

**Town of Vivian  
Vivian, Louisiana**

**Financial Statement with Auditors' Report**

**As of and For the Year Ended June 30, 2022**

Town of Vivian  
Vivian, Louisiana  
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## Independent Auditors' Report

Honorable Mayor and Board of Aldermen  
Town of Vivian, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vivian, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Vivian's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Vivian, as of June 30, 2022, 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.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 11 and 49 - 52, the schedule of proportionate share of net pension liability on page 53, and the schedule of contributions on page 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vivian's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 55 - 58 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Town of Vivian prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedule, Justice System Funding Schedule, shown on page 59, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This schedule is presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with Accounting principles generally accepted in the United States of America. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion the Justice System Funding Schedule, shown on page 59, is fairly stated in all material respects, in relation to the 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 29, 2022, on our consideration of the Town of Vivian's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Vivian's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vivian's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
December 29, 2022

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## TOWN OF VIVIAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Vivian's financial performance provides an overview of the Town of Vivian's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Town's financial statements, which begin on page 12.

#### FINANCIAL HIGHLIGHTS

- The Town of Vivian's net position of our governmental activities decreased by \$693,916 or 8%. The Town of Vivian's net position of our business-type activities decreased by \$528,010 or 11%.
- In the Town's governmental activities, total general and program revenues were \$2,695,708 in 2022 compared to \$2,602,410 in 2021. Total expenses and losses, excluding depreciation, totaled \$2,803,396 for the year ended June 30, 2022 compared to \$1,841,323 for 2021.
- In the Town's business-type activities, revenues decreased by \$253,420, while expenses increased by \$520,251.
- In the Town's governmental activities, revenues increased by \$93,298, while expenses and losses increased by \$976,502.

#### USING THIS ANNUAL REPORT

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

#### Reporting the Town of Vivian, Louisiana as a Whole

Our analysis of the Town of Vivian as a whole begins on page 12. One of the most important questions asked about the Town of Vivian's finances is "Is the Town of Vivian as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Town of Vivian as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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These two statements report the Town of Vivian's *net position* and changes in it. You can think of the Town of Vivian's net position – the difference between assets and liabilities – as one way to measure the Town of Vivian's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town of Vivian's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

**Governmental activities** – Most of the Town's basic services are reported here, including the police, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

**Business-type activities** – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

### **Reporting the Town's Most Significant Funds**

Our analysis of the major funds maintained by the Town of Vivian begins on page 14. The fund financial statements begin on page 14 and provide detailed information about the most significant funds maintained by the Town of Vivian – not the Town of Vivian as a whole. The Town of Vivian's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

**Governmental funds** – Most of the Town of Vivian's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town of Vivian's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Vivian's expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

**Proprietary funds** – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.



**TOWN OF VIVIAN AS A WHOLE**

The Town of Vivian's combined net position changed from a year ago, decreasing from \$13,223,282, as restated, to \$12,001,356. A comparative analysis of the funds maintained by the Town of Vivian is presented below.

**Table 1  
Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 2,741,595	\$ 2,195,890	\$ 1,607,793	\$ 1,355,199	\$ 4,349,388	\$ 3,551,089
Capital Assets	5,538,156	7,044,284	6,793,410	7,187,986	12,331,566	14,232,270
Total Assets	<u>8,279,751</u>	<u>9,240,174</u>	<u>8,401,203</u>	<u>8,543,185</u>	<u>16,680,954</u>	<u>17,783,359</u>
Deferred Outflows of Resources	<u>38,821</u>	<u>44,729</u>	<u>162,252</u>	<u>176,037</u>	<u>201,073</u>	<u>220,766</u>
Current Liabilities	82,105	132,593	806,348	258,805	888,453	391,398
Long-term Liabilities	431,071	674,176	3,393,624	3,618,339	3,824,695	4,292,515
Total Liabilities	<u>513,176</u>	<u>806,769</u>	<u>4,199,972</u>	<u>3,877,144</u>	<u>4,713,148</u>	<u>4,683,913</u>
Deferred Inflows of Resources	<u>99,314</u>	<u>78,136</u>	<u>68,209</u>	<u>18,794</u>	<u>167,523</u>	<u>96,930</u>
Net Position:						
Net Investment in Capital Assets	5,206,960	6,458,088	3,643,482	3,802,298	8,850,442	10,260,386
Restricted	689,366	572,324	270,300	276,017	959,666	848,341
Unrestricted	1,809,756	1,369,586	381,492	744,969	2,191,248	2,114,555
Total Net Position	<u>\$ 7,706,082</u>	<u>\$ 8,399,998</u>	<u>\$ 4,295,274</u>	<u>\$ 4,823,284</u>	<u>\$ 12,001,356</u>	<u>\$ 13,223,282</u>

Net position of the Town of Vivian's governmental activities decreased by \$693,916 or 8%. Net position of the Town of Vivian's business-type activities decreased by \$528,010 or 11%.

**Table 2**  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 280,240	\$ 265,788	\$ 1,421,001	\$ 1,415,566	\$ 1,701,241	\$ 1,681,354
Capital grants and contributions	289,732	213,034	57,102	325,251	346,834	538,285
Operating grants and contributions	69,681	142,289	9,447	9,391	79,128	151,680
General revenues:						
Taxes	1,744,759	1,683,276	61,627	58,161	1,806,386	1,741,437
Franchise taxes	243,709	206,390			243,709	206,390
Oil and gas income	4,767	3,713			4,767	3,713
Investment earnings	12,829	5,447	2,635	3,532	15,464	8,979
Other	49,991	82,473	6,669		56,660	82,473
Total Revenues	<u>2,695,708</u>	<u>2,602,410</u>	<u>1,558,481</u>	<u>1,811,901</u>	<u>4,254,189</u>	<u>4,414,311</u>
<b>Expenses and losses:</b>						
General government	598,542	543,674			598,542	543,674
Economic development	341,682	370,930			341,682	370,930
Public safety	707,762	676,129			707,762	676,129
Public works	655,615	652,418			655,615	652,418
Town services	51,248	40,943			51,248	40,943
Recreation	72,975	103,568			72,975	103,568
Interest on long-term debt	17,050	25,460			17,050	25,460
Loss on Disposal	944,750				944,750	
Utility			2,086,491	1,566,240	2,086,491	1,566,240
Total expenses and losses	<u>3,389,624</u>	<u>2,413,122</u>	<u>2,086,491</u>	<u>1,566,240</u>	<u>5,476,115</u>	<u>3,979,362</u>
Increases (decreases) in net position	<u>\$ (693,916)</u>	<u>\$ 189,288</u>	<u>\$ (528,010)</u>	<u>\$ 245,661</u>	<u>\$ (1,221,926)</u>	<u>\$ 434,949</u>

The Town of Vivian's total revenues decreased by \$160,122 or 4%, due in part to a decrease in revenues from capital grants and contributions. The total cost of all programs and services increased by \$1,496,753 or 38%. Our analysis below separately considers the operations of the governmental and business-type activities.

### **Governmental Activities**

Total revenues for the governmental activities increased \$93,298 from total revenues in the year ended June 30, 2021 of \$2,602,410 to total revenues of \$2,695,708 in the year ended June 30, 2022. This increase was due in large part to an increase in capital grants and taxes.

The cost of all governmental activities this year was \$3,389,624. These costs were covered by \$639,653 of program revenues, with the remaining costs covered by grants, property taxes, sales taxes, and other general revenues.

### **Business-type Activities**

Total revenues for the business-type activities decreased \$253,420 from total revenues in year ended June 30, 2021 of \$1,811,901 to total revenues of \$1,558,481 in the year ended June 30, 2022. This decrease was due mainly to a decrease in capital grants and contributions.

The cost of all business-type activities this year was \$2,086,491. These costs were covered by program revenues of \$1,487,550, consisting of charges for services assessed to users and capital grants.

## **THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a *combined* fund balance of \$2,646,523, which is more than last year's fund balance of \$2,036,239.

### **General Fund Budgetary Highlights**

The Town adopted a budget for its General Fund for the year ended June 30, 2022. There was one amendment to the budget during the year. The Town's budgetary comparison is presented as required supplementary information beginning on page 49. Highlights for the year are as follows:

- The Town's actual expenditures and transfers were less than budgeted amounts by \$56,016.
- The Town's actual revenues and transfers in were more than budgeted amounts by \$473,601, due in large part to franchise tax revenues and transfers in from sales tax being higher than expected.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2022 and 2021, the Town of Vivian had invested \$12,331,566 and \$14,232,270, respectively in capital assets. (see table 3 below)

**Table 3  
Capital Assets At Year End  
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 814,187	\$ 1,814,187	\$ 64,086	\$ 64,086	\$ 878,273	\$ 1,878,273
Construction in process	364,935	164,344	56,021	56,021	420,956	220,365
Buildings	680,514	957,032			680,514	957,032
Improvements	1,703,472	2,216,203			1,703,472	2,216,203
Infrastructure	1,891,685	1,892,518	6,673,303	7,067,879	8,564,988	8,960,397
Vehicles and equipment	83,363				83,363	
Total assets (net)	<u>\$ 5,538,156</u>	<u>\$ 7,044,284</u>	<u>\$ 6,793,410</u>	<u>\$ 7,187,986</u>	<u>\$ 12,331,566</u>	<u>\$ 14,232,270</u>

This year's major additions include:

Construction in process	\$ 200,591	\$
Buildings	36,471	
Vehicles and equipment	92,625	
Water equipment		8,674
Total	<u>\$ 329,687</u>	<u>\$ 8,674</u>

More detailed information about the capital assets are presented in Note 6 to the Financial Statements.

