

TOWN OF VINTON, LOUISIANA
ANNUAL FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORTS
YEAR ENDED SEPTEMBER 30, 2017

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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, 2017. 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 \$20,186,722 (net position) for the fiscal year reported.
- Total revenues of \$6,979,272 were in excess of total expenditures of \$7,236,106, which resulted in a current year deficit of \$274,276, compared to prior year surplus of \$175,037.
- Total net position is comprised of the following:
 - (1) Net invested in capital assets, of \$16,183,605 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 \$1,594,575.
 - (3) Unrestricted net position of \$2,408,542.
- The Town's governmental funds reported total ending fund balance of \$4,034,796 this year. This compares to the prior year ending fund balance of \$4,891,246, reflecting a decrease of \$856,450 during the current year, compared to an decrease of \$62,190 in the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,440,221, or 93% of total General Fund expenditures and 118% 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 47 through 48 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 \$20,169,279. The following table provides a summary of the Town's net position:

	Governmental Activities		Business-type Activities		Total		Percentage Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets:								
Current assets and other assets	\$ 4,950,698	\$ 5,853,981	\$ 3,726,653	\$ 2,730,193	\$ 8,677,351	\$ 8,578,174	34%	35%
Capital assets	<u>12,054,676</u>	<u>11,310,212</u>	<u>4,536,280</u>	<u>4,659,349</u>	<u>16,576,313</u>	<u>15,975,561</u>	<u>66</u>	<u>65</u>
Total assets	<u>\$17,005,374</u>	<u>\$17,164,193</u>	<u>\$ 7,262,933</u>	<u>\$ 7,389,542</u>	<u>\$25,253,664</u>	<u>\$24,553,735</u>	<u>100%</u>	<u>100%</u>
Deferred outflows of resources								
	<u>\$ 605,994</u>	<u>\$ 1,133,459</u>	<u>\$ 343,812</u>	<u>\$ -</u>	<u>\$ 949,806</u>	<u>\$ 1,133,459</u>	<u>-%</u>	<u>-%</u>
Liabilities:								
Current liabilities	\$ 916,801	\$ 957,743	\$ 456,320	\$ 464,892	\$ 1,373,121	\$ 1,422,635	28%	28%
Long-term liabilities	<u>2,546,763</u>	<u>3,738,263</u>	<u>1,039,992</u>	<u>-</u>	<u>3,589,558</u>	<u>3,738,263</u>	<u>72</u>	<u>72</u>
Total liabilities	<u>\$ 3,466,364</u>	<u>\$ 4,696,006</u>	<u>\$ 1,496,312</u>	<u>\$ 464,892</u>	<u>\$ 4,962,676</u>	<u>\$ 5,160,898</u>	<u>100%</u>	<u>100%</u>
Deferred inflows of resources								
	<u>\$ 39,840</u>	<u>\$ 82,741</u>	<u>\$ 31,675</u>	<u>\$ -</u>	<u>\$ 71,515</u>	<u>\$ 82,741</u>	<u>-%</u>	<u>-%</u>
Net position:								
Net invested in capital assets	\$11,647,325	\$10,781,702	\$ 4,536,280	\$ 4,659,349	\$16,166,162	\$15,441,051	74%	76%
Restricted	1,594,575	2,688,114	-	-	1,594,575	2,688,114	14	13
Unrestricted	<u>866,064</u>	<u>49,089</u>	<u>1,542,478</u>	<u>2,265,301</u>	<u>2,408,542</u>	<u>2,314,390</u>	<u>12</u>	<u>11</u>
Total net position	<u>\$14,107,964</u>	<u>\$13,518,905</u>	<u>\$ 6,078,758</u>	<u>\$ 6,924,650</u>	<u>\$20,169,279</u>	<u>\$20,443,555</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 5.4 to 1 for 2017 and 6.1 to 1 for 2016 and for business type activities is 8.2 to 1 for 2017 and 5.9 to 1 for 2016. For the Town overall, the current ratio is 6.3 to 1 for 2017 and 6.0 to 1 for 2016. These ratios are strong.

Note that approximately 83% (80% for 2016) 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 75% (67% for 2016) 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, 74% (76% for 2016) 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	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues:								
Program:								
Charges for services / fines	\$ 629,369	\$ 708,886	\$ 4,163,836	\$ 4,123,190	\$ 4,793,205	\$ 4,832,076	69%	68%
Operating grants	198,000	174,000	-	-	198,000	174,000	3	3
General:								
Sales taxes	1,135,434	1,139,110	-	-	1,135,434	1,139,110	16	16
Other taxes	208,402	198,373	-	-	208,402	198,373	3	3
Interest	1,191	8,963	6,742	9,932	7,933	18,895	-	-
Other	636,299	741,273	-	-	636,298	741,273	9	10
Total Revenues	2,808,695	2,970,605	4,170,578	4,133,122	6,979,272	7,103,727	100%	100%
Program expenses:								
General government	818,978	787,694	-	-	818,978	787,694	11%	11%
Public safety:								
Police	1,268,044	1,233,078	-	-	1,268,044	1,233,078	18	18
Fire	258,752	238,210	-	-	258,752	238,210	4	4
Streets and alley	685,892	667,618	-	-	700,534	667,618	10	10
Interest	23,532	26,072	-	-	26,332	26,072	-	-
Electric, water and sewer	-	-	4,180,908	3,976,018	4,180,908	3,976,018	57	57
Total Expenses	3,055,198	2,952,672	4,180,908	3,976,018	7,253,548	6,928,690	100%	100%
Excess (deficiency)	(246,504)	17,933	(10,330)	157,104	(274,276)	175,037		
Transfers	164,612	223,688	(164,612)	(223,688)	-	-		
Change in net position	(81,891)	241,621	(174,942)	(66,584)	(274,276)	175,037		
Beginning net position	13,518,905	13,296,784	6,924,650	6,991,234	20,443,555	20,288,018		
Prior period adjustment	670,950	(19,500)	(670,950)	-	-	(19,500)		
Net position - Beginning - restated	14,189,855	13,277,284	6,253,700	6,991,234	20,443,555	20,268,518		
Ending net position	\$14,107,964	\$13,518,905	\$ 6,078,758	\$ 6,924,650	\$20,169,279	\$20,443,555		

