

TOWN OF VINTON, LOUISIANA
ANNUAL FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORTS
YEAR ENDED SEPTEMBER 30, 2019

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TOWN OF VINTON, LA.

Management's Discussion and Analysis

Within this section of the Town of Vinton, LA's (Town) annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2019. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$21,544,213 (net position) for the fiscal year reported.
- Total revenues of \$7,850,938 were in excess of total expenditures of \$7,356,828, which resulted in a current year surplus of \$494,110, compared to prior year surplus of \$1,081,047.
- Total net position is comprised of the following:
 - (1) Net invested in capital assets, of \$16,891,752 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted net position of \$1,764,946.
 - (3) Unrestricted net position of \$2,887,515.
- The Town's governmental funds reported total ending fund balance of \$5,465,375 this year. This compares to the prior year ending fund balance of \$4,971,054, reflecting an increase of \$494,321 during the current year, compared to an increase of \$1,153,924 in the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,700,429, or 121% of total General Fund expenditures and 181% of total General Fund revenues including transfers.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

TOWN OF VINTON, LA.

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Town's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by sales tax and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government, public safety and streets. Business-type activities include the electric, water and sewer systems.

The government-wide financial statements are presented on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Town has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

TOWN OF VINTON, LA.

Management's Discussion and Analysis (Continued)

The basic governmental fund financial statements are presented on pages 20 through 23 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The one Town proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization for electric, water and sewer utilities.

The basic enterprise fund financial statements are presented on pages 24 through 26 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 27 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund and the major special revenue fund. These statements and schedules demonstrate compliance with the Town's adopted and final revised budget. Required supplemental information can be found on pages 48 through 49 of this report.

TOWN OF VINTON, LA.

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Town as a whole. The Town's net position at fiscal year-end is \$21,544,213. The following table provides a summary of the Town's net position:

	Governmental Activities		Business-type Activities		Total		Percentage Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Assets:								
Current assets and other assets	\$ 5,703,880	\$ 5,440,667	\$ 2,258,868	\$ 2,768,599	\$ 7,962,748	\$ 8,209,266	32%	33%
Capital assets	<u>12,188,966</u>	<u>12,038,307</u>	<u>5,003,000</u>	<u>4,604,673</u>	<u>17,191,966</u>	<u>16,642,980</u>	<u>68</u>	<u>67</u>
Total assets	<u>\$17,892,846</u>	<u>\$17,478,974</u>	<u>\$ 7,261,868</u>	<u>\$ 7,373,272</u>	<u>\$25,154,714</u>	<u>\$24,852,246</u>	<u>100%</u>	<u>100%</u>
Deferred outflows of resources	<u>\$ 609,909</u>	<u>\$ 755,013</u>	<u>\$ 248,608</u>	<u>\$ 302,175</u>	<u>\$ 858,517</u>	<u>\$ 1,057,188</u>	<u>—%</u>	<u>—%</u>
Liabilities:								
Current liabilities	\$ 239,177	\$ 252,742	\$ 489,021	\$ 472,693	\$ 728,198	\$ 725,435	18%	17%
Long-term liabilities	<u>2,422,754</u>	<u>2,664,812</u>	<u>948,969</u>	<u>996,008</u>	<u>3,371,723</u>	<u>3,660,820</u>	<u>82</u>	<u>83</u>
Total liabilities	<u>\$ 2,661,931</u>	<u>\$ 2,917,554</u>	<u>\$ 1,437,990</u>	<u>\$ 1,468,701</u>	<u>\$ 4,099,921</u>	<u>\$ 4,386,255</u>	<u>100%</u>	<u>100%</u>
Deferred inflows of resources	<u>\$ 292,382</u>	<u>\$ 186,965</u>	<u>\$ 76,715</u>	<u>\$ 68,445</u>	<u>\$ 369,097</u>	<u>\$ 255,410</u>	<u>—%</u>	<u>—%</u>
Net position:								
Net invested in capital assets	\$11,888,752	\$11,683,070	\$ 5,003,000	\$ 4,604,673	\$16,891,752	\$16,287,743	78%	77%
Restricted	1,764,946	1,618,166	-	-	1,764,946	1,618,166	8	7
Unrestricted	<u>1,894,744</u>	<u>1,828,232</u>	<u>992,771</u>	<u>1,533,628</u>	<u>2,887,515</u>	<u>3,361,860</u>	<u>14</u>	<u>16</u>
Total net position	<u>\$15,548,442</u>	<u>\$15,129,468</u>	<u>\$ 5,995,771</u>	<u>\$ 6,138,301</u>	<u>\$21,544,213</u>	<u>\$21,267,769</u>	<u>100%</u>	<u>100%</u>

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 23.8 to 1 for 2019 and 21.5 to 1 for 2018 and for business type activities is 4.6 to 1 for 2019 and 5.9 to 1 for 2018. For the Town overall, the current ratio is 10.9 to 1 for 2019 and 11.3 to 1 for 2018. These ratios are strong.

Note that approximately 76% (77% for 2018) of the governmental activities' net position is tied up in capital. The Town uses these capital assets to provide services to its citizens. However, with business type activities, the Town has spent approximately 83% (75% for 2018) of its net position on capital. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. Overall, 78% (77% for 2018) of the Town's total net position is included in capital assets.

TOWN OF VINTON, LA.

Management's Discussion and Analysis (Continued)

The following table provides a summary of the Town's changes in net position:

	Governmental Activities		Business-Type Activities		Total		Percentage Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues:								
Program:								
Charges for services /fines	\$ 360,346	\$ 505,223	\$ 4,456,981	\$ 4,569,715	\$ 4,817,327	\$ 5,074,938	62%	59%
Operating grants	366,000	270,000	34,488	197,465	400,488	467,465	5	5
General:								
Sales taxes	1,264,551	1,306,958	-	-	1,264,551	1,306,958	16	15
Other taxes	211,033	219,871	-	-	211,033	219,871	3	3
Interest	48,751	4,830	30,513	15,931	79,264	20,761	-	-
Other	1,078,275	1,528,977	-	-	1,078,275	1,528,977	14	18
Total Revenues	3,328,956	3,835,859	4,521,982	4,783,111	7,850,938	8,618,970	100%	100%
Program expenses:								
General government	864,229	871,652	-	-	864,229	871,652	12%	12%
Public safety:								
Police	1,288,801	1,421,632	-	-	1,288,801	1,421,632	18	19
Fire	274,766	235,597	-	-	274,766	235,597	4	3
Streets and alley	747,146	753,321	-	-	747,146	753,321	10	10
Interest	17,854	20,782	-	-	17,854	20,782	-	-
Electric, water and sewer	-	-	4,164,032	4,234,939	4,164,032	4,234,939	56	56
Total Expenses	3,192,796	3,302,984	4,164,032	4,234,939	7,356,828	7,537,923	100%	100%
Excess (deficiency)	136,160	532,875	357,950	548,172	494,110	1,081,047		
Transfers	500,480	488,629	(500,480)	(488,629)	-	-		
Change in net position	636,640	1,021,504	(142,530)	59,543	494,110	1,081,047		
Beginning net position	15,129,468	14,107,964	6,138,301	6,078,758	21,267,769	20,186,722		
Prior period adjustment	(217,666)	-	-	-	(217,666)	-		
Net position – Beginning - restated	14,911,802	14,107,964	6,138,301	6,078,758	21,050,103	20,186,722		
Ending net position	\$15,548,442	\$15,129,468	\$ 5,995,771	\$ 6,138,301	\$ 21,544,213	\$21,267,769		

TOWN OF VINTON, LA.