**DEBT**

At year-end, the Town had \$3,818,660 in bonds, notes, and other debt outstanding, versus \$4,287,073 last year - a decrease of 11%.

**Table 4  
Outstanding Debt At Year End**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Water & Sewer Revenue Bonds	\$ 312,519	\$ 511,268	\$ 2,945,821	\$ 3,031,944	\$ 2,945,821	\$ 3,031,944
Certificate of Indebtedness						
Economic Development						
Award Program	18,675	26,305			18,675	26,305
Financing leases			228,839	280,354	228,839	280,354
Net Pension Liability	93,842	131,161	218,964	306,041	312,806	437,202
<b>Totals</b>	<b>\$ 425,036</b>	<b>\$ 668,734</b>	<b>\$ 3,393,624</b>	<b>\$ 3,618,339</b>	<b>\$ 3,818,660</b>	<b>\$ 4,287,073</b>

State law restricts the amount of debt that the Town of Vivian may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the parish. The Town of Vivian's total debt outstanding at year-end was well below this limitation.

More detailed information about the debt are presented in Note 12 to the Financial Statements.

In accordance with GASB Statement No. 68, the Town is reporting a net pension liability of \$312,806 on the statement of net position at June 30, 2022. Additional information about the Town's net pension liability is presented in Note 13 to the financial statements.

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## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Town of Vivian's management considered many factors when setting the fiscal year June 30, 2023 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same. Expenditures for 2023 are expected to remain substantially the same.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town of Vivian and to show the Town of Vivian's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at P.O. Box 832, Vivian, LA 71082.

Town of Vivian  
Vivian, Louisiana  
Statement of Net Position  
June 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,019,631	\$ 1,029,683	\$ 3,049,314
Investments	261,147	21,913	283,060
Receivables (net of allowance for uncollectibles)	226,011	176,639	402,650
Note receivable	241,712		241,712
Prepays	14,025	4,453	18,478
Internal balances	(20,931)	20,931	
Restricted assets:			
Cash and cash equivalents		270,300	270,300
Investments		83,874	83,874
Capital assets not being depreciated	1,179,122	120,107	1,299,229
Depreciable capital assets, net	4,359,034	6,673,303	11,032,337
Total assets	8,279,751	8,401,203	16,680,954
<b>Deferred Outflows of Resources</b>			
Pension related	38,821	162,252	201,073
<b>Liabilities</b>			
Accounts payable and accrued expenses	82,105	77,512	159,617
Payable from restricted assets:			
Customer deposits		83,874	83,874
Unearned revenue		644,962	644,962
Non-current liabilities:			
Due within one year	218,208	139,820	358,028
Due in more than one year	212,863	3,253,804	3,466,667
Total liabilities	513,176	4,199,972	4,713,148
<b>Deferred Inflows of Resources</b>			
Pension related	99,314	68,209	167,523
<b>Net Position</b>			
Net investment in capital assets	5,206,960	3,643,482	8,850,442
Restricted for:			
Industrial development	582,554		582,554
Debt service		270,300	270,300
Public works and recreation	106,812		106,812
Unrestricted	1,809,756	381,492	2,191,248
Total net position	\$ 7,706,082	\$ 4,295,274	\$ 12,001,356

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions / Programs:</b>							
<b>Governmental Activities</b>							
General government	\$ 598,542	\$ 160,511	\$ 35,000	\$ 42,700	\$ (360,331)		\$ (360,331)
Economic development	341,682	65,559		239,653	(36,470)		(36,470)
Public safety	707,762	54,170	34,681	4,000	(614,911)		(614,911)
Public works	655,615			3,379	(652,236)		(652,236)
Town services	51,248				(51,248)		(51,248)
Recreation	72,975				(72,975)		(72,975)
Interest on long-term debt	17,050				(17,050)		(17,050)
<b>Total governmental activities</b>	<b>2,444,874</b>	<b>280,240</b>	<b>69,681</b>	<b>289,732</b>	<b>(1,805,221)</b>		<b>(1,805,221)</b>
<b>Business-type Activities</b>							
Utility	2,086,491	1,421,001	9,447	57,102		(598,941)	(598,941)
<b>Total business-type activities</b>	<b>2,086,491</b>	<b>1,421,001</b>	<b>9,447</b>	<b>57,102</b>		<b>(598,941)</b>	<b>(598,941)</b>
<b>Total Government</b>	<b>\$ 4,531,365</b>	<b>\$ 1,701,241</b>	<b>\$ 79,128</b>	<b>\$ 346,834</b>	<b>(1,805,221)</b>	<b>(598,941)</b>	<b>(2,404,162)</b>
<b>General revenues:</b>							
Taxes				1,744,759	61,627		1,806,386
Franchise taxes				243,709			243,709
Oil and gas income				4,767			4,767
Investment earnings				12,829	2,635		15,464
Miscellaneous				49,991	6,669		56,660
Loss on disposal				(944,750)			(944,750)
<b>Total general revenues</b>				<b>1,111,305</b>	<b>70,931</b>		<b>1,182,236</b>
<b>Change in net position</b>				<b>(693,916)</b>	<b>(528,010)</b>		<b>(1,221,926)</b>
<b>Net position - beginning, restated</b>				<b>8,399,998</b>	<b>4,823,284</b>		<b>13,223,282</b>
<b>Net position - ending</b>				<b>\$ 7,706,082</b>	<b>\$ 4,295,274</b>		<b>\$ 12,001,356</b>

The accompanying notes are an integral part of this statement.



Town of Vivian  
Vivian, Louisiana  
Balance Sheet  
Governmental Funds  
June 30, 2022

	General	Sales Tax	Vivian Industrial Development	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,458,853	\$ 120,753	\$ 440,025	\$ 2,019,631
Investments	261,147			261,147
Receivables	85,988	120,994	19,029	226,011
Note receivable	241,712			241,712
Due from other funds	203,698		141,004	344,702
Total assets	<u>\$ 2,251,398</u>	<u>\$ 241,747</u>	<u>\$ 600,058</u>	<u>\$ 3,093,203</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 63,543	\$	\$ 17,504	\$ 81,047
Due to other funds	133,970	231,663		365,633
Total liabilities	<u>197,513</u>	<u>231,663</u>	<u>17,504</u>	<u>446,680</u>
<b>Fund Balances :</b>				
Non Spendable	241,712			241,712
Restricted:				
Industrial development			582,554	582,554
Recreation	106,812			106,812
Unassigned	1,705,361	10,084		1,715,445
Total fund balances	<u>2,053,885</u>	<u>10,084</u>	<u>582,554</u>	<u>2,646,523</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,251,398</u>	<u>\$ 241,747</u>	<u>\$ 600,058</u>	<u>\$ 3,093,203</u>

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2022

Fund balances - total governmental funds		\$ 2,646,523
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,538,156
Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Prepaid insurance		14,025
Deferred outflows of resources - pension related		38,821
Long-term liabilities and other amounts, including bonds, net pension liabilities and notes payable are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest	( 1,058)	
Certificates of indebtedness	(312,519)	
EDAP	(18,675)	
Net pension liability	(93,842)	
Deferred inflows of resources - pension related	(99,314)	
Compensated absences	(6,035)	
	(531,443)	(531,443)
Net position of governmental activities		\$ 7,706,082

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2022

	General	Sales Tax	Vivian Industrial Development	Total Governmental Funds
Revenues:				
Taxes	\$ 279,319	\$ 1,465,440	\$	\$ 1,744,759
Oil and gas income	4,767			4,767
Licenses and permits	128,541			128,541
Intergovernmental	38,012		239,653	277,665
Grants and contributions	77,700			77,700
Charges for services	31,970			31,970
Fines and forfeitures	54,170			54,170
Franchise taxes	243,709			243,709
Investment earnings	11,034	163	1,632	12,829
Miscellaneous	47,328		66,590	113,918
Total revenues	<u>916,550</u>	<u>1,465,603</u>	<u>307,875</u>	<u>2,690,028</u>
Expenditures:				
Current:				
General government	480,286	14,646		494,932
Public safety	674,183			674,183
Public works	394,216			394,216
Town services	47,695			47,695
Recreation	28,073			28,073
Economic development			189,183	189,183
Capital Outlay	127,535		202,152	329,687
Debt service:				
Principal retirement	198,749		6,000	204,749
Interest and other charges	21,864			21,864
Total expenditures	<u>1,972,601</u>	<u>14,646</u>	<u>397,335</u>	<u>2,384,582</u>
Excess (deficiency) of revenues over expenditures	<u>(1,056,051)</u>	<u>1,450,957</u>	<u>(89,460)</u>	<u>305,446</u>
Other financing sources (uses):				
Sale of asset	304,838			304,838
Transfers in	1,304,702		150,967	1,455,669
Transfers out	(6,000)	(1,449,669)		(1,455,669)
Total other financing sources (uses)	<u>1,603,540</u>	<u>(1,449,669)</u>	<u>150,967</u>	<u>304,838</u>
Net change in fund balances	547,489	1,288	61,507	610,284
Fund balances at beginning of year, restated	<u>1,506,396</u>	<u>8,796</u>	<u>521,047</u>	<u>2,036,239</u>
Fund balances at end of year	<u>\$ 2,053,885</u>	<u>\$ 10,084</u>	<u>\$ 582,554</u>	<u>\$ 2,646,523</u>

