
VILLAGE OF PORT VINCENT, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2019

VILLAGE OF PORT VINCENT, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mr. Johnnie Page, Mayor
And Board of Aldermen and Alderwomen
Port Vincent, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major fund of the Village of Port Vincent, Louisiana, as of and for the year then ended, June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village'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 and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major fund of the Village of Port Vincent, Louisiana, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of proportionate share of the net pension liability, and schedule of system contributions on pages 3 through 8 and 34 through 36, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide 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 Village of Port Vincent, Louisiana's basic financial statements. The schedule of per diem paid and the schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of per diem paid and the schedule of compensation, and the benefits and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 per diem paid and the schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of the Village of Port Vincent, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Port Vincent, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Port Vincent, Louisiana's internal control over financial reporting and compliance.


Gonzales, Louisiana
November 15, 2019

VILLAGE OF PORT VINCENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

This section of Village's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year that ended on June 30, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- The Village's combined total net position equaled \$851,445 over the course of the year's operations. Net position of the governmental activities was \$554,879 and \$296,566 in the net position of the business-type activities.
- During the year, the Village's governmental activities expenses were \$1,176 less than the \$522,170 generated in charges for services, capital grants & contributions, intergovernmental, and other revenue. In the Village's business-type activities, total revenues were \$51,411 and total expenses were \$55,741. The Village reported a gain from the sale of the waterworks assets of \$24,838. The sale is reported as a special item.
- The Village's general fund reported a decrease in fund balance of \$22,063 during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts-management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as water.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Village's financial statements, including the portion of the Village's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

VILLAGE OF PORT VINCENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

**Figure A-1
Major Features of Village's Government and Fund Financial Statements**

	Fund Statements		
	Government-wide Statements	Governmental Fund	Proprietary Fund
Scope	Entire Village Government (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary, such as police, fire, and parks	Activities the Village operates similar to private businesses: the water system
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

VILLAGE OF PORT VINCENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Government-wide Statements

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's net position and how they have changed. Net position, the difference between the Village's assets and liabilities, is one way to measure the Village's financial health, or position.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Village are divided into two categories:

- Governmental activities-most of the Village's basic services are included here, such as the police department, and general administration. Fines and fees finance most of these activities.
- Business-type activities-The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's water system is included here.

Fund Financial Statements

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

The Village has two kinds of funds:

- Governmental fund-Most of the Village's basic services are included in the governmental fund, which focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary fund-Services for which the Village charges customers a fee is generally reported in the proprietary fund. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.
 - In fact, the Village's enterprise fund (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

VILLAGE OF PORT VINCENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position. The Village's combined net position was \$851,445 at the end of the fiscal year. (See Table A-1.)

Table A-1

Village's Net Position

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Current and other assets	\$ 426,941	\$ 458,369	\$ 298,572	\$ 180,503
Capital assets, net	358,170	281,555	-	98,302
Total assets	785,111	739,924	298,572	278,805
Deferred outflows of resources	121,983	160,083	-	-
Total assets and deferred outflows of resources	907,094	900,007	298,572	278,805
Current liabilities	8,870	18,235	2,006	2,747
Long-term liabilities	326,335	325,103	-	-
Total liabilities	335,205	343,338	2,006	2,747
Deferred inflows of resources	17,010	2,966	-	-
Total liabilities and deferred inflows of resources	352,215	346,304	2,006	2,747
Net position				
Net investment in capital assets	358,170	281,555	-	98,302
Unrestricted	196,709	272,148	296,566	177,756
Total net position	\$ 554,879	\$ 553,703	\$ 296,566	\$ 276,058

Changes in net position. The Village's total revenues for all programs were \$598,419 at year end (See Table A-2.) Approximately 75 percent of the Village's revenue comes from fines, fees, and charges for services. Taxes and licenses make up 15 percent and the remaining make up interest, and miscellaneous revenue.

The total cost of all programs and services were \$576,735. The Village's expenses cover all services performed by its office.

VILLAGE OF PORT VINCENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Table A-2
Changes in Village's Net Position

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Revenues				
Program revenues				
Charges for services	\$ 387,731	\$ 394,818	\$ 48,564	\$ 50,453
Capital grants & contributions	9,953	107,886	-	-
General revenues				
Intergovernmental	88,012	90,199	-	-
Miscellaneous	29,537	16,696	-	-
Interest	6,937	4,674	2,847	997
Total revenues	522,170	614,273	51,411	51,450
Expenses				
General government	223,144	254,966	55,741	51,169
Public safety	297,850	285,542	-	-
Total expenses	520,994	540,508	55,741	51,169
Excess (deficiency) before special item	1,176	73,765	(4,330)	281
Special Item				
Sale of waterworks assets	-	-	24,838	-
Changes in net position	\$ 1,176	\$ 73,765	\$ 20,508	\$ 281

Governmental Activities

Revenues for the Village's governmental activities were \$1,176 more than total expenses for year end. The cost of all governmental activities this year was \$520,994. Decreases in revenues are primarily due to less law enforcement activity on traffic violations and capital grants received.