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% (16% for 2016) of the Town's total revenues. Sales taxes equal 40% (38% for 2016) of the revenues for governmental activities. Also note that program revenues, excluding grants, cover only 69% (69% for 2016) of governmental operating expenses. This means that the government's taxpayers and the Town's other general revenues fund 31% (31% for 2016) 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 17% (18% for 2016) of the Town's total expenses and 41% (40% for 2016) of the total governmental expenses. The total public safety makes up 50% (48% for 2016) 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 of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General government	\$ 818,978	\$ 787,652	\$ (620,978)	\$ (613,652)
Public safety:				
Police	1,268,044	1,233,078	(638,675)	(542,192)
Fire	258,752	238,210	(258,752)	(238,210)
Streets	700,534	667,618	(700,534)	(667,618)
Interest on long-term debt	26,332	26,113	(26,332)	(26,072)
Total	<u>\$ 3,072,640</u>	<u>\$ 2,952,671</u>	<u>\$ (2,245,271)</u>	<u>\$ (2,069,785)</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility funds were 10% more than 2016 and operating expenses were 5% more than 2016. Within the total business type activities of the Town, these activities reported a \$174,942 operating deficit compared to an operating surplus of \$147,172 for the prior year.

However, after contributed capital and transfers in and out, the fund reported an decrease of \$59,076, compared to a decrease of \$256,209 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 \$4,034,796 (\$4,891,246 for 2016), \$2,440,221 and \$2,688,114 of which is unrestricted and unassigned for 2017 and 2016, respectively, indicating availability for continuing Town service requirements.

The total ending fund balances of governmental funds show a decrease of \$856,450 compared to an decrease of \$42,690 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 \$237,089. In fiscal year 2016, the fund balance decreased by \$4,780. 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 \$161,910 or 5% less than the prior year, mainly due to fines revenue. The expenditures side show an increase of \$592,774 or 18% over the prior year, mainly due to an increase in capital outlay expenditures. Finally, transfers in from the sales tax fund were \$307,104 more than the prior year.

The general fund's ending fund balance is considered adequate, representing the equivalent of 93% of annual current expenditures.

The sales tax fund continues to accumulate strong fund balances; revenues in 2017 were 0.3% less than 2016 and 5% more than 2015, 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 \$19,910 mainly due to licenses and permits revenue and the actual expenditures were more than the final budget by \$176,882 mainly due to capital outlay expenditures.

The Sales Tax Fund - The actual revenues for the sales tax fund were in excess of the final budget by \$7,877 mainly due to sales taxes and the actual expenditures were less than the final budget by \$3,524 mainly due to general and administrative 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 of September 30, 2017, was \$12,040,033 and \$4,536,280 respectively. The overall increase was 4% 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	
	2017	2016	2017	2016	2017	2016
Non-depreciable asset:						
Land	\$ 462,419	\$ 462,419	\$ 328,950	\$ 328,950	\$ 791,369	\$ 791,369
Construction in progress	<u>422,834</u>	<u>749,200</u>	-	-	<u>413,694</u>	<u>749,200</u>
Total non-depreciable	885,253	1,211,619	328,950	328,950	1,205,063	1,540,569
Depreciable assets:						
Buildings	2,338,510	2,338,510	8,958,043	8,958,043	11,296,553	11,296,553
Furniture & equipment	1,928,193	1,871,047	370,649	310,520	2,298,842	2,181,667
Transportation equipment	1,438,257	1,361,468	644,079	644,079	2,082,336	2,005,547
Infrastructure	<u>11,651,151</u>	<u>10,226,355</u>	-	-	<u>11,651,151</u>	<u>10,226,355</u>
Total depreciable assets	17,356,111	15,797,380	9,972,771	9,912,742	27,328,882	25,710,122
Less accumulated depreciation	<u>6,177,537</u>	<u>5,692,787</u>	<u>5,765,441</u>	<u>5,582,343</u>	<u>11,942,978</u>	<u>11,275,130</u>
Book value-depreciable assets	<u>\$ 11,178,574</u>	<u>\$ 10,104,593</u>	<u>\$ 4,207,330</u>	<u>\$ 4,330,399</u>	<u>\$ 15,385,904</u>	<u>\$ 14,434,992</u>
Percentage depreciated	36%	36%	58%	56%	44%	44%
Book value-all assets	<u>\$ 12,063,827</u>	<u>\$ 11,316,212</u>	<u>\$ 4,536,280</u>	<u>\$ 4,659,349</u>	<u>\$ 16,590,967</u>	<u>\$ 15,975,561</u>

At September 30, 2017, the depreciable capital assets for governmental activities were 36% depreciated compared to 36% at September 30, 2016. 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 2015 Street improvement projects and the commercial park entrance project.

