | | |
|----------|----|----------------|
| Salary | \$ | 82,931 |
| Benefits | | 11,678 |
| Travel | | 2,037 |
| Meals | | 440 |
| Lodging | | 3,920 |
| Fuel | | 1,494 |
| | | <u>102,500</u> |

See Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF VIDALIA, LOUISIANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2020

| | Special Revenue | | | | Total | Debt Service | | | LCDBG Fund | Capital Projects | | | Total | Total Nonmajor Governmental Funds |
|---|-------------------|--------------------|-------------------|----------------------|---------------------|------------------------|------------------------|-------------------|-------------|----------------------|----------------------|---------------------|-------------------|-----------------------------------|
| | Ambulance Fund | City Marshall Fund | Town Court Fund | Hotel Occupancy Fund | | Sales Tax Sinking Fund | USDA Debt Reserve Fund | Total | | Industrial Port Fund | Industrial Park Fund | Port Access Fund | | |
| Assets | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 53,362 | \$ 2,328 | \$ 302,290 | \$ 282,140 | \$ 640,120 | \$ 455 | \$ 258,343 | \$ 258,798 | \$ 1 | \$ 10,048 | \$ 68,925 | \$ 17 | \$ 78,991 | \$ 977,909 |
| Receivables (net of allowance for uncollectibles) | 59,739 | - | 21,782 | 63,882 | 145,403 | - | - | - | - | - | - | - | - | 145,403 |
| Due from other agencies | - | - | - | - | - | - | - | - | - | - | 299,753 | - | 299,753 | 299,753 |
| Due from other governments | - | - | - | - | - | - | - | - | - | - | - | 78,050 | 78,050 | 78,050 |
| Due from other funds | 452,881 | 450 | - | - | 453,331 | - | - | - | - | 200,000 | - | 48,910 | 248,910 | 702,241 |
| Total assets | \$ 565,982 | \$ 2,778 | \$ 324,072 | \$ 346,022 | \$ 1,238,854 | \$ 455 | \$ 258,343 | \$ 258,798 | \$ 1 | \$ 210,048 | \$ 368,678 | \$ 126,977 | \$ 705,704 | \$ 2,203,356 |
| Liabilities and Fund Balances | | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | | |
| Accounts payable | \$ 17,173 | \$ - | \$ - | \$ - | \$ 17,173 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 13,418 | \$ 139,248 | \$ 152,666 | \$ 169,839 |
| Accrued liabilities | 14,801 | - | - | - | 14,801 | - | - | - | - | - | 5,029 | - | 5,029 | 19,830 |
| Due to other funds | 466 | - | 2,448 | - | 2,914 | - | - | - | - | 210,048 | 50,548 | 260,500 | 521,096 | 524,010 |
| Other liabilities | - | - | 60,747 | - | 60,747 | - | - | - | - | - | - | - | - | 60,747 |
| Total liabilities | \$ 32,440 | \$ - | \$ 63,195 | \$ - | \$ 95,635 | \$ - | \$ - | \$ - | \$ - | \$ 210,048 | \$ 68,995 | \$ 399,748 | \$ 678,791 | \$ 774,426 |
| Fund balances: | | | | | | | | | | | | | | |
| Restricted for: | | | | | | | | | | | | | | |
| Capital projects | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1 | \$ - | \$ 299,683 | \$ (272,771) | \$ 26,913 | \$ 26,913 |
| Debt service | - | - | - | - | - | 455 | 258,343 | 258,798 | - | - | - | - | - | 258,798 |
| Assigned | 533,542 | 2,778 | 260,877 | 346,022 | 1,143,219 | - | - | - | - | - | - | - | - | 1,143,219 |
| Total fund balances | \$ 533,542 | \$ 2,778 | \$ 260,877 | \$ 346,022 | \$ 1,143,219 | \$ 455 | \$ 258,343 | \$ 258,798 | \$ 1 | \$ - | \$ 299,683 | \$ (272,771) | \$ 26,913 | \$ 1,428,930 |
| Total liabilities and fund balances | \$ 565,982 | \$ 2,778 | \$ 324,072 | \$ 346,022 | \$ 1,238,854 | \$ 455 | \$ 258,343 | \$ 258,798 | \$ 1 | \$ 210,048 | \$ 368,678 | \$ 126,977 | \$ 705,704 | \$ 2,203,356 |