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, 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, 2022

Net change in fund balances - total governmental funds \$ 610,284

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 depreciation (\$586,228) exceeded  
capital outlay (\$329,687) in the current period. (256,541)

The net effect of various transactions involving capital assets (sales,  
trade-ins, donated infrastructure, etc.) is to increase net assets. (1,249,588)

The repayment of principal of long-term debt consumes current  
financial resources of governmental funds. 206,379

Revenues that are not available to pay current obligations are not  
reported in the fund financial statements.

Non-employer contributions to cost-sharing pension plan 4,048

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 the funds.

Compensated absences (594)  
Accrued interest 672  
Prepaid expenses (14,760)  
Pension expense 6,184

Change in net position of governmental activities \$ (693,916)

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Statement of Net Position  
Proprietary Funds  
June 30, 2022

	<u>Business-Type Activities- Enterprise Funds</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 1,029,683
Investments	21,913
Receivables (net of allowance for uncollectibles)	176,639
Due from other funds	39,368
Restricted investments - customer deposits	83,874
Prepaid	4,453
Total current assets	<u>1,355,930</u>
Noncurrent assets:	
Restricted cash and cash equivalents - debt service	270,300
Capital assets:	
Land	64,086
Construction in process	56,021
Plant and equipment	14,602,344
Less: accumulated depreciation	(7,929,041)
Total noncurrent assets	<u>7,063,710</u>
Total assets	<u>8,419,640</u>
Deferred outflows of resources	
Pension related	<u>162,252</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued expenses	77,512
Due to other funds	18,437
Financed purchase	53,697
Water and Sewer revenue bonds	85,000
Unearned revenue	644,962
Payable from restricted assets:	
Customer deposits	83,874
Total current liabilities	<u>963,482</u>
Noncurrent liabilities:	
Financed purchase	175,142
Water and Sewer revenue bonds	2,860,821
Net pension liability	218,964
Total noncurrent liabilities	<u>3,254,927</u>
Total liabilities	<u>4,218,409</u>
Deferred inflows of resources	
Pension related	<u>68,209</u>
<b>Net position</b>	
Net investment in capital assets	3,643,482
Restricted:	
Debt service	270,300
Unrestricted	381,492
Total net position	<u>\$ 4,295,274</u>

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2022

	<u>Business-Type Activities- Enterprise Funds</u>
Operating revenues:	
Water sales	\$ 786,394
Sewerage service charges	327,689
Garbage charges	254,372
Delinquent charges	52,546
Miscellaneous revenues	6,669
Total operating revenues	<u>1,427,670</u>
Operating expenses:	
General and administrative expenses	267,459
Water department expenses	621,297
Sewer department expenses	449,203
Garbage department expense	241,184
Depreciation expense	403,250
Total operating expenses	<u>1,982,393</u>
Operating income (loss)	<u>(554,723)</u>
Non-operating revenues (expenses):	
Ad valorem taxes	61,627
Operating grants and contributions	9,447
Interest income	2,635
Interest expense	(104,098)
Total non-operating revenues (expenses)	<u>(30,389)</u>
Income (loss) before contributions	(585,112)
Capital contributions	<u>57,102</u>
Change in net position	(528,010)
Net position - beginning of year	<u>4,823,284</u>
Net position - end of year	<u><u>\$ 4,295,274</u></u>

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2022

	<u>Business-Type Activities- Enterprise Funds</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,101,533
Cash payments to suppliers for goods and services	(1,129,850)
Cash payments to employees for services	(472,395)
Other receipts (payments)	313,587
Net Cash (Used In) Operating Activities	<u>(187,125)</u>
Cash Flows From Non-Capital Financing Activities	
Advances to other funds	59,907
Grant Income - ARPA	644,962
Other grant income	9,447
Ad valorem taxes	61,627
Net Cash from Non-capital Financing Activities	<u>775,943</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition/construction of capital assets	(107,918)
Capital contributions	158,880
Principal paid on capital debt	(136,515)
Interest paid on capital debt	(107,322)
Net Cash (Used In) Capital and Related Financing Activities	<u>(192,875)</u>
Cash Flow From Investing Activities	
Purchase of investments	
Interest income	2,635
Net Cash from Investing Activities	<u>2,635</u>
Net Increase in Cash and Cash Equivalents	398,578
Cash, Beginning of year	<u>901,405</u>
Cash, End of year	<u>\$ 1,299,983</u>
Cash and cash equivalents are reflected on the statement of net position as follows:	
Cash and cash equivalents	\$ 1,029,683
Restricted cash and cash equivalents - debt service	270,300
	<u>\$ 1,299,983</u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ (554,723)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities	
Depreciation expense	403,250
Accounts receivable	(11,249)
Accounts payable and accrued expenses	5,228
Pension related	(23,877)
Customer deposits	(1,301)
Prepaid	(4,453)
Net Cash Flows From Operating Activities	<u>\$ (187,125)</u>

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022

## INTRODUCTION

The Town of Vivian was incorporated on February 12, 1912 under the provisions of the Lawrason Act. The Town operates under a Mayor–Board of Aldermen form of government.

### (1) Summary of Significant Accounting Policies

The Town of Vivian's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Vivian are discussed below.

#### A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Vivian is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town of Vivian), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Town of Vivian are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB established criteria for determining which component units should be considered part of the Town of Vivian for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Town to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)



Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government. There were no entities that were determined to be component units of the Town of Vivian.

**B. Basic Financial Statements – Government-Wide Statements**

The Town of Vivian's basic financial statements include both government-wide (reporting the funds maintained by the Town of Vivian as a whole) and fund financial statements (reporting the Town of Vivian's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sales tax fund, industrial development fund, and general fund are classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Vivian's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Vivian's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function.

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services. The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town of Vivian as an entity and the change in the Town of Vivian's net assets resulting from the current year's activities.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Vivian are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Vivian:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town of Vivian:
  - a. General fund is the general operating fund of the Town of Vivian. It is used to account for all financial resources except those required to be accounted for in another fund.
  - b. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to specific purposes.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:
  - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Sales Tax Fund – accounts for the proceeds of sales taxes levied for industrial development, street and drainage improvements, recreational programs, and public safety.

Enterprise Fund – accounts for the provision of water and sewer services of the Town.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

Vivian Industrial Development - accounts for the proceeds of sales taxes levied that are legally restricted to expenditures for specific purposes.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budget and Budgetary Accounting

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

1. The Mayor prepares a proposed budget and submits to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is 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 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.

(Continued)

Town of Vivian  
 Vivian, Louisiana  
 Notes to Financial Statements  
 June 30, 2022  
 (Continued)

6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a cash basis. Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen. There was one amendment to the budget for the year ended June 30, 2022.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost based on the following threshold levels for capitalizing assets:

Land	\$	1
Land improvements		10,000
Buildings		10,000
Vehicles, machinery, and equipment		5,000
Infrastructure		25,000

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on specific project related debt, during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20–40 years
Equipment	5–15 years
Water and sewer systems	25 years
Outdoor and playground equipment	20 years
Infrastructure	40–50 years

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

In accordance with GASB statements, because of the costs involved in retroactively capitalizing infrastructure, the Town has elected an exception for local governments with annual revenues of less than \$10 million and will prospectively capitalize infrastructure from the date of implementation of GASB statements forward and will not retroactively capitalize infrastructure.

H. Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Caddo Parish Tax Assessor determines assessed values of property and generates bills for property taxes. The Town mails and collects the taxes. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Fund Balance

GASB has issued standards which define the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the Town's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned fund balance are the residual classification for the Town's general fund and include all spendable amounts not contained in the other classifications.

The Town's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

K. Sales Taxes

Proceeds of a 1% sales and use tax levied by the Town of are dedicated to the following purposes:

1. Providing funds in the amount of 25% of the proceeds of such tax each year for constructing, acquiring, improving, and/or maintaining industrial parks and buildings and equipment to induce the location of industry in the Town.
2. Providing funds in the amount of 25% of the proceeds of such tax for such year to the General Fund of the Town to be used for any lawful corporate purpose.
3. The remaining proceeds are to be used for street improvements and/or recreational programs.