Management's Discussion and Analysis (Continued)

GOVERNMENTAL REVENUES

The Town is heavily reliant on sales taxes to support governmental operations. Sales taxes provided 16% (15% for 2018) of the Town's total revenues. Sales taxes equal 38% (34% for 2018) of the revenues for governmental activities. Also note that program revenues, excluding grants, cover only 93% (92% for 2018) of governmental operating expenses. This means that the government's taxpayers and the Town's other general revenues fund 7% (8% for 2018) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Town's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Police services comprise 18% (19% for 2018) of the Town's total expenses and 40% (43% for 2018) of the total governmental expenses. The total public safety makes up 49% (50% for 2018) of the total governmental expenses.

This table presents the cost of each of the Town's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Town's taxpayers by each of these functions.

	Governmental Activities			
	<u>Total Cost</u> <u>of Services</u>		<u>Net Cost</u> <u>of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General government	\$ 864,229	\$ 871,652	\$ (498,229)	\$ (601,652)
Public safety:				
Police	1,288,801	1,421,632	(928,455)	(916,409)
Fire	274,766	235,597	(274,766)	(235,597)
Streets	747,766	753,321	(747,146)	(753,321)
Interest on long-term debt	<u>17,854</u>	<u>20,782</u>	<u>(17,854)</u>	<u>(20,782)</u>
Total	<u>\$ 3,192,796</u>	<u>\$ 3,302,984</u>	<u>\$ (2,466,450)</u>	<u>\$ (2,527,761)</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility funds were 3% less than 2018 and operating expenses were 2% more than 2018. Within the total business type activities of the Town, these activities reported a \$357,950 operating surplus compared to an operating surplus of \$334,776 for the prior year.

However, after contributed capital and transfers in and out, the fund reported a decrease of \$142,530, compared to an increase of \$59,543 for the prior year.

TOWN OF VINTON, LA.

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$5,465,375 (\$5,188,720 for 2018), \$3,700,429 and \$3,570,554 of which is unrestricted and unassigned for 2019 and 2018, respectively, indicating availability for continuing Town service requirements.

The total ending fund balances of governmental funds show an increase of \$494,321 compared to an increase of \$1,153,924 for the prior year.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$129,875. In fiscal year 2018, the fund balance increased by \$1,130,333. However, the reader needs to remember that the Town controls these differences by the amount of resources it transfers in from the Sales Tax Fund.

The revenues show a decrease of \$378,807 or 19% more than the prior year, mainly due to fines revenue. The expenditures side show an increase of \$182,865 or 6% over the prior year, mainly due to an increase in capital outlay expenditures. Finally, transfers in from the sales tax fund were \$438,786 more than the prior year.

The general fund's ending fund balance is considered adequate, representing the equivalent of 121% of annual current expenditures.

The sales tax fund continues to accumulate strong fund balances; revenues in 2019 were 2.1% less than 2018 and 4.3% more than 2017, which is a direct reflection of the current national and local economy.

THE PROPRIETARY FUND

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term information about financial status.

BUDGETARY HIGHLIGHTS

The General Fund - The actual revenues were more than the final budget by \$8,619 mainly due to intergovernmental revenue and the actual expenditures were less than the final budget by \$48,686 mainly due to capital outlay expenditures.

The Sales Tax Fund - The actual revenues for the sales tax fund were more than the final budget by \$1,572 mainly due to sales taxes and the actual expenditures were less than the final budget by \$371 mainly due to capital outlay expenditures.

TOWN OF VINTON, LA.

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Town's investment in capital assets, for governmental and business-type activities as September 30, 2019, was \$11,888,752 and \$5,003,000 respectively. The overall increase was 3.6% for the Town as a whole. See Note D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-depreciable asset:						
Land	\$ 462,419	\$ 462,419	\$ 328,950	\$ 328,950	\$ 791,369	\$ 791,369
Construction in progress	<u>228,363</u>	<u>141,891</u>	<u>91,008</u>	<u>-</u>	<u>319,371</u>	<u>141,891</u>
Total non-depreciable	690,782	604,310	419,958	328,950	1,110,740	933,260
Depreciable assets:						
Buildings	2,361,262	2,352,900	9,510,959	9,019,512	11,872,221	11,372,412
Furniture & equipment	2,200,353	2,143,402	370,650	370,650	2,571,003	2,514,052
Transportation equipment	1,885,435	1,474,900	869,772	841,543	2,755,207	2,316,443
Infrastructure	<u>12,321,282</u>	<u>12,175,197</u>	<u>-</u>	<u>-</u>	<u>12,321,282</u>	<u>12,175,197</u>
Total depreciable assets	18,768,332	18,146,399	10,751,381	10,231,705	29,519,713	28,378,104
Less accumulated depreciation	<u>7,270,148</u>	<u>6,712,402</u>	<u>6,168,339</u>	<u>5,955,982</u>	<u>13,438,487</u>	<u>12,668,384</u>
Book value-depreciable assets	<u>\$ 11,498,184</u>	<u>\$ 11,433,997</u>	<u>\$ 4,583,042</u>	<u>\$ 4,275,723</u>	<u>\$ 16,081,226</u>	<u>\$ 15,709,720</u>
Percentage depreciated	39%	37%	57%	58%	46%	45%
Book value-all assets	<u>\$ 12,188,966</u>	<u>\$ 12,038,307</u>	<u>\$ 5,003,000</u>	<u>\$ 4,604,673</u>	<u>\$ 17,191,966</u>	<u>\$ 16,642,980</u>

At September 30, 2019, the depreciable capital assets for governmental activities were 39% depreciated compared to 37% at September 30, 2018. This comparison indicates that the Town is replacing its assets at less of a rate as they are depreciating which is a negative indicator.

The major additions are 2017 sidewalk improvement project for \$145,858, a firetruck for \$410,535 and other equipment for \$56,951.

With the Town's business type activities, 57% of the asset values were depreciated at September 30, 2019 compared to 58% at September 30, 2018.

Long-term debt

At the end of the fiscal year, the Town had total bonded debt outstanding of \$300,214. All of this amount is backed by the full faith and credit of the Town (general obligation bonds) with debt service funded by sales taxes.

During the year, the Town retired \$55,023 of the outstanding debt balance. See Note E for additional information regarding long-term debt.

TOWN OF VINTON, LA.

Management's Discussion and Analysis (Continued)

ECONOMIC CONDITIONS AFFECTING THE TOWN

Since the primary revenue stream for the Town is electric charges and sales taxes, the Town's electric charges and sales tax revenues are subject to changes in the economy. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Town's Clerk, Mary Vice, 1200 Horridge Street, Vinton, LA 70668.

INDEPENDENT AUDITORS' REPORT

February 27, 2020

To the Honorable Kenneth Stinson, Mayor and the Town Council
Town of Vinton, Louisiana

We have audited the accompanying basic financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units and each major fund of the Town of Vinton, Louisiana, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Vinton, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Town of Vinton, Louisiana, as of September 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of employer's proportionate share of net pension liability and schedule of employer's contributions on pages 3 through 11 and 48 through 51 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vinton, Louisiana's basic financial statements. The schedule of compensation, benefits and other payments to chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of compensation, benefits and other payments to chief executive officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of compensation, benefits and other payments to chief executive officer is fairly stated, in all material respects, in relation to the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2020, on our consideration of the Town of Vinton, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Vinton, Louisiana's internal control over financial reporting and compliance.