TOWN OF VIDALIA, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2020

| | Special Revenue | | | | Total | Debt Service | | | LCDBG Fund | Capital Projects | | Total | Total Nonmajor Governmental Funds |
|---|-------------------|--------------------|-------------------|----------------------|---------------------|------------------------|------------------------|-------------------|-------------|----------------------|---------------------|---------------------|-----------------------------------|
| | Ambulance Fund | City Marshall Fund | Town Court Fund | Hotel Occupancy Fund | | Sales Tax Sinking Fund | USDA Debt Reserve Fund | Total | | Industrial Park Fund | Port Access Fund | | |
| Revenues | | | | | | | | | | | | | |
| Sales and use | \$ 618,039 | \$ - | \$ - | \$ 257,162 | \$ 875,201 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 875,201 |
| Intergovernmental revenues: | | | | | | | | | | | | | |
| State | 34,650 | 5,775 | - | - | 40,425 | - | - | - | - | 40,949 | 1,574,576 | 1,615,525 | 1,655,950 |
| Fines | - | 6,720 | 63,454 | - | 70,174 | - | - | - | - | - | - | - | 70,174 |
| Investment earnings | 244 | - | - | - | 244 | - | - | - | - | 200 | - | 200 | 444 |
| Other revenues | 63,404 | - | - | - | 63,404 | - | - | - | - | 24,565 | - | 24,565 | 87,969 |
| Total revenues | \$ 716,337 | \$ 12,495 | \$ 63,454 | \$ 257,162 | \$ 1,049,448 | \$ - | \$ - | \$ - | \$ - | \$ 65,714 | \$ 1,574,576 | \$ 1,640,290 | \$ 2,689,738 |
| Expenditures | | | | | | | | | | | | | |
| General government | \$ - | \$ 23,196 | \$ 202,041 | \$ 76,397 | \$ 301,634 | \$ - | \$ - | \$ - | \$ - | \$ 256,581 | \$ - | \$ 256,581 | \$ 558,215 |
| Public safety | 606,387 | - | - | - | 606,387 | - | - | - | - | - | - | - | 606,387 |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | 1,771,880 | 1,771,880 | 1,771,880 |
| Debt service: | | | | | | | | | | | | | |
| Principal | - | - | - | - | - | 280,000 | 104,106 | 384,106 | - | - | - | - | 384,106 |
| Interest and fiscal fees | - | - | - | - | - | 5,517 | 222,222 | 227,739 | - | - | - | - | 227,739 |
| Total expenditures | \$ 606,387 | \$ 23,196 | \$ 202,041 | \$ 76,397 | \$ 908,021 | \$ 285,517 | \$ 326,328 | \$ 611,845 | \$ - | \$ 256,581 | \$ 1,771,880 | \$ 2,028,461 | \$ 3,548,327 |
| Excess (deficiency) of revenues over expenditures | \$ 109,950 | \$ (10,701) | \$ (138,587) | \$ 180,765 | \$ 141,427 | \$ (285,517) | \$ (326,328) | \$ (611,845) | \$ - | \$ (190,867) | \$ (197,304) | \$ (388,171) | \$ (858,589) |
| Other financing sources (uses) | | | | | | | | | | | | | |
| Transfers - in | \$ - | \$ 10,340 | \$ 124,199 | \$ - | \$ 134,539 | \$ 285,500 | \$ 358,961 | \$ 644,461 | \$ - | \$ 183,000 | \$ 169,400 | \$ 352,400 | \$ 1,131,400 |
| Transfers - out | - | - | (3,712) | (100,000) | (103,712) | - | - | - | - | - | - | - | (103,712) |
| Total other financing sources (uses) | \$ - | \$ 10,340 | \$ 120,487 | \$ (100,000) | \$ 30,827 | \$ 285,500 | \$ 358,961 | \$ 644,461 | \$ - | \$ 183,000 | \$ 169,400 | \$ 352,400 | \$ 1,027,688 |
| Net change in fund balance | \$ 109,950 | \$ (361) | \$ (18,100) | \$ 80,765 | \$ 172,254 | \$ (17) | \$ 32,633 | \$ 32,616 | \$ - | \$ (7,867) | \$ (27,904) | \$ (35,771) | \$ 169,099 |
| Fund balances - beginning | \$ 423,592 | \$ 3,139 | \$ 278,977 | \$ 265,257 | \$ 970,965 | \$ 472 | \$ 225,710 | \$ 226,182 | \$ 1 | \$ 307,550 | \$ (244,867) | \$ 62,684 | \$ 1,259,831 |
| Fund balances - ending | \$ 533,542 | \$ -2,778 | \$ 260,877 | \$ 346,022 | \$ 1,143,219 | \$ 455 | \$ 258,343 | \$ 258,798 | \$ 1 | \$ 299,683 | \$ (272,771) | \$ 26,913 | \$ 1,428,930 |