Proceeds of another 1% sales and use tax levied by the Town of Vivian are dedicated to the Police Department to be used for any lawful corporate purpose.

Proceeds of another 1/2% sales and use tax levied by the Town of Vivian are dedicated for the purpose of opening, paving, constructing and improving public streets and bridges, including drainage incidental thereto, and further authority to fund the proceeds of the tax into bonds for the aforesaid purposes.

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L. Compensated Absences

The Town's policy is to pay accumulated sick leave and vacation leave upon termination or retirement. Vesting of sick leave and accumulation of vacation leave are dependent on the employee's year of service and other criteria in accordance with the Town's policies. Unused vacation and sick days earned during the calendar year not taken during the year will be paid to an employee upon termination of employment during same calendar year.

M. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

N. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

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

P. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

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Q. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Enterprise Fund consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

R. Prepaid Items

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

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has deferred outflows of resources related to pensions reported in the government-wide statement of net position and the statement of net position for proprietary funds.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has deferred inflows of resources related to pensions government-wide statement of net position and the statement of net position for proprietary funds.

T. Pension Plan

The Town is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plan as described in Note 13. 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 each of the plans, and additions to/deductions for the plans fiduciary net position have been determined on the same basis as they are reported by the plan.

U. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

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Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(2) Levied Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31.

The following is a summary of authorized and levied ad valorem taxes for the year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General	14.96	14.96	N/A
Streets	2.87	2.87	2027
Sewer Maintenance	2.87	2.87	2027
Water Maintenance	1.43	1.43	2027

Approximately 37% of the Town's ad valorem taxes are derived from 10 taxpayers.

(3) Cash, Cash Equivalents, and Investments

At June 30, 2022, the Town has cash, cash equivalents, and investments (book balances), totaling \$3,686,548, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2022 (book balances) totaled \$3,319,614 of which \$270,300 is shown as a restricted asset. 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.

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B. Investments

The investments are presented in the financial statements at fair value using level 2 fair value measure. Investments at June 30, 2022, consisted of certificates of deposit with maturities greater than 90 days totaling \$366,934, of which \$83,874 is shown as restricted. The certificates of deposit are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2022, \$2,756,774 of the Town's bank balances totaling \$3,782,436 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the Town's name:	
Cash and cash equivalents	\$ 2,575,103
Investments	37,496
Uninsured – no pledged collateral	<u>144,175</u>
	<u>\$ 2,756,774</u>

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

(4) Restricted Assets

Restricted assets were applicable to the following at June 30, 2022:

	Business-Type Activities
Customer Deposits	\$ 83,874
Debt service	<u>270,300</u>
Total	<u>\$ 354,174</u>

(5) 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 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

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June 30, 2022  
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(6) Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance at 7/1/2021	Additions	Deletions	Balance at 6/30/2022
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 164,344	\$ 200,591	\$	\$ 364,935
Land	1,814,187		(1,000,000)	814,187
Total capital assets, not being depreciated	<u>1,978,531</u>	<u>200,591</u>	<u>(1,000,000)</u>	<u>1,179,122</u>
Capital assets, being depreciated:				
Buildings	2,211,341	36,471	(655,950)	1,591,862
Improvements	3,636,374			3,636,374
Infrastructure	4,065,863			4,065,863
Vehicles and equipment	1,734,407	92,625	(36,764)	1,790,268
Total capital assets, being depreciated	<u>11,647,985</u>	<u>129,096</u>	<u>(692,714)</u>	<u>11,084,367</u>
Less accumulated depreciation:				
Buildings	(1,254,309)	(63,402)	406,363	(911,348)
Improvements	(1,420,171)	(512,731)		(1,932,902)
Infrastructure	(2,173,345)	(833)		(2,174,178)
Vehicles and equipment	(1,734,407)	(9,262)	36,764	(1,706,905)
Total accumulated depreciation	<u>(6,582,232)</u>	<u>(586,228)</u>	<u>443,127</u>	<u>(6,725,333)</u>
Total capital assets, being depreciated, net	<u>5,065,753</u>	<u>(457,132)</u>	<u>(249,587)</u>	<u>4,359,034</u>
Governmental activities capital assets, net	<u>\$ 7,044,284</u>	<u>\$ (256,541)</u>	<u>\$ (1,249,587)</u>	<u>\$ 5,538,156</u>

Depreciation expense was charged to Governmental Activities as follows:

General government	\$ 104,667
Economic development	152,496
Public safety	26,387
Public works	261,331
Recreation	41,347
	<u>\$ 586,228</u>

Included in fixed asset disposals for the year ended June 30, 2022 are the sale of land and building in the Vivian Industrial Park, as noted below:

Net book value of land and buildings sold	\$ 1,249,588
Note receivable for sale	(304,838)
Loss on sale	<u>\$ 944,750</u>

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	Balance at 7/1/2021	Additions	Deletions	Balance at 6/30/2022
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 56,021	\$	\$	\$ 56,021
Land	64,086			64,086
Total capital assets, not being depreciated	120,107			120,107
Capital assets, being depreciated:				
Administration	133,012			133,012
Water equipment	8,429,197	8,674		8,437,871
Sewer equipment	6,031,461			6,031,461
Total capital assets, being depreciated	14,593,670	8,674		14,602,344
Less accumulated depreciation:				
Administration	(116,699)	(8,456)		(125,155)
Water equipment	(4,473,983)	(275,534)		(4,749,517)
Sewer equipment	(2,935,109)	(119,260)		(3,054,369)
Total accumulated depreciation	(7,525,791)	(403,250)		(7,929,041)
Total capital assets, being depreciated, net	7,067,879	(394,576)		6,673,303
Business-type activities capital assets, net	\$7,187,986	\$(394,576)	\$	\$ 6,793,410

Depreciation expense was charged to Business-Type Activities as follows:

Water	\$ 283,989
Sewer	119,261
	\$ 403,250

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(7) Receivables

The following is a summary of receivables at June 30, 2022:

Class of Receivable	2022
Governmental activities –	
Taxes	\$ 124,333
Intergovernmental grants	19,029
Licenses and permits	25,200
Miscellaneous	1,422
Sales taxes	120,994
Franchise taxes	58,694
Allowance for uncollectibles	<u>( 123,661)</u>
	<u>\$ 226,011</u>
Business-type activities –	
Accounts receivable – water and sewer charges	\$ 178,637
Miscellaneous	9,145
Allowance for uncollectibles	<u>( 11,143)</u>
	<u>176,639</u>
Total	<u>\$ 402,650</u>

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2022, consisted of the following:

Class of Payable	Governmental Funds/Activities	Business-type Activities
Accounts	\$ 42,934	\$ 28,091
Salaries and payroll taxes	31,739	6,207
Miscellaneous	4,184	13,876
Compensated absences	<u>2,190</u>	5,496
Total governmental funds	81,047	
Accrued interest	<u>1,058</u>	<u>23,842</u>
Total	<u>\$ 82,105</u>	<u>\$ 77,512</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$83,874 at June 30, 2022.

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(10) Interfund Transfers

Interfund transfers for the year ended June 30, 2022 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>	<u>Net</u>
Governmental Funds:			
General	\$ 1,304,702	\$( 6,000)	\$ 1,298,702
Sales tax		( 1,449,669)	( 1,449,669)
Vivian industrial development	<u>150,967</u>		<u>150,967</u>
Total Governmental Funds	<u>\$ 1,455,669</u>	<u>\$( 1,455,669)</u>	<u>\$</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(11) Interfund Balances

Interfund balances at June 30, 2022 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
Governmental Funds:			
General	\$ 203,698	\$ 133,970	\$ 69,728
Sales tax		231,663	( 231,663)
Vivian Industrial Development	<u>141,004</u>		<u>141,004</u>
Total Governmental Funds	<u>344,702</u>	<u>365,633</u>	<u>( 20,931)</u>
Enterprise Funds	<u>39,368</u>	<u>18,437</u>	<u>20,931</u>
Total	<u>\$ 384,070</u>	<u>\$ 384,070</u>	<u>\$</u>

The interfund balances are the results of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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(12) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Direct borrowings and direct placements:					
Certificates of Indebtedness	\$ 511,268	\$	\$ (198,749)	\$ 312,519	\$ 206,889
Economic Development Award Program (EDAP)	26,305		(7,630)	18,675	5,284
Other long-term liabilities -					
Net pension liability	131,161		(37,319)	93,842	
Compensated absences	8,490		(265)	8,225	8,225
<u>Total - Governmental Activities long-term liabilities</u>					
	<u>\$ 677,224</u>	<u>\$</u>	<u>\$ (243,963)</u>	433,261	220,398
Less amounts due within period of availability				<u>(2,190)</u>	<u>(2,190)</u>
Total long-term liabilities, governmental activities				<u>\$ 431,071</u>	<u>\$ 218,208</u>

Payments on certificate of indebtedness are made from the general fund. Payments on EDAP cooperative endeavor agreement are made from the industrial development fund. Payments on compensated absences are made by the fund for which the employee worked.