Dragon, Cassidy; Skillery

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

TOWN OF VINTON, LA.
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash	5,181,357	\$ 1,720,652	\$ 6,902,009	\$ 12,923,670
Investments	333,053	-	333,053	-
Receivables	189,470	538,216	727,686	288,141
Prepaid expense	-	-	-	38,640
Capital assets:				
Land	462,419	328,950	791,369	-
Capital assets, net	11,726,547	4,674,050	16,400,597	13,548,497
TOTAL ASSETS	<u>\$ 17,892,846</u>	<u>\$ 7,261,868</u>	<u>\$ 25,154,714</u>	<u>\$ 26,798,948</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>609,909</u>	<u>\$ 248,608</u>	<u>\$ 858,517</u>	<u>\$ 8,163</u>
LIABILITIES				
Accounts and other accrued payables	238,505	\$ 381,447	\$ 619,952	\$ 176,839
Customer meter deposits	-	107,574	107,574	-
Interest payable	672	-	672	-
Long-term liabilities:				
Net pension liability	2,122,540	948,969	3,071,509	32,506
Due within one year	51,993	-	51,993	-
Due after one year	248,221	-	248,221	-
TOTAL LIABILITIES	<u>\$ 2,661,931</u>	<u>\$ 1,437,990</u>	<u>\$ 4,099,921</u>	<u>\$ 209,345</u>
DEFERRED INFLOWS OF RESOURCES	<u>292,382</u>	<u>\$ 76,715</u>	<u>\$ 369,097</u>	<u>\$ 1,621</u>
NET POSITION				
Net invested in capital assets	\$ 11,888,752	\$ 5,003,000	\$ 16,891,752	\$ 13,548,497
Net position - Restricted	1,764,946	-	1,764,946	-
Net position - Unrestricted	1,894,744	992,771	2,887,515	13,047,648
TOTAL NET POSITION	<u>\$ 15,548,442</u>	<u>\$ 5,995,771</u>	<u>\$ 21,544,213</u>	<u>\$ 26,596,145</u>

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

TOWN OF VINTON, LA.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2019

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net position		Total	Component Units
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities		
Governmental activities:							
General and administrative	864,229	\$ -	\$ 366,000	\$ (498,229)	\$ -	\$ (498,229)	\$ -
Streets and alley	747,146	-	-	(747,146)	-	(747,146)	-
Fire	274,766	-	-	(274,766)	-	(274,766)	-
Police	1,288,801	360,346	-	(928,455)	-	(928,455)	-
Interest on long-term debt	17,854	-	-	(17,854)	-	(17,854)	-
Total Governmental Activities	3,192,796	360,346	366,000	(2,466,450)	-	(2,466,450)	-
Business-type activities:							
Electric, water and sewer	4,164,032	4,456,981	34,488	-	327,437	327,437	-
Total primary government	<u>\$ 7,356,828</u>	<u>\$ 4,817,327</u>	<u>\$ 400,488</u>	<u>(2,466,450)</u>	<u>327,437</u>	<u>(2,139,013)</u>	<u>-</u>
Component Units:							
Vinton Public Power Authority	<u>\$ 3,030,911</u>	<u>\$ 2,508,356</u>	<u>\$ -</u>	-	-	-	(522,555)
General Revenues:							
Taxes -							
Property taxes, levied for general purposes				62,558	-	62,558	-
Sales and use taxes, levied for general purposes				1,264,551	-	1,264,551	-
Franchise taxes				26,382	-	26,382	-
Licenses and permits				122,093	-	122,093	-
Grants and contributions not restricted to specific programs-							
Federal and State sources				1,038,378	-	1,038,378	31,196
Interest and investment earnings				48,751	30,513	79,264	135,160
Miscellaneous				39,897	-	39,897	2,516,515
Transfers				500,480	(500,480)	-	-
Total general revenues				<u>3,103,090</u>	<u>(469,967)</u>	<u>2,633,123</u>	<u>2,682,871</u>
Change in net position				636,640	(142,530)	494,110	2,160,316
Net position - Beginning				15,129,468	6,138,301	21,267,769	24,435,829
Prior period adjustment				(217,666)	-	(217,666)	-
Net position - Beginning - Restated				<u>14,911,802</u>	<u>6,138,301</u>	<u>21,050,103</u>	<u>24,435,829</u>
Net position - Ending				<u>\$ 15,548,442</u>	<u>\$ 5,995,771</u>	<u>\$ 21,544,213</u>	<u>\$ 26,596,145</u>

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

FUND FINANCIAL STATEMENTS

FUND DESCRIPTIONS

General Fund

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

Special Revenue Fund

The special revenue fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes. The fund accounts for the receipt and use of proceeds of the Town's 2 1/2 % sales and use tax.

Capital Projects Fund

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

Proprietary Funds

Utility Fund #1

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

Utility Fund #2

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

TOWN OF VINTON, LA.
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2019

	General	Special Revenue	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 3,516,657	\$ 640,899	\$ 1,023,801	\$ 5,181,357
Investments	333,053	-	-	333,053
Receivables:				
Accounts	24,492	-	-	24,492
Intergovernmental	31,642	-	32,490	64,132
Due from other funds	-	100,830	16	100,846
TOTAL ASSETS	<u>3,905,844</u>	<u>741,729</u>	<u>1,056,307</u>	<u>5,703,880</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,905,844</u>	<u>\$ 741,729</u>	<u>\$ 1,056,307</u>	<u>\$ 5,703,880</u>
LIABILITIES				
Accounts payable	\$ 57,566	\$ 600	\$ 32,490	\$ 90,656
Accrued vacation payable	32,019	-	-	32,019
Due to other funds	115,830	-	-	115,830
TOTAL LIABILITIES	<u>205,415</u>	<u>600</u>	<u>32,490</u>	<u>238,505</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	-	741,129	1,023,817	1,764,946
Unassigned	3,700,429	-	-	3,700,429
TOTAL FUND BALANCES	<u>3,700,429</u>	<u>741,129</u>	<u>1,023,817</u>	<u>5,465,375</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,905,844</u>	<u>\$ 741,729</u>	<u>\$ 1,056,307</u>	<u>\$ 5,703,880</u>

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

TOWN OF VINTON, LA.
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2019

Total fund balance for governmental fund at September 30, 2019:		\$ 5,465,375
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 462,419	
Capital assets, net of \$7,270,148 accumulated depreciation	11,726,547	12,188,966
Deferred outflows and inflows for pension resources and long-term debt are not financial resources or currently payable:		
Deferred inflows related to pensions		(292,382)
Deferred outflows related to pensions		609,909
Long-term liabilities at September 30, 2019:		
Bonds payable	(300,214)	
Net pension liability	(2,122,540)	
Accrued interest payable	(672)	(2,423,426)
Total net position of governmental activities at September 30, 2019		\$ 15,548,442

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

TOWN OF VINTON, LA.
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended September 30, 2019