With the Town's business type activities, 58% of the asset values were depreciated at September 30, 2017 compared to 56% at September 30, 2016.

Long-term debt

At the end of the fiscal year, the Town had total bonded debt outstanding of \$407,351. 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 \$127,159 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.



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.

GRAHAM A. PORTUS, E.A.

KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.
BLAKE MANUEL, C.P.A.

INDEPENDENT AUDITORS' REPORT

March 5, 2018

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, 2017, 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, 2017, 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 47 through 50 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 March 5, 2018, 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.

Gragson Casiday & Guillory

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

TOWN OF VINTON, LA.
STATEMENT OF NET POSITION
September 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash	4,393,236	\$ 2,088,325	\$ 6,481,561	\$ 16,782,195
Investments	163,475	161,025	324,500	-
Receivables	393,987	477,303	871,290	277,009
Prepaid expense	-	-	-	17,857
Capital assets:				
Land	462,419	328,950	791,369	-
Capital assets, net	11,592,257	4,207,330	15,799,587	13,551,937
TOTAL ASSETS	<u>\$ 17,005,374</u>	<u>\$ 7,262,933</u>	<u>\$ 24,268,307</u>	<u>\$ 30,628,998</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>605,994</u>	<u>\$ 343,812</u>	<u>\$ 949,806</u>	<u>\$ 19,393</u>
LIABILITIES				
Accounts and other accrued payables	915,902	\$ 315,015	\$ 1,230,917	\$ 418,936
Customer meter deposits	-	141,305	141,305	-
Interest payable	899	-	899	146,694
Long-term liabilities:				
Net pension liability	2,139,412	1,039,992	3,179,404	31,794
Due within one year	52,114	-	52,114	1,245,000
Due after one year	355,237	-	355,237	5,790,000
TOTAL LIABILITIES	<u>\$ 3,463,564</u>	<u>\$ 1,496,312</u>	<u>\$ 4,959,876</u>	<u>\$ 7,632,424</u>
DEFERRED INFLOWS OF RESOURCES	<u>39,840</u>	<u>\$ 31,675</u>	<u>\$ 71,515</u>	<u>\$ 968</u>
NET POSITION				
Net invested in capital assets	\$ 11,647,325	\$ 4,536,280	\$ 16,183,605	\$ 6,516,937
Net position - Restricted	1,594,575	-	1,594,575	3,649,475
Net position - Unrestricted	866,064	1,542,478	2,408,542	12,848,587
TOTAL NET POSITION	<u>\$ 14,107,964</u>	<u>\$ 6,078,758</u>	<u>\$ 20,186,722</u>	<u>\$ 23,014,999</u>

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

TOWN OF VINTON, LA.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2017

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net position			Component Units
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Primary Government		Total	
				Governmental Activities	Business-Type Activities		
Governmental activities:							
General and administrative	818,978	\$ -	\$ 198,000	\$ (620,978)	\$ -	\$ (620,978)	\$ -
Streets and alley	685,892	-	-	(685,892)	-	(685,892)	-
Fire	258,752	-	-	(258,752)	-	(258,752)	-
Police	1,268,044	629,369	-	(638,675)	-	(638,675)	-
Interest on long-term debt	23,532	-	-	(23,532)	-	(23,532)	-
Total Governmental Activities	3,055,198	629,369	198,000	(2,227,829)	-	(2,227,829)	-
Business-type activities:							
Electric, water and sewer	4,180,908	4,163,836	-	-	(17,072)	(17,072)	-
Total primary government	<u>\$ 7,236,106</u>	<u>\$ 4,793,205</u>	<u>\$ 198,000</u>	(2,227,829)	(17,072)	(2,244,901)	-
Component Units:							
Vinton Public Power Authority	<u>\$ 2,889,813</u>	<u>\$ 2,406,920</u>	<u>\$ -</u>	-	-	-	(482,893)
General Revenues:							
Taxes -							
Property taxes, levied for general purposes				50,651	-	50,651	-
Sales and use taxes, levied for general purposes				1,135,434	-	1,135,434	-
Franchise taxes				23,827	-	23,827	-
Licenses and permits				133,924	-	133,924	-
Grants and contributions not restricted to specific programs-							
Federal and State sources				475,608	-	475,608	21,294
Interest and investment earnings				1,191	6,742	7,933	21,334
Miscellaneous				160,691	-	160,691	2,308,303
Transfers				164,612	(164,612)	-	-
Total general revenues				<u>2,145,938</u>	<u>(157,870)</u>	<u>1,988,068</u>	<u>2,350,931</u>
Change in net position				(81,891)	(174,942)	(256,833)	1,868,038
Net position - Beginning				13,518,905	6,924,650	20,443,555	21,146,961
Prior period adjustment				670,950	(670,950)	-	-
Net position - Beginning - Restated				<u>14,189,855</u>	<u>6,253,700</u>	<u>20,443,555</u>	<u>21,146,961</u>
Net position - Ending				<u>\$ 14,107,964</u>	<u>\$ 6,078,758</u>	<u>\$ 20,186,722</u>	<u>\$ 23,014,999</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, 2017