Business-type Activities

Revenues were \$51,411 and expenses were \$55,741 of the Village's business-type activities. During the year, the Village sold the assets of the business-type activities for \$100,000 resulting in a gain of \$24,838.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental fund reported a fund balance of \$418,071. General Fund's fund balance decreased by \$22,063. There was a decrease in revenues due to less law enforcement activity on traffic violations and capital grants received. The Village's Proprietary Fund increased net position by \$20,508 over the year. Revenues remained consistent with prior year. Expenses increased due to increases in maintenance and repair costs. The Village sold the waterworks assets during the year for \$100,000 and recorded a gain from the sale of \$24,838, which is considered a special item.

VILLAGE OF PORT VINCENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, there was one amendment made to the general fund budget. Revenues decreased by \$57,900 and were attributed to the following:

- Fines and court fees decreased \$83,800
- State and local grants increased \$3,200
- State supplemental increased \$14,000
- Beer tax decreased \$2,000
- Franchise tax increased \$7,000
- Occupational licenses decreased \$1,000
- Interest income increased \$6,000
- Other income decreased \$1,300

Expenditures increased by \$9,800 and were attributed to a decrease of \$34,100 in general government, a decrease of \$21,900 in public safety, and an increase of \$65,800 in capital outlay.

CAPITAL ASSETS

At the end of 2019, the Village had invested approximately \$358,170 in a broad range of capital assets, including police equipment, vehicles, buildings, and improvements. (See Table A-3)

**Table A-3
Village's Capital Assets**

	Governmental Activities
Land	\$ 87,309
Buildings & Improvements	219,772
Equipment, Furniture & Fixtures	50,156
Vehicles	142,749
Less: Accumulated depreciation	(141,816)
Total	\$ 358,170

During the year, the Village purchased land for \$25,381, a vehicle for \$32,244, equipment for \$7,088, and renovated the Community Center for \$50,362.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village is dependent on fines and court costs for 79% of its revenues. Taxes, licenses, fees, and permits account for 13%. Grants and supplemental pay account for 5% of revenues. The economy is not expected to generate any significant growth; therefore, the Village's revenues and expenditures are expected to remain comparable to the current years.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Johnnie Page, Mayor, 18235 LA Hwy 16, Port Vincent, LA 70726.

VILLAGE OF PORT VINCENT
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
<u>ASSETS</u>			
Cash and cash equivalents	\$ 409,308	\$ 296,659	\$ 705,967
Receivables	17,633	1,913	19,546
Nondepreciable capital assets	87,309	-	87,309
Capital assets, net of accumulated depreciation	270,861	-	270,861
	<hr/>	<hr/>	<hr/>
Total assets	785,111	298,572	1,083,683
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	121,983	-	121,983
Total deferred outflows of resources	121,983	-	121,983
	<hr/>	<hr/>	<hr/>
Total assets and deferred outflows of resources	\$ 907,094	\$ 298,572	\$ 1,205,666
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
<u>LIABILITIES</u>			
Accrued expenses	\$ 8,870	\$ -	\$ 8,870
Customer advances	-	2,006	2,006
Long-term liabilities:			
Net pension liability	326,335	-	326,335
	<hr/>	<hr/>	<hr/>
Total liabilities	335,205	2,006	337,211
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	17,010	-	17,010
Total deferred inflows of resources	17,010	-	17,010
	<hr/>	<hr/>	<hr/>
Total liabilities and deferred inflows of resources	352,215	2,006	354,221
<u>NET POSITION</u>			
Net investment in capital assets	358,170	-	358,170
Unrestricted	196,709	296,566	493,275
	<hr/>	<hr/>	<hr/>
Total net position	554,879	296,566	851,445
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and net position	\$ 907,094	\$ 298,572	\$ 1,205,666
	<hr/>	<hr/>	<hr/>

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

VILLAGE OF PORT VINCENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
General government	\$ 223,144	\$ -	\$ 9,953	\$ (213,191)	\$ -	\$ (213,191)
Public safety	297,850	387,731	-	89,881	-	89,881
Total governmental activities	<u>520,994</u>	<u>387,731</u>	<u>9,953</u>	<u>(123,310)</u>	<u>-</u>	<u>(123,310)</u>
Business-type activities:						
Utility operations	<u>55,741</u>	<u>48,564</u>	<u>-</u>	<u>-</u>	<u>(7,177)</u>	<u>(7,177)</u>
Total primary government	<u>\$ 576,735</u>	<u>\$ 436,295</u>	<u>\$ 9,953</u>	<u>(123,310)</u>	<u>(7,177)</u>	<u>(130,487)</u>
General Revenues:						
Intergovernmental revenues:						
State supplemental				14,250	-	14,250
Parish supplemental				3,300	-	3,300
Beer tax				196	-	196
Franchise taxes and permits				38,671	-	38,671
Insurance premium tax				18,009	-	18,009
Occupational licenses				13,586	-	13,586
Interest income				6,937	2,847	9,784
Other:						
Cellular tower rental				8,720	-	8,720
Non-employer contributions to pension plan				7,617	-	7,617
Other income				13,200	-	13,200
Total general revenues				<u>124,486</u>	<u>2,847</u>	<u>127,333</u>
Excess (deficiency) before special item				1,176	(4,330)	(3,154)
Special Item:						
Gain on sale of waterworks assets				-	24,838	24,838
Change in net position				1,176	20,508	21,684
Total net position - July 1, 2018				<u>553,703</u>	<u>276,058</u>	<u>829,761</u>
Total net position - June 30, 2019				<u>\$ 554,879</u>	<u>\$ 296,566</u>	<u>\$ 851,445</u>