	General	Special Revenue	Capital Projects	Total
REVENUES				
Taxes	\$ 110,019	\$ 1,134,705	\$ -	\$ 1,244,724
Licenses and permits	122,093	-	-	122,093
Intergovernmental	1,266,434	-	137,944	1,404,378
Fines	360,346	-	-	360,346
Interest	37,711	6,357	4,683	48,751
Video poker	108,766	-	-	108,766
Miscellaneous	39,897	-	-	39,897
TOTAL REVENUES	2,045,266	1,141,062	142,627	3,328,955
EXPENDITURES				
Current				
General and administrative	779,224	22,265	-	801,489
Police	1,175,992	-	-	1,175,992
Fire	191,425	-	-	191,425
Streets and alley	384,803	-	-	384,803
Capital Outlay	533,842	43,991	130,572	708,405
Debt Service				
Principal	-	55,023	-	55,023
Interest	-	17,977	-	17,977
TOTAL EXPENDITURES	3,065,286	139,256	130,572	3,335,114
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,020,020)	1,001,806	12,055	(6,159)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,149,895	-	191,401	1,341,296
Operating transfers out	-	(840,816)	-	(840,816)
TOTAL OTHER FINANCING SOURCES (USES)	1,149,895	(840,816)	191,401	500,480
NET CHANGES IN FUND BALANCE	129,875	160,990	203,456	494,321
FUND BALANCE - BEGINNING	3,570,554	580,139	1,038,027	5,188,720
Prior period adjustment	-	-	(217,666)	(217,666)
FUND BALANCE - BEGINNING - Restated	3,570,554	580,139	820,361	4,971,054
FUND BALANCE - ENDING	\$ 3,700,429	\$ 741,129	\$ 1,023,817	\$ 5,465,375

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

TOWN OF VINTON, LA.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended September 30, 2019

Total net changes in fund balance at September 30, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 494,321
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The change in net position reported for governmental activities in the statement of activities different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	708,405	
Depreciation expense for the year ended September 30, 2019	(557,746)	150,659

Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable on the statement of net position.

55,023

Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis

123

Net pension (expense) benefit is reported in the governmental fund as expenditures as they are paid, however, in the statement of activities the net position (expense) benefit is reported according to estimates required by GASB 68.

(63,486)

Total changes in net position at September 30, 2019 per Statement of Activities	\$ <u>636,640</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF VINTON, LA.
STATEMENT OF NET POSITION - PROPRIETARY FUND
September 30, 2019

ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,720,652
Receivables, accounts	523,232
Due from other funds	14,984
Total current assets	2,258,868
Fixed assets, net of accumulated depreciation	5,003,000
TOTAL ASSETS	\$ 7,261,868
DEFERRED OUTFLOWS OF RESOURCES	
	248,608
LIABILITIES	
Current liabilities	
Accounts payable	\$ 369,128
Accrued vacation payable	12,319
Customer meter deposits	107,574
Total current liabilities	489,021
Net pension liabilities	948,969
TOTAL LIABILITIES	\$ 1,437,990
DEFERRED INFLOWS OF RESOURCES	
	76,715
NET POSITION	
Net invested in capital assets	\$ 5,003,000
Net position - Unrestricted	92,771
TOTAL NET POSITION	\$ 5,995,771

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

TOWN OF VINTON, LA.
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - PROPRIETARY FUND
Year Ended September 30, 2019

OPERATING REVENUES	
Electricity sales	\$ 3,028,033
Water sales	420,325
Sewer service charges	389,948
Vinton Public Power Authority Rebate	335,850
Vinton Public Power Authority - Administrative Fees	120,000
Penalties	100,179
Miscellaneous	62,646
Total Operating Revenues	4,456,981
OPERATING EXPENSES	
Electricity department	3,337,898
Water department	330,352
Sewer department	283,427
Depreciation	212,355
Total Operating Expenses	4,164,032
OPERATING INCOME (LOSS)	292,949
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental revenues	34,488
Interest income	30,513
Total Non-Operating Revenues (Expenses)	65,001
INCOME (LOSS) BEFORE OPERATING TRANSFERS	357,950
Operating transfers in	388,794
Operating transfers out	(889,274)
CHANGE IN NET POSITION	(142,530)
NET POSITION, BEGINNING	6,138,301
NET POSITION, ENDING	\$ 5,995,771

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

TOWN OF VINTON, LA.
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
Year Ended September 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 4,445,753
Payments to suppliers	(3,523,062)
Payments to employees	(418,103)
Net cash from operating activities	<u>504,588</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	30,513
Intergovernmental revenues	34,488
Purchase of fixed assets	(571,582)
Net cash from investment activities	<u>(506,581)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating transfers in	388,794
Operating transfers out	(889,274)
Net cash from non-capital financing activities	<u>(500,480)</u>
NET INCREASE (DECREASE) IN CASH	(502,473)
CASH - BEGINNING	<u>2,223,125</u>
CASH - ENDING	<u><u>\$ 1,720,652</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ 292,949
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	212,355
Net adjustment to record pension liability	14,797
Net adjustment to customer deposits	3,970
(Increase) decrease in receivables	7,258
Increase (decrease) in accounts payable and accrued expenses	20,298
Increase (decrease) in net pension liability	(47,039)
Net cash from operating activities	<u>\$ 504,588</u>

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

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Vinton, LA. was incorporated in October, 1910, under the provisions of the Lawrason Act. The purpose of the municipality is to provide services to its citizens, which include sewer, water and electricity; police protection and other services. The municipality has a board of five elected council members who are compensated. The municipality is located in Calcasieu Parish, Louisiana and its population is approximately 3,350.

1. Reporting Entity

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

GASB Statement No. 61 established criteria for determining which component units should be considered part of the Town of Vinton, LA. 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 municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
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.

Based on the this criteria, the Town has determined that the following component units are part of the reporting entity:

Vinton Public Power Authority
Industrial Development Board of the Town of Vinton, LA., Inc.

The Town's Mayor is also responsible for appointing the members of the board of the Housing Authority of Vinton, Louisiana. This agency is considered to be a related organization since the municipality appoints the separate governing board but is not financially accountable for the organization.

Discretely Presented Component Units

Financial data of component units is displayed in the Component Unit column of the combined statements. The reported component units are as follows:

Vinton Public Power Authority (VPPA)

This entry is created by state statutes, which provide for its governance by the municipality creating it. Although legally separate, Vinton Public Power Authority is fiscally dependent upon the Town because of the joint power supply arrangement. The relationship between the Town and Vinton Public Power Authority is such that exclusion would cause the Town's financial statements to be incomplete. Financial data reported for the Vinton Public Power Authority component unit is from its separately audited financial statements for the fiscal year ended September 30, 2019.

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Industrial Development Board of the Town of Vinton, Inc. (IDB)

The IDB was incorporated on December 19, 2002 and is a nonprofit organization recognized as a 501(c)(3) organization. Although legally separate, IDB's resources are entirely for the direct benefit of the Town. The IDB is managed by a board of five individuals that are appointed by the Mayor and approved by the Town's council. The relationship between the Town and the IDB is such that exclusion would cause the Town's financial statements to be incomplete. Financial data reported for this component unit is from its separate financial statements for the year ended September 30, 2019, however, IDB had no activity within the current year.

2. Basis of Presentation

The accompanying basic financial statements of the Town of Vinton, LA, have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

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

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

Fund Financial Statements

The Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Town are classified into three categories: governmental, proprietary, and fiduciary. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the Town or its total assets, liabilities, revenues, or expenditures of the individual governmental and enterprise fund is at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Town reports the following major funds:

The General Fund is the primary operating fund of the Town. It accounts for all financial resources except those that are required to be accounted for in other funds.

The Special Revenue Fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes. This fund accounts for the receipt and use of proceeds of the Town's 2 ½% sales and use tax.

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than these financed by the Enterprise Fund.

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

3. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

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

Basis of Accounting

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

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, debt service and enterprise funds. All annual appropriations lapse at fiscal year end.