	General	Special Revenue	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 3,156,576	\$ 781,334	\$ 455,326	\$ 4,393,236
Investments	124,072	39,403	-	163,475
Receivables:				
Accounts	23,552	-	-	23,552
Intergovernmental	51,923	-	217,666	269,589
Due from other funds	-	100,830	16	100,846
TOTAL ASSETS	3,356,123	921,567	673,008	4,950,698
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,356,123	\$ 921,567	\$ 673,008	\$ 4,950,698
LIABILITIES				
Accounts payable	\$ 782,320	\$ -	\$ -	\$ 782,320
Accrued vacation payable	17,752	-	-	17,752
Due to other funds	115,830	-	-	115,830
TOTAL LIABILITIES	915,902	-	-	915,902
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCES				
Restricted	-	921,567	673,008	1,594,575
Unassigned	2,440,221	-	-	2,440,221
TOTAL FUND BALANCES	2,440,221	921,567	673,008	4,034,796
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,356,123	\$ 921,567	\$ 673,008	\$ 4,950,698

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, 2017

Total fund balance for governmental fund at September 30, 2017:		\$ 4,034,796
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 \$6,177,537 accumulated depreciation	11,592,257	12,054,676
Deferred outflows and inflows for pension resources and long-term debt are not financial resources or currently payable:		
Deferred inflows related to pensions		(39,840)
Deferred outflows related to pensions		605,994
Long-term liabilities at September 30, 2017:		
Bonds payable	(407,351)	
Net pension liability	(2,139,412)	
Accrued interest payable	(899)	(2,547,662)
Total net position of governmental activities at September 30, 2017		\$ 14,107,964

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, 2017

	General	Special Revenue	Capital Projects	Total
REVENUES				
Taxes	\$ 96,864	\$ 1,113,048	\$ -	\$ 1,209,912
Licenses and permits	133,924	-	-	133,924
Intergovernmental	610,794	-	62,814	673,608
Fines	629,369	-	-	629,369
Interest	(933)	1,829	295	1,191
Video poker	117,972	-	-	117,972
Miscellaneous	42,719	-	-	42,719
TOTAL REVENUES	<u>1,630,708</u>	<u>1,114,877</u>	<u>63,109</u>	<u>2,808,694</u>
EXPENDITURES				
Current				
General and administrative	685,028	35,695	-	720,723
Police	1,168,231	-	-	1,168,231
Fire	191,939	-	-	191,939
Streets and alley	372,856	-	1,993	374,849
Capital Outlay	138,865	12,329	1,072,020	1,223,214
Debt Service				
Principal	77,800	49,359	-	127,159
Interest	-	23,641	-	23,641
TOTAL EXPENDITURES	<u>2,634,719</u>	<u>121,024</u>	<u>1,074,013</u>	<u>3,829,756</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,004,011)	993,853	(1,010,904)	(1,021,062)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,241,100	-	241,219	1,482,319
Operating transfers out	-	(1,317,707)	-	(1,317,707)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,241,100</u>	<u>(1,317,707)</u>	<u>241,219</u>	<u>164,612</u>
NET CHANGES IN FUND BALANCE	237,089	(323,854)	(769,685)	(856,450)
FUND BALANCE - BEGINNING	<u>2,203,132</u>	<u>1,245,421</u>	<u>1,442,693</u>	<u>4,891,246</u>
FUND BALANCE - ENDING	<u>\$ 2,440,221</u>	<u>\$ 921,567</u>	<u>\$ 673,008</u>	<u>\$ 4,034,796</u>

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, 2017

Total net changes in fund balance at September 30, 2017 per
 Statement of Revenues, Expenditures and Changes in Fund Balances \$ (856,450)

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	1,223,214	
Depreciation expense for the year ended September 30, 2017	(484,750)	738,464

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.

127,159

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

109

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.

(91,173)

Total changes in net position at September 30, 2017 per Statement of Activities \$ (81,891)

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

TOWN OF VINTON, LA.
STATEMENT OF NET POSITION - PROPRIETARY FUND
September 30, 2017

ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,088,325
Investments	161,025
Receivables, accounts	436,313
Receivables, intergovernmental	26,006
Due from other funds	14,984
Total current assets	<u>2,726,653</u>
Fixed assets, net of accumulated depreciation	4,536,280
TOTAL ASSETS	<u>\$ 7,262,933</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>343,812</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 305,439
Accrued vacation payable	9,576
Customer meter deposits	141,305
Total current liabilities	<u>456,320</u>
Net pension liabilities	1,039,992
TOTAL LIABILITIES	<u>\$ 1,496,312</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>31,675</u>
NET POSITION	
Net invested in capital assets	\$ 4,536,280
Net position - Unrestricted	1,542,478
TOTAL NET POSITION	<u>\$ 6,078,758</u>

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, 2017

OPERATING REVENUES	
Electricity sales	\$ 2,867,370
Water sales	364,663
Sewer service charges	356,665
Vinton Public Power Authority Rebate	321,563
Vinton Public Power Authority - Administrative Fees	120,000
Penalties	101,597
Miscellaneous	31,978
Total Operating Revenues	<u>4,163,836</u>
OPERATING EXPENSES	
Electricity department	3,342,105
Water department	364,499
Sewer department	291,205
Depreciation	183,099
Total Operating Expenses	<u>4,180,908</u>
OPERATING INCOME (LOSS)	(17,072)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	<u>6,742</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(10,330)
Operating transfers in	252,348
Operating transfers out	<u>(416,960)</u>
CHANGE IN NET POSITION	(174,942)
NET POSITION, BEGINNING	6,924,650
Prior period adjustment	<u>(670,950)</u>
NET POSITION, BEGINNING-Restated	<u>6,253,700</u>
NET POSITION, ENDING	<u><u>\$ 6,078,758</u></u>

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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 4,122,717
Payments to suppliers	(2,414,939)
Payments to employees	(1,534,537)
Net cash from operating activities	<u>173,241</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Redemption of investments	2,381
Interest income	6,742
Purchase of fixed assets	(60,030)
Net cash from investment activities	<u>(50,907)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating transfers in	252,348
Operating transfers out	(416,960)
Net cash from non-capital financing activities	<u>(164,612)</u>
NET INCREASE (DECREASE) IN CASH	(42,278)
CASH - BEGINNING	<u>2,130,603</u>
CASH - ENDING	<u>\$ 2,088,325</u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ (17,072)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	183,099
Net adjustment to record pension liability	(997,563)
(Increase) decrease in receivables	(41,119)
Increase (decrease) in accounts payable and accrued expenses	5,904
Increase (decrease) in net pension liability	1,039,992
Net cash from operating activities	<u>\$ 173,241</u>

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

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

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, 2017.