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	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Business-type Activities:</b>					
Direct borrowings and direct placements:					
Financed purchase	\$ 280,354	\$	\$ (51,515)	\$ 228,839	\$ 53,697
Other long-term liabilities -					
Revenue Refunding Bonds series 2020	3,005,000		(85,000)	2,920,000	85,000
Unamortized premium Series 2020	26,944		(1,123)	25,821	1,123
Net pension liability	306,041		(87,077)	218,964	
Compensated absences	4,736	760		5,496	5,496
	<u>\$ 3,623,075</u>	<u>\$ 760</u>	<u>\$ (224,715)</u>	3,399,120	145,316
Total -Business-type Activities long-term liabilities				3,399,120	145,316
Less amounts due within period of availability				(5,496)	(5,496)
Total long-term liabilities, business-type activities				<u>\$ 3,393,624</u>	<u>\$ 139,820</u>

Payments on financed purchases and revenue bonds are made from the utility fund. Payments on compensated absences are made by the fund for which the employee worked.

**Certificate of Indebtedness**

\$2,000,000 dated 11/30/11. Due in quarterly installments of \$ 54,117.48 through December 2023; interest at 4.49% \$ 312,519

**Series 2020 Revenue Refunding Bonds**

\$3,035,000, for the purpose of refunding certain maturities of the water and sewer revenue bonds series 2009; interest rate 2.00% to 4.00% due in annual installments of approximately \$30,000 through \$175,000 through 2045. \$ 2,920,000

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June 30, 2022  
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The annual requirements to amortize all debt outstanding at June 30, 2022 were as follows:

Governmental Activities – Certificate of Indebtedness – Direct Borrowings and Direct Placements

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 206,889	\$ 9,581
2024	105,630	1,627
	<u>\$ 312,519</u>	<u>\$ 11,208</u>

Business-type Activities – Water and Sewer Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 85,000	\$ 93,750
2024	90,000	92,000
2025	90,000	90,200
2026	90,000	88,400
2027	95,000	86,372
2028 – 2032	495,000	396,569
2033 – 2037	590,000	301,306
2038 – 2042	715,000	172,684
2043 – 2046	670,000	42,656
	<u>\$ 2,920,000</u>	<u>\$ 1,363,937</u>

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Business-type Activities – Finance Purchase Lease

The Town entered into a Louisiana Municipal Lease-Purchase Agreement for financing automated meter reading system and certain wastewater treatment plant upgrades. The gross amount of assets recorded under this finance purchase lease was \$792,656, which includes \$214,178 that was added December 20, 2018. The related accumulated depreciation was \$351,629, and the net book value was \$441,027. The lease agreement qualifies as a finance purchase lease for accounting purposes, and therefore has been recorded at the present value of their future minimum lease payments as of the inception date. The lease was dated May 8, 2006, for \$620,000, and is due in annual installments of \$59,519 through July 10, 2021. The lease was renewed in December 2018 to refinance certain equipment and to purchase new equipment. Total amount financed was \$214,178, with annual payments of \$63,391 through August 2025. The maturities below reflect the refinanced amount.

The future minimum lease obligation and net present value of the minimum lease payments as of June 30, 2022, was as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 53,697	\$ 9,691
2024	55,971	7,417
2025	58,341	5,046
2026	<u>60,830</u>	<u>2,575</u>
	<u>\$ 228,839</u>	<u>\$ 24,729</u>

Governmental Activities – Economic Development Award Program

A cooperative endeavor agreement was entered into and was effective April 15, 2011, by and among the Louisiana Economic Development Corporation, acting through the Louisiana Department of Economic Development (LED); Epic Boats, LLC (Company) and the Town of Vivian (Sponsoring Entity). The parties to the agreement intend to develop an industrial or business development project requiring basic infrastructure, with the funding from the special fund of the State of Louisiana, pursuant to the Economic Development Award Program (EDAP). The EDAP Award in the amount of \$170,000 is justified, starting as a loan which may be converted to a grant if the employment and payroll obligations undertaken by the Company in this agreement are created, retained and maintained as agreed by the Company through the end of the term of this agreement. LED agrees to lend unto Sponsoring Entity \$170,000 with interest rate at the U.S. Treasury Rate for similar bank financing plus 2% per annum and be repaid over a period of 10 years. It is anticipated that this Loan repayment obligation will be repaid by applying to the principal due on the Loan the "Jobs/Payroll Credits" provided by the Company's creation of the required number of jobs as specified by the agreement. The Town – Sponsoring Entity and the Company are bound in solido in connection with this repayment obligation. The Company is the primary obligor and the Town – Sponsoring Entity will be the guarantor in the event of default by the Company. All obligations of the Company described under this agreement are further secured and guaranteed by a certain individual.

On June 1, 2020, Epic Boats, LLC, moved out of the Town-owned building and ceased operations in the Town. At that time, the remaining balance of \$56,689 plus accrued interest was due in full by the Town. In October 2020, LED accepted an offer from Epic Boats in the amount of \$32,381, to release

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Epic from the loan, and LED requested the balance of \$28,300, to be paid by the Town. In November 2020, the Town negotiated new terms for the loan. Under the new terms the Town will pay \$500 per month until the balance of \$28,300 is paid. Total principle payments of \$7,629, were made during the year.

The annual requirements to amortize the debt outstanding at June 30, 2022 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 5,284	\$ 716
2024	5,521	479
2025	5,769	231
2026	2,101	21
	<u>\$ 18,675</u>	<u>\$ 1,447</u>

(13) Pension Plans

Employees of the Town are members of the Municipal Employees Retirement System. The following is a description of the plan and benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information

**MUNICIPAL EMPLOYEES RETIREMENT SYSTEM**

**Plan Description**

The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the System. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. Employees of the Town are members of Plan B.

**Eligibility Requirements:**

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and a parish are not eligible for membership in the System with exceptions as outlined in the statutes. Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of System as a condition of employment.

**Retirement Benefits:**

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specific amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if the employee meets on of the following criteria:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specific amounts.

Survivor Benefits:

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

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

**Disability Benefits:**

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final compensation multiplied by his years of credible service, not less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefits computation factors which would be applicable to the member's normal retirement.

**Cost of Living Increases:**

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

**Deferred Benefits:**

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

**Employer Contributions**

Contributions for all members are established by statute. For the year ended June 30, 2021, member contributions were at 5% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality. According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2021, the employer contribution rate was 15.50% of members earnings for Plan B. For the plan year beginning July 1, 2021, the actual employer contribution rate is 15.50%. The Town's contributions to the System for the years ended June 30, 2022, 2021, and 2020, were \$74,378, \$64,322, and \$52,343, respectively. Included in accrued expenses at June 30, 2022, are contributions totaling \$5,659 for the month of June 2022, which were paid subsequent to June 30, 2022.

**Non-Employer Contributions**

In accordance with state statute, the System also receives one-fourth (1/4) of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities. Non-employer contributions totaling \$13,495 are recognized as revenue during the year ended June 30, 2022, and excluded from pension expense.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

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

At June 30, 2022, the Town reported a liability of \$312,806 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Employees' Retirement System.

The schedule of employer allocations reports the employer contributions in addition to the employer allocation percentage. The employer contributions are used to determine the proportionate relationship of each employer to all employers of the System. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts. The allocation method used in determining each employer's proportion was based on the employer's contribution effort to the plan for the fiscal year ended June 30, 2021 as compared to the total of all employer's contribution effort to the plan for fiscal year ended June 30, 2021. The employer's contribution effort was based on actual employer contributions made to the System for the fiscal year ended June 30, 2021. The Town's proportion as measured at June 30, 2021, was .539964%, which was an increase of .05752% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$54,181, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$298.

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Differences between expected and actual experience	\$ 3,873	\$ 9,036
Changes in proportion and differences between employer contributions and proportionate share of contributions	95,441	59,173
Total	<u>\$ 99,314</u>	<u>\$ 68,209</u>

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

	<u>Deferred Outflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Changes of assumptions	\$ 3,798	\$ 8,861
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,709	101,327
Employer contributions subsequent to the measurement Date	<u>22,314</u>	<u>52,064</u>
Total	<u>\$ 38,821</u>	<u>\$ 162,252</u>

The Town reported a total of \$74,378 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021, which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

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

<u>Year</u>	<u>Amount</u>
2023	\$ 12,233
2024	(3,019)
2025	(21,925)
2026	<u>(28,117)</u>
Total	<u>\$ (40,828)</u>

**Actuarial Methods and Assumptions**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021, are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.85%, net of pension plan investment expense, including inflation
Inflation Rate	2.5%
Salary increases, including inflation and merit increases:	
1 to 4 years of service	7.4% - Plan B
More than 4 years of service	4.9% - Plan B

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

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 full generational MP2018 scale.