Prior to the beginning of each fiscal year, the Mayor submits a budget to the Town Council. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The Town Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be changed by an affirmative vote of a majority of the government's council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

5. Cash and Investments

Cash

Cash includes amounts in demand deposits with a maturity date within three months of the date acquired by the Town.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, U.S. Government Agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in R.S. 39:1271, or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana which generates a local government investment pool.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2019, the Town has \$5,801,344 in deposits (collected bank balances). These deposits are secured from risk by \$5,678,717 of federal deposit insurance and \$122,627 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

State statutes authorize the Town to invest in Louisiana Asset Management Pool (LAMP), U.S. Treasury notes and bonds, U.S. agency securities, and other governmental debt obligations with limited exceptions as noted in LA-R.S. 33.2955. Investments in time certificates of deposits can be placed with state banks, national banks or federal credit unions as permitted in state statute. Corporate bonds can be purchased with from companies incorporated in the United States, with a Standard and Poor's credit rating of AA- and have a maturity date of 5 years or less.

As of September 30, 2019, the Town had its assets in money market instruments, certificates of deposits, U.S. agency securities and municipal bonds held in custody by financial institutions. The below schedule identifies the investments by type:

Type of Debt Investment	Fair Value	Maturity			Credit Rating (Standards and Poor's)
		Less than 1 Year	1 to 5 Years	6 to 10 Years	
Investments at fair value					
U.S. Government Agency Securities					
Federal National Mortgage	\$ 24,956	\$ 24,956	-	-	AA+
Federal Home Loan Bank	24,954	9,954	15,000	-	AA+
Farm Credit System	9,990	-	9,990	-	AA+
Freddie Mac	35,007	-	35,007	-	AA+
Corporate Bonds					
Toyota Motor Credit	137,745	50,022	87,723	-	AA-
Chevron Corp	94,532	-	94,532	-	AA-
Subtotal	327,184	84,932	242,252	-	
Investments measured at the net asset value (NAV)					
External Investment Pool	1,114,312	1,114,312	-	-	AAA-m
Total investments measured at fair value	1,441,496	1,199,244	242,252	-	
Investments reported at cost					
Liquid insured deposits	5,869	5,869	-	-	
Total Investments	\$ 1,447,365	\$ 1,205,113	\$ 242,252	\$ -	

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements as of September 30, 2019:

Level 2 inputs – U.S. government agency securities and corporate bonds totaling \$327,184 are valued using a market based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted securities.

Interest Rate Risk: The Town's policy on investments states that safety of principal is the foremost objective, followed by liquidity and yield. Each investment transaction shall seek to first insure that capital losses are avoided no matter the sources.

Credit Rate Risk: The Town's has investments in an external investment pool \$1,088,338 that is rated AAA-m by Standard & Poor's. Its policy states that investment decisions should not incur unreasonable risks in order to obtain current investment income and requires the overall quality rating to be no lower than AA- as measured by Standard & Poor's or the equivalent rating (Aa3) by Moody's Investor Service.

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Concentration of Credit Risk: The Town's investment portfolio had concentration of credit risk on September 30, 2019 due to the holdings of securities issued by the following U.S. Agencies and Corporate bonds that are both permitted by Statute and by the Town's Investment Policy. The Town's investment portfolio consisted of 2% of securities issued by the Federal National Mortgage Corporation, 2% of securities issued by Federal Home Loan Bank, 1% of securities issued by the Federal Farm Credit Bank, 2% Freddie Mac, 7% invested in Chevron Corporation bonds, 10% invested in Toyota Motor Credit Corporation bond, 77% in money market investments in LAMP.

Custodial Credit Risk-Investments: For an investment, this is the risk that, in the event of the failure of the counter party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's policy addresses custodial credit risk for investments by requiring that they must be held by national banks, state chartered banks or a national or state trust company in the name of the Town.

The \$1,114,312 in money market investments is invested in LAMP. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955. LAMP is a governmental investment pool that reports at fair value. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.

6. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

7. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

The Town utilizes the allowance method for proprietary funds to recognize doubtful accounts. The allowance for doubtful accounts at September 30, 2019 was \$-0-.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for electricity, water and sewer user fees in the Enterprise

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Funds. The Town's ability to collect the amounts due from the users of the Town electricity, water and sewer system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

8. Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Infrastructure, buildings and plant	15-50 years
Furniture and equipment	5-15 years
Transportation equipment	3-5 years

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

9. Statement of Cash Flows

For the purpose of the statement of cash flows for the enterprise fund, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. At September 30, 2019 the municipality's liability for compensated absences was \$44,338.

11. Long - Term Debt

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

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

12. Equity Classification

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

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

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

- a. Restricted fund balance – Includes fund balance amounts that are intended to be used for specific purposes which are externally imposed.
- b. Assigned fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on internal (Board) actions.
- c. Unassigned fund balance – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

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

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

13. Sales Taxes

2 ½ % Sales Tax

Proceeds of a 2 ½% sales and use tax levied by the Town of Vinton, LA. are dedicated to the following purposes:

1. Proceeds from 1%, being collected since April 1, 1975, is not dedicated for any special purpose and may be utilized for any lawful purpose.
2. Proceeds from 1%, being collected since July 1, 1979, is to provide additional funds for

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

the purposes of constructing and acquiring additions, extensions, and improvements to the sewerage collection, disposal and treatment plant system and other capital improvements; paying indebtedness incurred for said purposes or for any other lawful corporate purpose.

3. Proceeds from the ½% tax being collected since January 1, 1997, is for the following purposes: 75% for the maintenance and overlay of the hard surfaced streets; 25% for the fire department capital outlay and for the payment of insurance and utilities incurred relative to the operation of the fire stations.

14. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

15. Revenues, Expenditures, and Expenses

Program Revenues

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

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Sales taxes are considered as "measurable" when in the hands of sales tax collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Town primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Town.

16. Deferred Outflows of Resources and Deferred 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 or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

17. Subsequent Events

Management has evaluated subsequent events through February 27, 2020, the date the financial statements were available to be issued.

NOTE B - PROPERTY TAXES

For the year ended September 30, 2019 taxes of 5.760 mills were levied on property with assessed valuations totaling \$9,517,070 and were dedicated as follows:

General corporate purposes	5.760 mills
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Total taxes levied were \$54,819.

NOTE C - RECEIVABLES

The following is a summary of receivables for September 30, 2019:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Charges for services	\$ 24,492	\$ 523,232
Intergovernmental	64,132	-
Due from other funds	<u>100,846</u>	<u>14,984</u>
	<u>\$ 189,470</u>	<u>\$ 538,216</u>

NOTE D – CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2019 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Land	\$ 462,419	\$ -	\$ -	\$ 462,419
Buildings	2,352,900	8,362	-	2,361,262
Furniture and Equipment	2,143,402	56,951	-	2,200,353
Transportation Equipment	1,474,900	410,535	-	1,885,435
Infrastructure	12,175,197	146,085	-	12,321,282
Construction in Progress	<u>141,891</u>	<u>232,330</u>	<u>(145,858)</u>	<u>228,363</u>
Totals at historical cost	18,750,709	854,263	(145,858)	19,459,114
Less accumulated depreciation for:				
Buildings	994,866	53,334	-	1,048,200
Furniture and Equipment	1,652,183	127,166	-	1,779,349
Transportation Equipment	1,221,279	82,216	-	1,303,495
Infrastructure	<u>2,844,074</u>	<u>295,030</u>	-	<u>3,139,104</u>
Total accumulated depreciation	<u>6,712,402</u>	<u>557,746</u>	-	<u>7,270,148</u>
Governmental activities capital Assets, Net	<u>\$ 12,038,307</u>	<u>\$ 516,873</u>	<u>\$ (145,858)</u>	<u>\$ 12,188,966</u>

TOWN OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE D – CAPITAL ASSETS - CONTINUED