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

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, 2017, 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, 2017

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 those 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, 2017

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, 2017, the Town has \$5,501,623 in deposits (collected bank balances). These deposits are secured from risk by \$519,195 of federal deposit insurance and \$4,982,428 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, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

The Town uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available-for-sale on a recurring basis. FASB ASC 820-10 defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at September 30, 2017 are as follows:

	<u>Fair Value</u>	Quoted prices in Active markets Identical assets <u>Level 1</u>	Significant Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>	<u>Cost</u>
Short-term investments:					
U.S. Government Securities	\$ 324,500	\$ 324,500	\$ -	\$ -	\$ 334,244

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, 2017 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 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.

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2017 the municipality's liability for compensated absences was \$27,328.

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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, then assigned funds, and finally unassigned funds, as needed, unless Board members or the finance committee has provided otherwise in its commitment or assignment actions.

TOWN OF VINTON, LA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 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.

TOWN OF VINTON, LA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 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 March 5, 2018, the date the financial statements were available to be issued.

NOTE B - PROPERTY TAXES

For the year ended September 30, 2017 taxes of 5.540 mills were levied on property with assessed valuations totaling \$8,953,990 and were dedicated as follows:

General corporate purposes	5.540 mills
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Total taxes levied were \$49,607.

NOTE C - RECEIVABLES

The following is a summary of receivables for September 30, 2017:

	Governmental Funds	Proprietary Funds
Charges for services	\$ 23,552	\$ 436,313
Intergovernmental	269,589	26,006
Due from other funds	100,846	14,984
	<u>\$ 393,987</u>	<u>\$ 477,303</u>

TOWN OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE D – CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2017 follows:

	Beginning of Year	Additions	Deletions	End of Year
Governmental activities:				
Land	\$ 462,419	\$ -	\$ -	\$ 462,419
Buildings	2,338,510	-	-	2,338,510
Furniture and Equipment	1,871,047	57,146	-	1,928,193
Transportation Equipment	1,361,468	76,789	-	1,438,257
Infrastructure	10,226,355	1,415,645	-	11,642,000
Construction In Progress	<u>749,200</u>	<u>1,062,841</u>	<u>(1,389,207)</u>	<u>422,834</u>
Totals at historical cost	17,008,999	2,612,421	(1,389,207)	18,232,213
Less accumulated depreciation for:				
Buildings	889,509	52,625	-	942,134
Furniture and Equipment	1,437,132	102,671	-	1,539,803
Transportation Equipment	1,061,544	77,235	-	1,138,779
Infrastructure	<u>2,304,602</u>	<u>252,219</u>	<u>-</u>	<u>2,556,821</u>
Total accumulated depreciation	<u>5,692,787</u>	<u>484,750</u>	<u>-</u>	<u>6,177,537</u>
Governmental activities capital Assets, Net	<u>\$ 11,316,212</u>	<u>\$ 2,127,672</u>	<u>\$ (1,389,207)</u>	<u>\$ 12,054,676</u>
Business Type Activities:				
Land	\$ 328,950	\$ -	\$ -	\$ 328,950
Construction in progress	-	-	-	-
Buildings and plant	8,958,043	-	-	8,958,043
Furniture and equipment	310,620	60,030	-	370,650
Transportation equipment	<u>644,079</u>	<u>-</u>	<u>-</u>	<u>644,079</u>
Totals at historical cost	10,241,692	60,030	-	10,301,722
Less accumulated depreciation for:				
Buildings and plant	4,860,028	163,276	-	5,023,304
Furniture and equipment	145,854	17,606	-	163,460
Transportation equipment	<u>576,461</u>	<u>2,217</u>	<u>-</u>	<u>578,678</u>
Total accumulated depreciation	<u>5,582,343</u>	<u>183,099</u>	<u>-</u>	<u>5,765,442</u>
Business-type activities capital assets, net	<u>\$ 4,659,349</u>	<u>\$ (123,069)</u>	<u>\$ -</u>	<u>\$ 4,536,280</u>

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 42,173
Streets and park	311,042
Fire	66,813
Police	<u>64,722</u>
Total	<u>\$ 484,750</u>

TOWN OF VINTON, LA.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017

NOTE D – CAPITAL ASSETS - CONTINUED

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:			
2016/2017 Street Overlay	December 2017	\$ 483,000	\$ 422,834
		<u>\$ 483,000</u>	<u>\$ 422,834</u>

NOTE E – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2017:

	<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	\$ 534,510	\$ -	\$ 127,159	\$ 407,351	\$ 52,114

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

Long-term liabilities at September 30, 2017 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%

\$ 407,351

The annual requirements to amortize all bonds are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 52,114	\$ 20,886
2019	55,023	17,977
2020	58,056	14,947
2021	61,334	11,664
2022	64,760	8,240
2023-2026	<u>116,064</u>	<u>5,603</u>
	<u>\$ 407,351</u>	<u>\$ 79,317</u>

TOWN OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

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.