*Discount Rate*

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 and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

	Target Asset <u>Allocation</u>	Long-Term Expected Portfolio Real Rate of <u>Return</u>
Public equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	9%	.39%
Totals	<u>100%</u>	<u>4.35%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>6.95%</u>

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)



Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

**Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%), or one percentage point higher (7.85%) than the current rate (assuming all other assumptions remain unchanged). Changes in net pension liability from changes in the discount rate as of Jun 30, 2021 are as follows:

	Changes in Discount Rate		
	1% Decrease 5.85%	Current Discount Rate 6.85%	1% Increase 7.85%
Net Pension Liability	\$ 479,909	\$ 312,806	\$ 171,467

**Changes in Net Pension Liability**

The changes in the net pension liability for the year ended June 30, 2022 were recognized in the current reporting period except as follows:

*Differences between Expected and Actual Experience:*

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension benefit using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

*Differences between Projected and Actual Investment Earnings:*

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

*Changes of Assumptions:*

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

*Changes in Proportion:*

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

**Contributions – Proportionate Share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

**Pension Plan Fiduciary Net Position**

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2021. Access to these reports can be found on the Louisiana Legislative Auditor's website, [www.la.la.gov](http://www.la.la.gov).

(14) Note Receivable

The Town executed a lease purchase agreement with a local company in the amount of \$304,838. The note has an imputed interest rate of 2.88%, and matures on January 1 2026, and requires monthly payments be made each year of \$5,923, beginning in 2021. Activity for the year ended June 30, 2022, was as follows:

Balance, July 1, 2021	\$ 304,838
Principal payments received	<u>( 63,126)</u>
Balance, June 30, 2022	<u>\$ 241,712</u>

Future maturities of the note receivable are as follows:

	2023	\$	71,076
	2024		71,076
	2025		71,076
	2026		<u>41,461</u>
Total payments to be received			254,689
Less amounts representing interest			<u>( 12,977)</u>
Present value of future lease payments			<u>\$ 241,712</u>

(15) Subsequent Events

In September 2022, the Town awarded a contract for improvements at the airport in the amount of \$1,497,343. This is expected to be funded by a Federal Aviation Administration grant which was awarded to the Town in August, 2022. In connection with the airport improvement project, in August 2022, the Town purchased a tract of land in the amount of \$90,000.

Subsequent events have been evaluated through December 29, 2022, the date the financial statements were available to be issued.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2022  
(Continued)

(16) Commitments

The Town has commitments for a signed engineering contract of approximately \$62,410. As of June 30, 2022, approximately \$17,833 had been incurred on those contracts, with the balance remaining in those contracts of \$44,577 to be incurred subsequent to June 30, 2022.

(17) On-behalf Payments

Employees of the Town's police department received a total of \$30,633 in police supplemental from the State of Louisiana. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

(18) Prior Period Restatement

The fund balance and net position of the Town of Vivian was restated as of June 30, 2021, to correct prior year retirement expense and franchise fee receivable, as noted below:

	<u>General Fund</u>	<u>Governmental Activities</u>
Total Fund Balance / Net Position, June 30, 2021, as previously reported	\$ 1,461,826	\$ 8,355,428
Reimbursement of retirement overpayment paid in prior year	13,954	13,954
Collection of franchise fee for prior year	<u>30,616</u>	<u>30,616</u>
Total Net Position, June 30, 2021, Restated	<u>\$ 1,506,396</u>	<u>\$ 8,399,998</u>

(19) Litigation and Claims

At June 30, 2022, the Town is involved in two lawsuits. In the opinion of legal counsel for the Town, the outcome of the lawsuit is not presently determinable.

(20) Unearned Revenue

Unearned revenue at June 30, 2022, consists of funds received under the Coronavirus State and Local Fiscal Recovery Funds which had not yet been used/expended. The Town plans to use those funds in the subsequent year.

Town of Vivian  
Vivian, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 255,250	\$ 234,350	\$ 279,319	\$ 44,969
Fines and forfeitures	42,500	42,500	47,015	4,515
Licenses and permits	142,650	132,150	130,876	(1,274)
Franchise taxes	140,000	140,000	234,846	94,846
Oil and gas income	3,000	3,000	4,767	1,767
Grants and contributions	150,000	81,700	85,079	3,379
Intergovernmental			30,633	30,633
Charges for services	15,000	15,000	92,946	77,946
Investment earnings	1,500	1,500	3,084	1,584
Miscellaneous	45,100	41,875	64,584	22,709
Total revenues	<u>795,000</u>	<u>692,075</u>	<u>973,149</u>	<u>281,074</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	601,125	460,600	493,946	(33,346)
Public safety	676,680	684,000	663,888	20,112
Public works	420,800	509,800	390,839	118,961
Town services	27,000	36,500	47,527	(11,027)
Recreation	46,395	96,395	28,074	68,321
Capital outlay	8,000	28,000	127,535	(99,535)
<b>Debt service:</b>				
Principal retirement	190,000	190,000	194,606	(4,606)
Interest and other charges	30,000	25,000	21,864	3,136
Total expenditures	<u>2,000,000</u>	<u>2,030,295</u>	<u>1,968,279</u>	<u>62,016</u>
Excess (deficiency) of revenues over expenditures	<u>(1,205,000)</u>	<u>(1,338,220)</u>	<u>(995,130)</u>	<u>343,090</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,205,000	1,112,175	1,304,702	192,527
Transfer out			(6,000)	(6,000)
Total other financing sources (uses)	<u>1,205,000</u>	<u>1,112,175</u>	<u>1,298,702</u>	<u>186,527</u>
Net change in fund balance		(226,045)	303,572	529,617
Fund balances at beginning of year	<u>159,130</u>	<u>426,045</u>	<u>1,472,587</u>	<u>1,046,542</u>
Fund balances at end of year	<u>\$ 159,130</u>	<u>\$ 200,000</u>	<u>\$ 1,776,159</u>	<u>\$ 1,576,159</u>

Town of Vivian  
Vivian, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
Sales Tax Fund  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Sales tax	\$ 1,355,000	\$ 1,250,000	\$ 1,464,311	\$ 214,311
Investment earnings	125	150	163	13
<b>Total revenues</b>	<u>1,355,125</u>	<u>1,250,150</u>	<u>1,464,474</u>	<u>214,324</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	15,000	14,350	14,646	(296)
<b>Total expenditures</b>	<u>15,000</u>	<u>14,350</u>	<u>14,646</u>	<u>(296)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,340,125</u>	<u>1,235,800</u>	<u>1,449,828</u>	<u>214,028</u>
<b>Other financing sources (uses):</b>				
Transfers out	(1,340,000)	(1,235,800)	(1,449,669)	(213,869)
<b>Total other financing sources (uses)</b>	<u>(1,340,000)</u>	<u>(1,235,800)</u>	<u>(1,449,669)</u>	<u>(213,869)</u>
<b>Net change in fund balance</b>	125		159	159
<b>Fund balance (deficit) at beginning of year</b>			120,594	120,594
<b>Fund balance (deficit) at end of year</b>	<u>\$ 125</u>	<u>\$</u>	<u>\$ 120,753</u>	<u>\$ 120,753</u>

Town of Vivian  
Vivian, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
Vivian Industrial Development Fund  
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Miscellaneous income	\$ 33,650	\$ 46,150	\$ 66,590	\$ 20,440
Intergovernmental	70,000	220,000	220,625	625
Investment earnings	<u>1,750</u>	<u>1,750</u>	<u>1,632</u>	<u>(118)</u>
Total revenues	<u>105,400</u>	<u>267,900</u>	<u>288,847</u>	<u>20,947</u>
<b>Expenditures:</b>				
Current:				
Economic development	231,500	461,500	172,264	289,236
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>202,152</u>	<u>(152,152)</u>
Total expenditures	<u>281,500</u>	<u>511,500</u>	<u>374,416</u>	<u>137,084</u>
Excess (deficiency) of revenues over expenditures	<u>(176,100)</u>	<u>(243,600)</u>	<u>(85,569)</u>	<u>158,031</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>135,000</u>	<u>123,625</u>	<u>144,967</u>	<u>21,342</u>
Total other financing sources (uses)	<u>135,000</u>	<u>123,625</u>	<u>144,967</u>	<u>21,342</u>
Net change in funds balance	(41,100)	(119,975)	59,398	179,373
Fund balance at beginning of year	<u>480,000</u>	<u>480,000</u>	<u>531,754</u>	<u>51,754</u>
Fund balance at end of year	<u>\$ 438,900</u>	<u>\$ 360,025</u>	<u>\$ 591,152</u>	<u>\$ 231,127</u>

Town of Vivian  
Vivian, Louisiana  
Note to Required Supplementary Information  
For the Year Ended June 30, 2022

The budget was adopted on the cash basis of accounting, except for certain interagency receivables and payable and certain payroll liabilities which were recorded by the Town.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent amendments. There was one amendment to the budget during 2022.