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE



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

Mayor and Members of the Board of Aldermen
 Town of Vidalia, Louisiana
 Vidalia, 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 Town of Vidalia, Louisiana (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 2, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as Item 2020-1, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Vidalia, Louisiana's Response to Findings

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

Purpose of This Report

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

A handwritten signature in cursive script that reads "Silas Simons, LLP".

Natchez, Mississippi
December 2, 2020

SCHEDULE OF FINDINGS

TOWN OF VIDALIA, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|---|-------------|
| 1. Type of auditor's report issued on the basic financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 3. Material noncompliance relating to the basic financial statements? | No |

TOWN OF VIDALIA, LOUISIANA
 CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
 FOR THE YEAR ENDED JUNE 30, 2020

Section I – Financial Statement Findings

| | |
|----------------------|---|
| 2020-1 | <u>Timely Deposits – Town Court Fines (Internal Control Finding)</u> |
| Condition: | During our audit, we noted for some months the Town Court did not make timely deposits of fine income. In some instances, fine income was not deposited for up to 20 days from the date of receipt. |
| Criteria: | Deposits should be made timely to reduce the risk of loss from burglary, misplacement, or misappropriation. |
| Cause of Condition: | Deposits were not made in a timely manner by the Town Court due to limited employees. |
| Effect of Condition: | Significant deficiency in internal controls. |
| Recommendation: | The deficiency in internal controls was discovered during the current fiscal year and was corrected as of June 30, 2020. We recommend the Town continue to make timely deposits going forward. |
| Response: | The Town Court has previously only had one employee available to make deposits at the bank, and she has been making deposits in the same manner (once a month) for many years. When deposits were not made daily or weekly, they were kept safe in a locked, fireproof filing cabinet. Once the deficiency was identified, management implemented a process to ensure deposits were made timely. Management will make sure all future deposits are made timely. |

TOWN OF VIDALIA, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2020

Section II - Internal Control and Compliance Material to Federal Awards

None.

Section III - Management Letter

No management letter issued.

TOWN OF VIDALIA, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

| Ref No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken (Yes, No, Partially) | Planned Corrective Action /Partial Corrective Action Taken |
|--|---|--|---|--|
| Section I – Financial Statement Findings | | | | |
| 2019-1 | 6/30/2019 | Timely Deposits – Town Court Fines (Internal Control Finding) | Yes | The deficiency existed six months into the fiscal year ended June 30, 2020. It was corrected prior to June 30, 2020. |
| | | The Town Court did not make timely deposits of fine income. In some instances, fine income was not deposited for up to 20 days from the date of receipt. | | |
| 2019-2 | 6/30/2019 | Misappropriation of Funds (Internal Control Finding) | Yes | Corrected |
| | | The Town experienced a misappropriation of funds in the utility collection department. | | |

Section II – Internal Control and Compliance Material to Federal Awards

None.

Section III – Management Letter

No management letter issued.