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 22.75% 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, 2017 was \$199,675.

At September 30, 2017, the Town reported a liability of \$2,021,990 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the Town's proportion was .4833340%.

TOWN OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE F - PENSION PLAN - CONTINUED

For the year ended September 30, 2017, the City recognized pension expense (benefit) of \$110,636 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$815. At September 30, 2017, 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	\$ -	\$ 61,582
Difference between expected and actual investment	407,739	-
Difference between expected and actual assumptions	33,811	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	27,227	-
Contributions subsequent to the measurement date	199,675	-
Total	\$ 668,452	\$ 61,582

\$199,675 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, 2018. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	Amount
2018	\$ 135,732
2019	135,732
2020	135,731
2021	-
2022	-
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, 2017 are as follows:

Total Pension Liability	\$ 1,115,400,101
Plan Fiduciary Net Pension	697,057,939
Total Net Pension Liability	\$ 418,342,162

TOWN OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE F - PENSION PLAN - CONTINUED

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.400%
Expected Remaining Service Lives	3 years
Projected Salary Increases	5.0% (2.775% Inflation)
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using sale AA.
Mortality	RP-2000 Employees Sex Distinct Tables set back 2 years for both males and females.
Disabled lives mortality	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 for females.

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, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	50%	2.3%
Public fixed income	35%	1.6%
Alternatives	15%	0.7%
Totals	100%	4.6%
Inflation		2.6%
Expected Arithmetic Nominal Return		7.2%

TOWN OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE F - PENSION PLAN - CONTINUED

The discount rate used to measure the total pension liability was 7.4%. 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 7.4%, 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 6.4% or one percentage point higher 8.4% than the current rate.

	Changes in Discount Rate 2017		
	1% Decrease	Current	1% Increase
	6.4%	Discount Rate 7.4%	8.4%
Net Pension Liability (Asset)	\$ 2,576,687	\$ 2,021,990	\$ 1,548,848

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, 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 31.75% 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, 2017 was \$128,083.

At September 30, 2017, the Town reported a liability of \$1,157,414 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE F - PENSION PLAN – CONTINUED

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, 2017, the Town's proportion was .132584%.

For the year ended September 30, 2017, the Town recognized pension expense (benefit) of \$35,091 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$6,443. At September 30, 2017, 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	\$ 7,579	\$ 8,897
Difference between expected and actual investment	50,672	-
Difference between expected and actual assumptions	82,364	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	12,656	1,041
Contributions subsequent to the measurement date	128,083	-
Total	\$ 281,354	\$ 9,938

\$128,083 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, 2017. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	Amount
2018	\$ 35,833
2019	35,833
2020	35,833
2021	35,834
2022	-
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, 2017 are as follows:

Total Pension Liability	\$ 2,918,064,612
Plan Fiduciary Net Pension	2,045,022,309
Total Net Pension Liability	\$ 873,042,303

TOWN OF VINTON, LA.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017

NOTE F - PENSION PLAN - CONTINUED

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.325% (Net of investment expense)
Expected Remaining Service Lives	4 years
Inflation Rate	2.70%
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.

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, 2017 are summarized in the following table:

Asset Class	June 30, 2016	
	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	53.00%	3.66%
Fixed Income	21.00%	0.52%
Alternative	20.00%	1.10%
Other	6.00%	0.16%
Totals	100.00%	5.44%
Inflation		2.75%
Expected Nominal Return		8.19%

TOWN OF VINTON, LA.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017

NOTE F - PENSION PLAN - CONTINUED

The discount rate used to measure the total pension liability was 7.325%. 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 7.325%, 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 6.325% or one percentage point higher 8.325% than the current rate.

	Changes in Discount Rate 2017		
	1% Decrease 6.325%	Current Discount Rate 7.325%	1% Increase 8.325%
Net Pension Liability (Asset)	\$ 1,599,218	\$ 1,157,414	\$ 786,957

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.

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.

TOWN OF VINTON, LA.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE J – INTERFUND RECEIVABLES AND PAYABLES

Individual amounts due from/to other funds at September 30, 2017, are as follows:

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

NOTE K – OPERATING TRANSFERS IN/OUT

	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 1,241,100	\$ -
Special Revenue	-	1,317,707
Capital projects	241,219	-
Proprietary	252,348	416,960
	<u>\$ 1,734,667</u>	<u>\$ 1,734,667</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, 2017:

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

The compensation paid to the Mayor and the police chief for the year ended September 30, 2017, is as follows:

Kenneth Stinson, Mayor	<u>\$ 35,734</u>
R.D. Fox, Chief	<u>\$ 47,050</u>

NOTE M – PRIOR PERIOD ADJUSTMENT

The beginning net position has been restated to reflect the following adjustments for the reclassification on Net Pension Liability between activities:

	<u>Governmental- Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position at September 30, 2016	\$ 13,518,905	\$ 6,924,650	\$ 20,443,555
Net Pension Liability Adjustment	<u>670,950</u>	<u>(670,950)</u>	<u>-</u>
Net position at September 30, 2016, restated	<u>\$ 14,189,855</u>	<u>\$ 6,253,700</u>	<u>\$ 20,443,555</u>