Business Type Activities:				
Land	\$ 328,950	\$ -	\$ -	\$ 328,950
Construction in progress	-	-	-	-
Buildings and plant	9,019,512	491,447	-	9,510,959
Furniture and equipment	370,650	-	-	370,650
Transportation equipment	841,543	28,229	-	869,772
Construction in progress	<u>-</u>	<u>91,008</u>	<u>-</u>	<u>91,008</u>
Totals at historical cost	10,560,655	610,684	-	10,560,655
Less accumulated depreciation for:				
Buildings and plant	5,186,840	163,958	-	5,350,798
Furniture and equipment	183,498	20,038	-	203,536
Transportation equipment	<u>585,644</u>	<u>28,361</u>	<u>-</u>	<u>614,005</u>
Total accumulated depreciation	<u>5,955,982</u>	<u>212,357</u>	<u>-</u>	<u>6,168,339</u>
Business-type activities capital assets, net	<u>\$ 4,604,673</u>	<u>\$ 398,327</u>	<u>\$ -</u>	<u>\$ 5,003,000</u>

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 39,712
Streets and park	362,343
Fire	83,341
Police	<u>72,350</u>
Total	<u>\$ 557,746</u>

The construction in progress consists of the following projects:

	<u>Estimated Completion Date</u>	<u>Total Budgeted</u>	<u>Construction In Progress</u>
Governmental Activities:			
2018-2019 LCDBG Waterline Impr.	September 2020	\$ 958,600	\$ 154,469
Horridge St. Bridge and Roadway	September 2020	<u>714,480</u>	<u>73,894</u>
		<u>1,673,080</u>	<u>228,363</u>
Business Type Activities:			
2018-2019 LCDBG Waterline Impr.	September 2020	<u>958,600</u>	<u>91,008</u>
		<u>\$ 2,631,680</u>	<u>\$ 319,371</u>

NOTE E – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2019:

	<u>Beginning of Year</u>	<u>Issued</u>	<u>Retired</u>	<u>End of Year</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General Obligation	\$ 355,237	\$ -	\$ 55,023	\$ 300,214	\$ 51,993

The payments on the bonds payable are made by the general and special revenue funds.

TOWN OF VINTON, LA.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2019

NOTE E – LONG-TERM LIABILITIES - CONTINUED

Long-term liabilities at September 30, 2019 are comprised of the following individual issues:

General Obligation Bonds:

\$870,000 Public improvement bonds dated May 26, 2007
 due in monthly installments of \$6,124 -through
 May 15, 2024; interest at 5.37% \$ 300,214

The annual requirements to amortize all bonds are as follows:

Year Ending <u>September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 51,993	\$ 14,947
2021	61,336	11,664
2022	64,760	15,520
2023	68,375	8,240
2024	<u>53,750</u>	<u>978</u>
	<u>\$ 300,214</u>	<u>\$ 37,349</u>

The Town has outstanding general obligation bonds totaling \$300,214 and notes from direct borrowings and direct placements totaling \$0. As of year end the Town has no unused lines of credit nor any assets pledged as collateral. The remedies for significant events of default is all installments to be immediately due and payable. In addition, the town will pay reasonable attorney fees and other such expenses.

NOTE F - PENSION PLAN

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

A. Municipal Employees Retirement System of Louisiana (System)

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

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

TOWN OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE F - PENSION PLAN - CONTINUED

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

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 24.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R. S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System under Plan A for the year ending September 30, 2019 was \$215,514.

At September 30, 2019, the Town reported a liability of \$1,805,160 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Town's proportion was .432019%.

For the year ended September 30, 2019, the City recognized pension expense (benefit) of \$37,824 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$5,241. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 44,047
Difference between expected and actual investment	179,045	-
Difference between expected and actual assumptions	45,622	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	-	119,337
Contributions subsequent to the measurement date	215,514	-
	<u>440,181</u>	<u>163,384</u>
Total	\$ 440,181	\$ 163,384

\$215,514 reported as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF VINTON, LA.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2019

NOTE F - PENSION PLAN - CONTINUED

Year ended September 30:	Amount
2020	\$ 46,661
2021	8,170
2022	28,106
2023	20,271
2024	-
Thereafter	-

Actuarial methods and assumption. 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.

The components on net pension liability of the System's employers as of June 30, 2019 are as follows:

Total Pension Liability	\$ 1,182,925,835
Plan Fiduciary Net Pension	765,059,686
Total Net Pension Liability	<u>\$ 417,866,149</u>

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

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.0%
Expected Remaining Service Lives	3 years
Projected Salary Increases	6.4% for 1 to 4 years of service 4.5% for more than 4 years of service
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table se equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Mortality	PubG-2010(B) Healthy Retiree Table se equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubG-2010(B) Healthy Retiree Table se equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

TOWN OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE F - PENSION PLAN - CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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.

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, 2019 are summarized in the following table:

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

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution 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.

Sensitivity to changes in discount rate. The following presents the net pension liability of the Town calculated using the discount rate of 7.0%, 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 6.0% or one percentage point higher 8.0% than the current rate.

	Changes in Discount Rate 2019		
	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Net Pension Liability (Asset)	\$ 2,353,738	\$ 1,805,160	\$ 1,341,541

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

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire with 30 years of creditable service at any age or at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life,

TOWN OF VINTON, LA.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2019

NOTE F - PENSION PLAN – CONTINUED

equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 708092250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 30.75% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the year ending September 30, 2019 was \$143,784.

At September 30, 2019, the Town reported a liability of \$1,266,349 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Town's proportion was .139440%.

For the year ended September 30, 2019, the Town recognized pension expense (benefit) of \$40,459 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$6,367. At September 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,657	\$ 38,960
Difference between expected and actual investment	82,273	-
Difference between expected and actual assumptions	70,964	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	118,658	166,753
Contributions subsequent to the measurement date	143,784	-
Total	\$ 418,336	\$ 205,713

\$143,784 reported as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other accounts reported as deferred

TOWN OF VINTON, LA.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2019

NOTE F - PENSION PLAN - CONTINUED

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

Year ended September 30:	Amount
2020	\$ 87,133
2021	15,458
2022	(9,729)
2023	26,910
2024	-
Thereafter	-

Actuarial methods and assumption. 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.

The components on net pension liability of the System's employers as of June 30, 2019 are as follows:

Total Pension Liability	\$ 3,132,449,454
Plan Fiduciary Net Pension	2,224,281,981
Total Net Pension Liability	<u>\$ 908,167,473</u>

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

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.125% (Net of investment expense)
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

TOWN OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE F - PENSION PLAN - CONTINUED

Salary increases, Including inflation and merit	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%

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

Asset Class	June 30, 2019	
	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.28%
Fixed Income	33.50%	0.80%
Alternative	18.00%	1.06%
Other	0.00%	0.00%
Totals	100.00%	5.14%
Inflation		2.75%
Expected Nominal Return		7.89%

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution 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.

Sensitivity to changes in discount rate. The following presents the net pension liability of the Town calculated using the discount rate of 7.125%, 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 6.125% or one percentage point higher 8.125% than the current rate.

	Changes in Discount Rate 2019		
	1% Decrease	Current	1% Increase
	6.125%	Discount Rate 7.125%	8.125%
Net Pension Liability (Asset)	\$ 1,764,441	\$ 1,266,349	\$ 848,499

NOTE G- 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 municipality 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 municipality. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

TOWN OF VINTON, LA.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2019

NOTE H- POWER SALES CONTRACT

The Town is obligated to purchase from Vinton Public Power Authority, a related entity, all power and energy required for the operation of the municipality's electric system on a "take or pay" basis. This contract expires on June 21, 2021 or when the debt of Vinton Public Power Authority is paid off, whichever occurs first.