The following schedule reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the statement of revenues, expenditures and changes in fund balances (budget - cash basis) with the amounts shown on the statement of revenues, expenditures and changes in fund balances (GAAP basis):

	<u>General Fund</u>	<u>Sales Tax</u>	<u>Vivian Industrial development Fund</u>
Excess (Deficiency) of revenue and other expenditures and other uses (budget basis)	\$ 303,572	\$ 159	\$ 59,398
Adjustments:			
Revenue accruals - net	248,240	1,129	19,029
Expenditures accruals - net	<u>(4,323)</u>	<u>          </u>	<u>(16,920)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 547,489</u>	<u>\$ 1,288</u>	<u>\$ 61,507</u>

Town of Vivian  
Vivian, Louisiana  
Schedule of Proportionate Share of Net Pension Liability  
For the Year Ended June 30, 2022

Municipal Employees Retirement System of Louisiana

<u>Year Ended June 30</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2022	0.53996%	\$ 312,806	\$ 414,977	75.38%	79.14%
2021	0.48244%	437,202	373,888	116.93%	66.26%
2020	0.43605%	381,460	333,161	114.50%	66.14%
2019	0.51811%	438,237	382,299	114.63%	65.60%
2018	0.58810%	508,841	443,927	114.62%	63.49%
2017	0.59935%	496,807	427,035	116.34%	63.34%
2016	0.56287%	382,555	394,684	96.93%	68.71%
2015	0.56137%	263,563	406,713	64.80%	76.94%

\*Amounts presented were determined as of the measurement date (fiscal year ended June 30).

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



Town of Vivian  
Vivian, Louisiana  
Schedule of Contributions  
For the Year Ended June 30, 2022

Municipal Employees Retirement System of Louisiana

<u>Year Ended June 30</u>	<u>Contractually Required Contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2022	\$ 74,378	\$ 74,378	\$	\$ 479,857	15.50%
2021	64,322	64,322		414,977	15.50%
2020	52,343	52,343		373,888	14.00%
2019	46,668	46,668		333,161	14.01%
2018	50,650	50,650		382,299	13.25%
2017	48,832	48,832		443,927	11.00%
2016	40,568	40,568		427,035	9.50%
2015	37,495	37,495		394,684	9.50%

\*Amounts presented were determined as of the end of the fiscal year (June 30).

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

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Town of Vivian  
Vivian, Louisiana  
Schedule of Compensation Paid to Board Members  
For the Year Ended June 30, 2022

Mayor - James Festavan	\$	26,600
Alderman:		
Raymond Williams		3,300
Angela Channel		3,300
Denise Alexander		3,300
Michael Guthrie		3,300
James Martin		3,300
		<hr/>
	\$	<u>43,100</u>

Town of Vivian  
Vivian, Louisiana  
Schedule of Rates - User Fees  
For the Year Ended June 30, 2022

WATER	Usage	Base	Per Additional 1,000 Gallons
<b>Residential Inside:</b>	0 - 2,000 Gallons over 2,000	\$21.00	N/A \$6.50
<b>Residential Outside:</b>	0 - 2,000 Gallons over 2,000	\$29.00	N/A \$6.75
<b>Commercial Inside:</b>	0 - 2,000 Gallons over 2,000	\$23.00	N/A \$6.75
<b>Commercial Outside:</b>	0 - 2,000 Gallons over 2,000	\$28.50	N/A \$5.50
<b>SEWER</b>			
<b>Residential Inside:</b>	0 - 2,000 Gallons over 2,000	\$11.50	N/A \$2.75
<b>Residential Outside:</b>	0 - 2,000 Gallons over 2,000	\$21.00	N/A \$2.75
<b>Commercial Inside:</b>	0 - 2,000 Gallons over 2,000	\$16.00	N/A \$2.75
<b>Commercial Outside:</b>	0 - 2,000 Gallons over 2,000	\$25.50	N/A \$2.00

System Users

System users at June 30, 2022 was as follows:

	Number of Customers
Water customers	1,399

Town of Vivian  
Vivian, Louisiana  
Schedule of Insurance  
June 30, 2022

Company	Type Insurance	Policy Period	Coverage Limits
Stonetrust Insurance Company	Workers Comp	7/1/2021 to 7/1/2022	\$ 100,000 each accident 500,000 policy limit 100,000 each employee
Old Republic Insurance Company	Airport Liability	1/13/2021 to 1/13/2022 1/13/2022 to 1/13/2023	1,000,000 each occurrence
QBE Specialty Insurance Company	Law Enforcement Officer	7/1/2021 to 7/1/2022	1,000,000 per occurrence
EMC Insurance Company	Auto Liability and Physical Damage	7/1/2021 to 7/1/2022	1,000,000 per accident
EMC Insurance Company	Property	7/1/2021 to 7/1/2022	9,603,989
EMC Insurance Company	Commercial Crime and Employee Dishonesty Policy	10/1/2020 to 10/1/2021 10/1/2021 to 10/2/2022	250,000 250,000
EMC Insurance Company	Employment Practices Liability	7/1/2021 to 7/1/2022	100,000 each occurrence
Western Surety Company	Mayor Public Official Bond	1/1/2019 to 1/1/2021 1/1/2021 to 1/1/2023	25,000 25,000
Western Surety Company	Mayor Pro-Tem Public Official Bond	1/1/2019 to 1/1/2021 1/1/2021 to 1/1/2023	25,000 25,000
Western Surety Company	Municipal Clerk Public Official Bond	1/1/2019 to 1/1/2021 1/1/2021 to 1/1/2023	25,000 25,000
EMC Insurance Company	Commercial General Liability	7/1/2021 to 7/1/2022	1,000,000 per occurrence
Hiscox Cyberclear	Cyber, Data Risk, and Media Insurance	7/1/2021 to 7/1/2022	1,000,000 per claim

Town of Vivian  
Vivian, Louisiana  
Other Supplementary Information  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2022

Agency Head: Ronnie Festavan, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 26,600
Travel	1,779

Town of Vivian  
Vivian, Louisiana  
Other Supplementary Information  
Justice System Funding Schedule  
Collecting/Disbursing Schedule  
As Required by Act 87 of the 2020 Regular Legislative Session  
For the Year Ended June 30, 2022

	July 2021 - December 2021	January 2022 - June 2022
Cash Basis Presentation		
<b>Beginning Balance of Amounts Collected (i.e. cash on hand)</b>	\$	\$ 533
<b>Add: Collections</b>		
Criminal Fines - Other	29,376	33,458
Subtotal Collections	29,376	33,458
<b>Less: Disbursements to Governments and Nonprofits</b>		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Fines - Other	200	195
North Louisiana Criminalistics Laboratory Commission - Criminal Fines - Other	2,262	2,320
State of Louisiana Treasurer - CMIS - Criminal Fines - Other	411	375
Louisiana Supreme Court - Criminal Fines - Other	69	58
Louisiana Commission on Law Enforcement - Criminal Fines - Other	1,309	1,188
<b>Less: Amounts Retained by Collecting Agency</b>		
Amounts Self-Disbursed to Collecting Agency - Criminal Fines - Other	24,592	29,578
Subtotal Disbursements/Retainage	28,843	33,714
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)</b>	\$ 533	\$ 277
Ending Balance of "Partial Payments" Collected but not Disbursed	-	-

<b>Other Information:</b>	
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-

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# COOK & MOREHART

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Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable Mayor and Board of Aldermen  
Town of Vivian  
Vivian, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Town of Vivian as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Vivian's basic financial statements, and have issued our report thereon dated December 29, 2022.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Vivian's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Vivian's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Vivian'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 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 the 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 were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Summary Schedule of Current Year Audit Findings as item 2022-002 that we consider to be a significant deficiency.

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## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Vivian's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Current Year Audit Findings as items 2022-001 and 2022-003.

## Town of Vivian's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Vivian's response to the findings identified in our audit and described in the accompanying summary schedule of current year audit findings. The Town of Vivian's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## 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.



Cook & Morehart  
Certified Public Accountants  
December 29, 2022



Town of Vivian  
Vivian, Louisiana  
Summary Schedule of Prior Year Audit Findings.  
June 30, 2022

There were three findings for the prior year audit for the year ended June 30, 2021.

**2021-001 Finding - Budget**

*Condition:* Actual expenses and other financing uses for the General Fund, Vivian Industrial Development Fund, and Sales Tax Fund were more than budgeted amounts by more than 5%.

*Recommendation:* We recommend a proper monitoring of budget to actual comparisons throughout the year and that budgets be appropriately amended when actual plus projected revenues fail to meet budgeted revenues by more than 5%, and when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%.

*Current Status:* See finding in current year audit.

**2021-002 Significant Deficiency – Accounting Records**

*Condition:* Balances in certain cash accounts and interagency accounts were not reconciled as of June 30, 2021. Significant adjusting entries were required to correct balances in those accounts.

*Recommendation:* We recommend that balances in certain general ledger accounts, including cash and interagency accounts, be appropriately reconciled on a periodic basis throughout the year.

*Current Status:* Improvement noted. No significant deficiency reported in current year audit.