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF VINTON, LA.
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 Year Ended September 30, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Taxes	\$ 164,000	\$ 164,000	\$ 96,864	\$ (67,136)
Licenses and permits	49,500	49,500	133,924	84,424
Intergovernmental	550,000	605,000	610,794	5,794
Video poker	140,000	140,000	117,972	(22,028)
Fines	864,000	624,000	629,369	5,369
Interest	600	600	(933)	(1,533)
Miscellaneous	27,698	27,698	42,719	15,021
Total Revenues	<u>1,795,798</u>	<u>1,610,798</u>	<u>1,630,708</u>	<u>19,910</u>
EXPENDITURES				
Current				
General and administrative	718,355	690,101	685,028	5,073
Streets and alley	431,752	397,131	372,856	24,275
Fire	172,280	186,588	191,939	(5,351)
Police	1,197,754	1,179,981	1,168,231	11,750
Capital outlay	124,090	280,000	138,865	141,135
Debt service				
Principal	75,000	77,800	77,800	-
Interest	-	-	-	-
Total Expenditures	<u>2,719,231</u>	<u>2,811,601</u>	<u>2,634,719</u>	<u>176,882</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(923,433)	(1,200,803)	(1,004,011)	196,792
OTHER FINANCING SOURCES (USES)				
Operating transfers in	725,000	975,900	1,241,100	265,200
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>725,000</u>	<u>975,900</u>	<u>1,241,100</u>	<u>265,200</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	(198,433)	(224,903)	237,089	461,992
FUND BALANCE - BEGINNING				
	<u>2,203,132</u>	<u>2,203,132</u>	<u>2,203,132</u>	<u>-</u>
FUND BALANCE - ENDING				
	<u>\$ 2,004,699</u>	<u>\$ 1,978,229</u>	<u>\$ 2,440,221</u>	<u>\$ 461,992</u>

TOWN OF VINTON, LA.
 BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND
 Year Ended September 30, 2017

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Sales taxes	\$ 1,062,500	\$ 1,105,000	\$ 1,113,048	\$ 8,048
Intergovernmental - grant	-	-	-	-
Interest	1,500	2,000	1,829	(171)
Miscellaneous	-	-	-	-
Total Revenues	<u>1,064,000</u>	<u>1,107,000</u>	<u>1,114,877</u>	<u>7,877</u>
EXPENDITURES				
Current				
General and administrative	9,488	5,500	35,695	(30,195)
Capital outlay	10,625	39,000	12,329	26,671
Debt service				
Interest	23,641	23,641	23,641	-
Principal	49,359	49,359	49,359	-
Total Expenditures	<u>93,113</u>	<u>117,500</u>	<u>121,024</u>	<u>(3,524)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	970,887	989,500	993,853	4,353
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out	(749,375)	(1,041,500)	(1,317,707)	(276,207)
Total other financing sources (uses)	<u>(749,375)</u>	<u>(1,041,500)</u>	<u>(1,317,707)</u>	<u>(276,207)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	221,512	(52,000)	(323,854)	(271,854)
FUND BALANCE - BEGINNING	<u>1,245,421</u>	<u>1,245,421</u>	<u>1,245,421</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,466,933</u>	<u>\$ 1,193,421</u>	<u>\$ 921,567</u>	<u>\$ (271,854)</u>

TOWN OF VINTON, LA
 Schedule of Employer's Proportionate Share of Net Pension Liability
 Year Ended September 30, 2017*

Municipal Employees' Retirement System of Louisiana:

	<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)	0.4833340%	0.4789009%	0.4676539%
Employer's proportionate share of the net pension liability (asset)	\$ 2,021,990	\$ 1,962,877	\$ 1,670,533
Employer's covered payroll	\$ 858,172	\$ 872,337	\$ 804,258
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	235.61%	225.01%	207.71%
Plan fiduciary net position as a percentage of the total pension liability	63.49%	63.34%	74.0%

Municipal Police Employees' Retirement System:

	<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)	0.1325840%	0.1327660%	0.1316580%
Employer's proportionate share of the net pension liability (asset)	\$ 1,157,414	\$ 1,244,391	\$ 1,031,403
Employer's covered payroll	\$ 406,136	\$ 376,751	\$ 357,772
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	284.98%	330.30%	288.28%
Plan fiduciary net position as a percentage of the total pension liability	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, 2017

TOWN OF VINTON, LA
 Schedule of Employer's Contributions
 Year Ended September 30, 2017

Municipal Employees' Retirement System of Louisiana:

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
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%

Municipal Police Employees' Retirement System:

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
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%

OTHER INFORMATION

TOWN OF VINTON, LA
Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer
Year Ended September 30, 2017

Chief Executive Officer: Kenneth Stinson, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 35,734
Benefits-insurance	8,532
Benefits-retirement	8,322
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	375
Conference travel	547
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.

GRAHAM A. PORTUS, E.A.

KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.
BLAKE MANUEL, C.P.A.

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*

March 5, 2018

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, 2017, 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 March 5, 2018.

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.

Gragson, Casiday & Guillory

TOWN OF VINTON, LA.
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended September 30, 2017

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial
statements noted? ___ yes X 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

Finding 2016-001: Budgetary Authority and Control

-This finding has been satisfactorily resolved.



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

February 14, 2018

To the Honorable Kenneth Stinson, Mayor and the Town Council
Town of 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 (SAUP's) for the fiscal year October 1, 2016 through September 30, 2017. The Town's management is responsible for those C/C areas identified in the SAUP's.