NOTE I- CONTINGENCIES

The Town participates in a number of federal and state grant programs that are either partially or fully funded by grants received from other governmental units. Such grants are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the Town believes that any disallowed costs as a result of such audits will be immaterial.

NOTE J – INTERFUND RECEIVABLES AND PAYABLES

Individual amounts due from/to other funds at September 30, 2019, are as follows:

	<u>Due from</u>	<u>Due to</u>
General	\$ -	\$ 115,830
Special revenue	100,830	-
Capital projects	16	-
Proprietary	<u>15,000</u>	<u>16</u>
	<u>\$ 115,846</u>	<u>\$ 115,846</u>

NOTE K – OPERATING TRANSFERS IN/OUT

	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 1,149,895	\$ -
Special Revenue	-	840,816
Capital projects	191,401	-
Proprietary	<u>388,794</u>	<u>889,274</u>
	<u>\$ 1,730,090</u>	<u>\$ 1,730,090</u>

NOTE L - COUNCIL MEMBERS COMPENSATION

Each council member receives monthly compensation. The following is a list of council members and their compensation for the fiscal year ended September 30, 2019:

Bliss M. Bujard	\$ 900
William Loyd, Jr.	3,600
Stephanie Hardy	3,600
Patrick Vice	3,600
Marcus Renfrow	2,700
Paul Patin	<u>3,600</u>
	<u>\$ 18,000</u>

The compensation paid to the Mayor and the police chief for the year ended September 30, 2019, is as follows:

Kenneth Stinson, Mayor	<u>\$ 35,734</u>
R.D. Fox, Chief	<u>\$ 48,090</u>

TOWN OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE M – PRIOR PERIOD ADJUSTMENT

During 2019, the Town of Vinton, LA determined that it should not have accrued a receivable for a grant payment from the State of Louisiana for \$217,666 in its previously issued financial statements. As a result, the Town of Vinton, LA has restated its beginning fund balance of the capital projects fund and net position by \$217,666 and reduced its prior year accounts receivable by \$217,666.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF VINTON, LA.
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 Year Ended September 30, 2019

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Taxes	\$ 164,300	\$ 185,300	\$ 110,019	\$ (75,281)
Licenses and permits	54,000	45,500	122,093	76,593
Intergovernmental	529,500	495,848	1,266,434	770,586
Video poker	505,000	505,000	108,766	(396,234)
Fines	450,000	361,999	360,346	(1,653)
Interest	750	18,000	37,711	19,711
Miscellaneous	411,066	425,000	39,897	(385,103)
Total Revenues	<u>2,114,616</u>	<u>2,036,647</u>	<u>2,045,266</u>	<u>8,619</u>
EXPENDITURES				
Current				
General and administrative	816,856	794,179	779,224	14,955
Streets and alley	425,847	410,580	384,803	25,777
Fire	172,458	188,749	191,425	(2,676)
Police	1,226,202	1,184,914	1,175,992	8,922
Capital outlay	542,500	535,550	533,842	1,708
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>3,183,863</u>	<u>3,113,972</u>	<u>3,065,286</u>	<u>48,686</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,069,247)	(1,077,325)	(1,020,020)	57,305
OTHER FINANCING SOURCES (USES)				
Operating transfers in	850,000	1,080,000	1,149,895	69,895
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>850,000</u>	<u>1,080,000</u>	<u>1,149,895</u>	<u>69,895</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(219,247)	2,675	129,875	127,200
FUND BALANCE - BEGINNING	<u>3,570,554</u>	<u>3,570,554</u>	<u>3,570,554</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 3,351,307</u>	<u>\$ 3,573,229</u>	<u>\$ 3,700,429</u>	<u>\$ 127,200</u>

TOWN OF VINTON, LA.
 BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND
 Year Ended September 30, 2019

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Sales taxes	\$ 1,150,000	\$ 1,135,000	\$ 1,134,705	\$ (295)
Intergovernmental	-	-	-	-
Interest	3,000	4,500	6,357	1,857
Miscellaneous	-	-	-	-
Total Revenues	<u>1,153,000</u>	<u>1,139,500</u>	<u>1,141,062</u>	<u>1,562</u>
EXPENDITURES				
Current				
General and administrative	8,150	7,875	22,265	(14,390)
Fire	11,500	11,250	-	11,250
Capital outlay	-	47,502	43,991	3,511
Debt service				
Interest	17,977	17,977	17,977	-
Principal	55,023	55,023	55,023	-
Total Expenditures	<u>92,650</u>	<u>139,627</u>	<u>139,256</u>	<u>371</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	1,060,350	999,873	1,001,806	1,933
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out	(1,022,500)	(780,000)	(840,816)	(60,816)
Total other financing sources (uses)	<u>(1,022,500)</u>	<u>(780,000)</u>	<u>(840,816)</u>	<u>(60,816)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	37,850	219,873	160,990	(58,883)
FUND BALANCE - BEGINNING				
	<u>580,139</u>	<u>580,139</u>	<u>580,139</u>	<u>-</u>
FUND BALANCE - ENDING				
	<u>\$ 617,989</u>	<u>\$ 800,012</u>	<u>\$ 741,129</u>	<u>\$ (58,883)</u>

TOWN OF VINTON, LA
Schedule of Employer's Proportionate Share of Net Pension Liability
Year Ended September 30, 2019*

Municipal Employees' Retirement System of Louisiana:

	<u>September</u> <u>30, 2019</u>	<u>September</u> <u>30, 2018</u>	<u>September</u> <u>30, 2017</u>	<u>September</u> <u>30, 2016</u>	<u>September</u> <u>30, 2015</u>
Employer's portion of the net pension liability (asset)	0.432019%	0.465020%	0.4833340%	0.4789009%	0.4676539%
Employer's proportionate share of the net pension liability (asset)	\$ 1,805,160	\$ 1,925,498	\$ 2,021,990	\$ 1,962,877	\$ 1,670,533
Employer's covered payroll	\$ 803,646	\$ 849,460	\$ 858,172	\$ 872,337	\$ 804,258
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	224.62%	226.67%	235.61%	225.01%	207.71%
Plan fiduciary net position as a percentage of the total pension liability	64.68%	63.94%	63.49%	63.34%	74.0%

Municipal Police Employees' Retirement System:

	<u>September</u> <u>30, 2019</u>	<u>September</u> <u>30, 2018</u>	<u>September</u> <u>30, 2017</u>	<u>September</u> <u>30, 2016</u>	<u>September</u> <u>30, 2015</u>
Employer's portion of the net pension liability (asset)	0.139440%	0.1632570%	0.1325840%	0.1327660%	0.1316580%
Employer's proportionate share of the net pension liability (asset)	\$1,266,349	\$ 1,380,185	\$ 1,157,414	\$ 1,244,391	\$ 1,031,403
Employer's covered payroll	\$ 444,868	\$ 441,339	\$ 406,136	\$ 376,751	\$ 357,772
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	284.66%	312.73%	284.98%	330.30%	288.28%
Plan fiduciary net position as a percentage of the total pension liability	71.01%	71.89%	70.08%	70.73%	76.18%

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

*The amounts presented have a measurement date of June 30, 2019.