**2021-003 Significant Deficiency – Utility Fund Accounts Receivable**

*Condition:* During our audit, we noted that daily work for utility fund receipts was not always initialed by someone independent of the collection process to indicate their review and approval. In addition, a report of all billing adjustments posted to utility fund accounts receivable was not reviewed to ensure all adjustments posted had been previously approved. However, all billing adjustments we examined did contain documented approval of the Mayor or Town Clerk.

*Recommendation:* We recommend that the daily work for utility fund receipts be reviewed and approved by someone independent of the collection process and that such review be appropriately documented. We also recommend that a report of all billing adjustments posted to utility fund accounts receivable be reviewed on a periodic basis to ensure all adjustments were approved.

*Current Status:* Improvement noted. No significant deficiency reported in current year audit.

Town of Vivian  
Vivian, Louisiana  
Summary Schedule of Current Year Audit Findings  
June 30, 2022

There are three findings for the current year audit, as described below.

**2022-001 Finding - Budget**

*Condition:* Actual expenses and other financing uses for the Sales Tax Fund exceeded budgeted amounts by more than 5%.

*Criteria:* The Local Government Budget Act requires the annual budgets be amended when actual plus projected expenditures exceed budgeted amounts by more than 5%.

*Cause:* The Town collected more sales tax revenues than budgeted and therefore transferred out more to the other funds of the Town.

*Effect:* The Town was not in compliance with the Local Government Budget Act.

*Recommendation:* We recommend a proper monitoring of budget to actual comparisons throughout the year and that budgets be appropriately amended when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%.

*Views of Responsible Officials and Planned Corrective Actions:* The Town will monitor the budgets and will amend as needed when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%.

**2022-002 Significant Deficiency – Controls Over Certain Airport Activities**

*Condition:* During our audit, we noted that controls were not in place over hanger rent and fuel purchases at the airport.

*Criteria:* Internal controls should be in place over receipts for airport hanger rent and airport fuel purchases.

*Cause:* The Town had one individual responsible for airport activities, resulting in a lack of segregation of duties over those activities.

*Effect:* Without proper internal controls in place, errors or irregularities could occur and not be detected.

*Recommendation:* We recommend that the Town implement controls over hanger rent and fuel purchases at the airport, to include a proper segregation of duties over those activities.

*Views of Responsible Officials and Planned Corrective Actions:* The Town will implement additional controls over the activities at the airport, to include a monitoring by an individual not involved in those activities.

(Continued)

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Town of Vivian  
Vivian, Louisiana  
Summary Schedule of Current Year Audit Findings  
June 30, 2022  
(Continued)

**2022-003 Finding - Collateral**

*Finding:* During our audit, we noted that the Town had uninsured cash balances at one financial institution totaling approximately \$144,175, as of June 30, 2022.

*Criteria:* State law requires that the deposits of the Town (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

*Cause:* The market value of pledged securities at one financial institution decreased to less than par value of the securities, resulting in uninsured balances at that institution as of June 30, 2022.

*Effect:* Cash balances totaling approximately \$144,175, were uninsured as of June 30, 2022.

*Recommendation:* We recommend that the Town implement procedures for monitoring bank balances at each financial institution to ensure funds are appropriately secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank at all times.

*Views of Responsible Officials and Planned Corrective Actions:* Management will implement procedures for monitoring bank balances at each financial institution to ensure funds are appropriately secured or collateralized at all times.

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## Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Honorable Ronnie Festavan, Mayor  
and Members of the Town Council  
Town of Vivian  
Vivian, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Town of Vivian's (Town) management is responsible for those C/C areas identified in the SAUPs.

The Town of Vivian has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes (R.S.)42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedures performed. No exceptions noted.

#### **Board or Finance Committee**

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Procedures performed. No exceptions noted.

#### **Bank Reconciliations**

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

Management provided the requested information, along with management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged)
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures performed. Noted the following exceptions:

*Exceptions:*

- 1. Two reconciliations selected for testing appear to have been reconciled more than 2 months from the statement closing date.
- 2. Five of the reconciliations selected for testing did not include evidence that a member of management reviewed the bank reconciliation.
- 3. Two of the reconciliations selected for testing contained a total of 29 items that have been outstanding for more than 12 months.

***Collections (excluding electronic funds transfers)***

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

Management provided the requested information, along with management's representation that the listing is complete.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Procedures performed. No exceptions noted.

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

Procedures performed. No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

Procedures performed. No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).  
Management provided the requested information, along with management's representation that the listing is complete.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Procedures performed. Noted the following exception:

*Exception:* The employee responsible for processing payments is also responsible for mailing payments after signatures are obtained.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedures performed. No exceptions noted.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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

Management provided the requested information, along with management's representation that the listing is complete.

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

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.].
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Procedures performed. Noted the following exceptions:

*Exception:* One of the statements containing three cards selected for testing was not physically approved by someone other than the authorized card holder.

*Exception:* One of the statements selected for testing contained a \$58.06 finance charge and a \$687.04 late fee.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)<sup>14</sup>. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)
- 2) Written documentation of the business/public purpose.
- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Procedures performed. Noted the following exceptions:



*Exception:* Seventeen transactions, totaling \$2,325.62, did not contain written documentation of the business/public purpose.

*Exception:* One transaction for testing did not contain documentation of the individuals participating in the meals.

#### ***Travel and Travel - Related Expense Reimbursement (excluding card transactions)***

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. No exceptions noted.

#### ***Contracts***

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

Procedures performed. No exceptions noted.

### ***Payroll and Personnel***

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

Management provided the requested information, along with management's representation that the listing is complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Procedures performed. No exceptions noted.

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

Management provided the requested information, along with management's representation that the listing is complete.

Procedures performed. No exceptions noted.

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

Management provided a representation that employer and employee portions of third party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

### ***Ethics***

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Procedures performed. No exceptions noted.

### ***Debt Service***

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Procedures performed. No exceptions noted.

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

Procedures performed. No exceptions noted.

### ***Fraud Notice***

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

Management provided representation that there were not any misappropriations of public funds and assets during the fiscal period.

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

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

### ***Information Technology Disaster Recovery/Business Continuity***

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

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

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

We performed the procedure and discussed the results with management.

**Sexual Harassment**

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Procedures performed. No exceptions noted.

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

Procedures performed. No exceptions noted.

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

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Procedures performed. No exceptions noted.

We were engaged by the Town of Vivian to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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



Cook & Morehart  
Certified Public Accountants  
December 29, 2022



# TOWN OF VIVIAN



112 W. Alabama • P.O. Box 832 • Vivian, Louisiana 71082 • 318.375.3856 • www.townofvivian.us

Mayor  
Ronnie Festavan

December 29, 2022

Alderman-At-Large  
Mayor Pro-Tem  
Angela Channell

Cook & Morehart, CPAs  
1215 Hawn Ave  
Shreveport, LA 71107

Alderman

Town of Vivian submits the following response to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended June 30, 2022:

Ward 1  
James Martin

**Exception:** Two bank reconciliations selected for testing appear to have been reconciled more than 2 months from the statement closing date

Ward 2  
Denise Alexander

**Response:** The Town will put a policy in place to ensure bank reconciliations are prepared within 2 months of the statement closing date.

Ward 3  
Michael Guthrie

**Exception:** Five of the bank reconciliations selected for testing did not include evidence that a member of management reviewed the bank reconciliation.

Ward 4  
Raymond Williams

**Response:** The Town will put a policy in place to ensure bank reconciliations include evidence that a member of management reviewed the bank reconciliation.

Chief of Police  
Ryan Nelson

**Exceptions:** Two of the bank reconciliations selected for testing contained a total of 29 items that have been outstanding for more than 12 months.

**Response:** The Town has subsequently researched the outstanding items and made corrections as necessary.

**Exception:** The employee responsible for processing payments is also responsible for mailing payments after signatures are obtained.

**Response:** The Town will consider alternative procedures for mailing payments.

**Exception:** One of the credit card statements containing three cards selected for testing was not physically approved by someone other than the authorized card holder.

**Response:** The Town will implement additional procedures so that credit card statements are physically approved by someone other than the authorized card holder.

**Exception:** One of the statements selected for testing contained a \$58.06 finance charge and a \$687.04 late fee.

**Response:** The Town will ensure that balances due are paid timely to avoid finance charges.

**Exception:** Seventeen credit card transactions, totaling \$2,325.62, did not contain written documentation of the business/public purpose.

**Response:** The Town will implement additional procedures so that credit card charges contain documentation of the business/public purpose.



# TOWN OF VIVIAN



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Mayor  
Ronnie Festavan

December 29, 2022

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Alderman-At-Large  
Mayor Pro-Tem  
Angela Channell

**Exception:** One credit card transaction selected for testing did not contain documentation of the individuals participating in the meals.

**Response:** The Town will implement additional procedures to ensure meal purchases contain documentation of the individuals participating in the meals.

Sincerely,

Ronnie Festavan  
Mayor

Alderman

Ward 1  
James Martin

Ward 2  
Denise Alexander

Ward 3  
Michael Guthrie

Ward 4  
Raymond Williams

Chief of Police  
Ryan Nelson