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 the Town's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Town does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
The Town does not have a policies and procedures manual.
 - 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.
 - c) *Disbursements*, including processing, reviewing, and approving.
The Town does not have a policies and procedures manual.
 - d) *Receipts*, including receiving, recording, and preparing deposits.
The Town does not have a policies and procedures manual.

- 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.

- 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.

- 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.

The Town does not have a policies and procedures manual.

- 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.

- 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 Town's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The Town does not have a policies and procedures manual.

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

The Town does not have a policies and procedures manual.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board minutes for the fiscal year, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Board met monthly in the fiscal year.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Town's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal year reflect that the board is monitoring the plan.

The minutes did not reference nor include monthly budget-to-actual comparisons.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal year.

Minutes, where applicable, contained approval of non-budgetary financial information.

Bank Reconciliations

- 3. Obtain a listing of Town bank accounts from management and management's representation that the listing is complete.

The listing was provided by management.

- 4. Using the listing provided by management, select all of the Town's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal year and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for all of the selected bank accounts for all months in the fiscal year where transactions existed.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There is no documentation that a member of management or a board member has reviewed each bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Items outstanding for more than 6 months as of the end of the fiscal period had no research documentation.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

The listing was provided by management.

6. Using the listing provided by management, select all of the Town's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The employees accepting payments are bonded. The employees who collect cash are not responsible for depositing the cash in the bank, recording the transaction or reconciling the bank accounts. Cash drawers are not shared with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Town has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Town has a formal process to reconcile cash collections to the subsidiary ledger and to the general ledger by revenue source by a person who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using Town collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

All deposits were made within one day of collections.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No evidence of exceptions was found during the testing.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Town has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Town does not have a policies and procedures manual.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of Town disbursements from management or, alternately, obtain the general ledger and sort/filter for Town disbursements. Obtain management's representation that the listing or general ledger population is complete.

The listing was provided by management.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Town had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

Randomly selected 25 disbursements and obtained supporting documentation for each transaction.

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

When applicable, purchases were initiated using a purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who initiated the purchase order.

Purchase orders were approved by the same person who initiated the purchase order.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Payments were processed with an approved purchase order, where applicable, and approved invoice.

10. Using Town documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Town's purchasing/disbursement system.

The individual responsible for processing payment is prohibited from adding vendors to the system.

11. Using Town documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The individuals with signatory authority and authorization for disbursements have no responsibility to initiate or record purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Town documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The Town's checks are electronically printed on blank check stock. Blank check stock is maintained in a locked location with restricted access. One of the individuals with signatory authority has system access to print checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The City Clerk has a signature stamp, maintained under her control and used only with her knowledge and consent. Checks are maintained under the control of the signer or authorized user until mailed.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. 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.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Town has less than 10 cards) that were used during the fiscal year, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

There is no written approval or review documentation on statements.

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

There were no finance charges or late fees assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

Each transaction was supported by an itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Each transaction documents business/public purpose. Meal receipts document individuals participating.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The Town does not have a policies and procedures manual.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Town's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

The Town does not have a policies and procedures manual. Transactions were not subject to Louisiana Public Bid Law.

- c) For each transaction, compare the Town's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal year or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

The listing was provided by management.

18. Obtain the Town's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Town does not have a written travel and expense reimbursement policy. However, for actual reimbursements included in testing, none exceeded the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Town does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

For the expense reimbursements tested, they did not exceed the GSA rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Each expense was supported by an itemized receipt or reimbursed based on an established per diem amount.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Each expense was supported by documentation of business/public purpose.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

All documentation appeared to be in order.

- c) Compare the Town's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The Town's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each expense and related documentation were not approved in writing by someone other than the person receiving reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

The listing was provided by management.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Each vendor selected is supported by a formal/written contract.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Town complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

The contracts/vendors complied with public bid law when applicable.

- If no, obtain supporting contract documentation and report whether the Town solicited quotes as a best practice.

Solicited quotes were not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Payments complied with the contracts.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Documentation provided reflected approval by the Board.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

The listing was provided by management.

- a) Review compensation paid to each employee during the fiscal year and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

All selected employees were paid in strict accordance with the approved pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal year and report whether those changes were approved in writing and in accordance with written policy.

Changes made to hourly pay rates/salaries during the fiscal year were approved in writing.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Town had less than 25 employees during the fiscal period), and:

- a) Report whether 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/official documented their daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Of the selected employees/official, only the police department have written documentation that supervisors approved attendance and leave.

- c) Report whether there is written documentation that the Town maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The Town maintains written leave records.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest

termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Not applicable. There were no terminations in the fiscal period.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Documentation reflected that payroll tax and retirement return/reports were timely filed and paid.

Ethics

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Town maintained documentation to demonstrate that required ethics training was completed.

The Town maintained documentation for all selected employees to demonstrate that required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the Town during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Town's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management was not notified of any alleged or actual ethics violations during the fiscal period.

Debt Service

28. If debt was issued during the fiscal year, obtain supporting documentation from the Town, and report whether State Bond Commission approval was obtained.

No debt was issued during the fiscal year.

29. If the Town had outstanding debt during the fiscal period, obtain supporting documentation from the Town and report whether the Town made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Town made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

30. If the Town had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Town did not have tax millages related to debt service.

Other

31. Inquire of management whether the Town had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Town reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Town is domiciled.

Management informed us that the Town did not have any misappropriation of public funds or assets during the fiscal year.

32. Observe and report whether the Town has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Town did have the required notice posted in a conspicuous place upon its premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

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 SAUP's. 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 SAUP's, 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.

Dragson, Cassidy & Quilley