TOWN OF VINTON, LA
 Schedule of Employer's Contributions
 Year Ended September 30, 2019

Municipal Employees' Retirement System of Louisiana:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 158,873	\$ 158,873	\$ -	\$ 804,258	19.75%
2016	\$ 179,420	\$ 179,420	\$ -	\$ 872,337	20.57%
2017	\$ 199,675	\$ 199,675	\$ -	\$ 858,172	23.27%
2018	\$ 212,975	\$ 212,975	\$ -	\$ 849,460	25.07%
2019	\$ 215,514	\$ 215,514	\$ -	\$ 803,646	26.82%

Municipal Police Employees' Retirement System:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 110,773	\$ 110,773	\$ -	\$ 357,772	30.96%
2016	\$ 114,004	\$ 114,004	\$ -	\$ 376,751	30.26%
2017	\$ 128,083	\$ 128,083	\$ -	\$ 406,136	31.54%
2018	\$ 137,453	\$ 137,453	\$ -	\$ 441,339	31.14%
2019	\$ 143,784	\$ 143,784	\$ -	\$ 444,868	32.32%

OTHER INFORMATION

TOWN OF VINTON, LA
Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer
Year Ended September 30, 2019

Chief Executive Officer: Kenneth Stinson, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 35,734
Benefits-insurance	8,811
Benefits-retirement	9,459
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	325
Conference travel	814
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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

February 27, 2020

The Honorable Kenneth Stinson, Mayor
and the Town Council
Town of Vinton, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of the Town of Vinton, Louisiana, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Vinton, Louisiana's basic financial statements and have issued our report thereon dated February 27, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Vinton, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Thompson, Casiday: Shillory

TOWN OF VINTON, LA.
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended September 30, 2019

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses(es) identified? yes no
- Control deficiency(s) identified that are
not considered to be material weakness(es)? yes none reported

Noncompliance material to financial
statements noted? yes no

II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

None

III - Federal Award Findings and Questioned Costs

None

IV - Prior Year Audit Findings

None

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

February 14, 2020

To the Members of the Town Council
Vinton, Louisiana

We have performed the procedures included enumerated below, which were agreed to by the Town of Vinton, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year October 1, 2018 through September 30, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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 that 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.

The Town does not have a policies and procedures manual.

Management response: Management will implement a policy and procedures manual within the next year.

- 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.

The Town does not have a policies and procedures manual.

Management response: Management will implement a policy and procedures manual within the next year.

- c) *Disbursements*, including processing, reviewing, and approving.

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phone: 337.439.1986 • fax: 337.439.1366 • www.gcgcpcpa.com

The Town does not have a policies and procedures manual.

Management response: Management will implement a policy and procedures manual within the next year.

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

The Town does not have a policies and procedures manual.

Management response: Management will implement a policy and procedures manual within the next year.

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The Town does not have a policies and procedures manual.

Management response: Management will implement a policy and procedures manual within the next year.

- 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.

The Town does not have a policies and procedures manual.

Management response: Management will implement a policy and procedures manual within the next year.

- 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, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

The Town does not have a policies and procedures manual.

Management response: Management will implement a policy and procedures manual within the next year.

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

The Town does not have a policies and procedures manual.

Management response: Management will implement a policy and procedures manual within the next year.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The Town does not have a policies and procedures manual.

Management response: Management will implement a policy and procedures manual within the next year.

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

The Town does not have a policies and procedures manual.

Management response: Management will implement a policy and procedures manual within the next year.

- k) *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.

The Town does not have a policies and procedures manual.

Management response: Management will implement a policy and procedures manual within the next year.

Council 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.

The minutes reflected that the council met monthly.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

The Town Clerk presented the financial report to the council each month, however, it is not documented in the minutes which financial reports were presented.

Management response: The Town will reference the monthly budget-to-actual comparisons in the minutes.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

The Town did not have a negative fund balance in the general fund in the prior year.

Bank Reconciliations

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

Bank reconciliations did not include evidence that they were prepared within 2 months of the statement closing date.

Management response: The Town will date bank reconciliations when prepared.

- 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

Bank reconciliations did not include evidence that a member of management/council member reviewed each reconciliation.

Management response: The Town Clerk will review and initial all reconciliations to reflect documentation review going forward.

- 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.

Items outstanding for more than 12 months were researched.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/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).

Procedure was not performed due to no exceptions in the prior year.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select on 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 the 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.

Procedure was not performed due to no exceptions in the prior year.

- 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.

Procedure was not performed due to no exceptions in the prior year.

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

Procedure was not performed due to no exceptions in the prior year.

- d) The employee 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.

Procedure was not performed due to no exceptions in the prior year.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Procedure was not performed due to no exceptions in the prior year.

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 no the same day). Obtain supported documentation for each of the deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Procedure was not performed due to no exceptions in the prior year.

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

Procedure was not performed due to no exceptions in the prior year.

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

Procedure was not performed due to no exceptions in the prior year.

- 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).

Procedure was not performed due to no exceptions in the prior year.

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

Procedure was not performed due to no exceptions in the prior year.

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).

The listing was provided by management.

9. For each location selected under #8 above, obtain a list 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 lease two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

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.

The employee responsible for processing payments is not prohibited from adding/modifying vendor files. However, another employee periodically reviews 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.

The employee/official responsible for signing checks gives the signed checks to an employee to mail who is not responsible for processing payments.

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 that the disbursement matched the related original invoice/billing statement.

All transactions tested were paid by and matched the original invoice.

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

All transactions tested were authorized, approved and processed by different employees.

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.

The listing was provided by management.

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 that 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 excess fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

On the months tested, supporting documentation was not reviewed and approved in writing by someone other than the authorized card holder.

Management response: The Town will initiate a policy to have someone other than the cardholder review and approve in writing the supporting documentation for credit card purchases.

- b) Observe that finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assessed on the months tested.

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). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

All transactions tested had original itemized receipts attached to the statement with written documentation of the business/public purpose and documentation of the individuals participating in meals, when applicable.

Travel and Travel-Related Expense Reimbursements (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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Travel reimbursements were calculated using the U.S. General Services Administration mileage reimbursement rate.

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

Travel reimbursements tested were supported by an original itemized receipt.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Reimbursement was supported by documentation of the business/public purpose of the travel.

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

Reimbursements were not reviewed and approved in writing by someone other than the person receiving the reimbursement.

Management response: The Town will implement a policy to have all travel reimbursements reviewed and approved in writing by someone other than the person receiving the reimbursement.

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

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

Procedure was not performed due to no exceptions in the prior year.

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

Procedure was not performed due to no exceptions in the prior year.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Procedure was not performed due to no exceptions in the prior year.

- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure was not performed due to no exceptions in the prior year.

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 five employees/officials, obtain their paid salaries and personnel files, and agree paid salaries to the authorized pay rates in the personnel files.

The listing was provided by management. All salaries were paid in accordance to authorized payrates.

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). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All selected employees/officials documented their daily attendance and leave.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Supervisors approved the attendance and leave of the selected employees/officials.

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

All employees tested had documentation of cumulative leave.

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

Selected terminated employees tested were paid properly.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Documentation reflected that payroll tax return/reports, retirement contributions, health insurance premiums and workers' compensation premiums were timely paid, and associated forms filed, by required deadlines.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

All employees tested had documentation of one hour of ethics training during the fiscal period.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The Town does not have a written ethics policy.

Management response: The Town will implement a policy and procedures manual which will include an ethics policy and have all employees attest through signature verification that he or she has read it.

Debt Service

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

Procedure was not performed due to no exceptions in the prior year.

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.

Procedure was not performed due to no exceptions in the prior year.

Other

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.

Procedure was not performed due to no exceptions in the prior year.

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.

Procedure was not performed due to no exceptions in the prior year.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is 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.

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