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

VILLAGE OF PORT VINCENT
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 409,308
Receivables	<u>17,633</u>
Total assets	<u><u>\$ 426,941</u></u>
LIABILITIES	
Accrued expenses	\$ 8,870
Total liabilities	<u>8,870</u>
FUND BALANCE	
Unassigned	<u>418,071</u>
Total fund balance	<u>418,071</u>
Total liabilities and fund balance	<u><u>\$ 426,941</u></u>

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

VILLAGE OF PORT VINCENT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balance at June 30, 2019 - Governmental Fund		\$ 418,071
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows - pension related		121,983
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund		
Cost of capital assets at June 30, 2019	\$ 499,986	
Less: accumulated depreciation as of June 30, 2019	<u>(141,816)</u>	358,170
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental fund		
Net pension liability		(326,335)
Deferred inflows - pension related		<u>(17,010)</u>
Total net position at June 30, 2019 - Governmental Activities		<u>\$ 554,879</u>

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

VILLAGE OF PORT VINCENT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>
REVENUES	
Fines and court fees	\$ 387,731
Intergovernmental revenues:	
State and local grants	7,677
Federal grants	2,276
State supplemental	14,250
Parish supplemental	3,300
Beer tax	196
Franchise taxes and permits	38,671
Insurance premium tax	18,009
Occupational licenses	13,586
Interest income	6,937
Other:	
Cellular tower rental	8,720
Other income	7,050
Total revenues	<u>508,403</u>
 EXPENDITURES	
Current:	
General government	211,269
Public safety	211,622
Capital outlay	<u>115,075</u>
Total expenditures	<u>537,966</u>
 Excess of revenues under expenditures	 (29,563)
 OTHER FINANCING SOURCES	
Insurance proceeds	<u>7,500</u>
 Net change in fund balance	 (22,063)
 Fund balance at beginning of year	 <u>440,134</u>
 Fund balance at end of year	 <u>\$ 418,071</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PORT VINCENT
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2019

Total net change in fund balance for the year ended June 30, 2019 \$ (22,063)

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

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

Capital outlay included in expenditures	115,075	
Depreciation expense for year ended June 30, 2019	<u>(37,110)</u>	77,965
Loss on disposed assets		(1,350)
Non-employer contributions to cost-sharing pension plan		7,617
Change in net pension liability and deferred inflows/outflows of resources		<u>(60,993)</u>
Change in net position - Governmental Activities		<u><u>\$ 1,176</u></u>

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

VILLAGE OF PORT VINCENT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

	<u>Enterprise Fund</u>
ASSETS	
Cash and cash equivalents	\$ 296,659
Account receivables	1,913
Total assets	<u>298,572</u>
LIABILITIES	
Customer advances	<u>2,006</u>
Total liabilities	<u>2,006</u>
NET POSITION	
Unrestricted	<u>296,566</u>
TOTAL NET POSITION	<u>\$ 296,566</u>

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

VILLAGE OF PORT VINCENT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Charges for service	\$ 48,564
Total operating revenues	48,564
OPERATING EXPENSES	
Administration	3,022
Depreciation	23,140
Maintenance	24,955
Utilities	4,624
Total operating expenses	55,741
Operating loss	(7,177)
NONOPERATING	
Interest income	2,847
SPECIAL ITEM	
Gain on sale of waterworks assets	24,838
Increase in net position	20,508
Total net position - beginning	276,058
Total net position - ending	\$ 296,566

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

VILLAGE OF PORT VINCENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 48,865
Payments to suppliers	(33,342)
Net cash provided by operating activities	15,523

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from sale of capital assets	100,000
Net cash provided by capital and related financing activities	100,000

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	2,847
Net cash provided by investing activities	2,847

Net increase in cash and cash equivalents	118,370
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Cash and cash equivalents - July 1, 2018	178,289
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Cash and cash equivalents - June 30, 2019	\$ 296,659
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RECONCILIATION OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating loss	\$ (7,177)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	23,140
Decrease in accounts receivable	301
Decrease in accounts payable	(521)
Decrease in customer advances	(220)
Net cash provided by operating activities	\$ 15,523

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

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Village of Port Vincent (the Village) was incorporated May 5, 1952 under the provisions of the Lawrason Act and operates under the Mayor - Board of Alderman and Alderwoman form of government (LA. RS: 33:321-48) and provides the services set forth in its charter. The Village is governed by a mayor and three aldermen & alderwoman.

Reporting Entity

As the municipal governing authority, for reporting purposes, the Village of Port Vincent, Louisiana, 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 Codification Section 2100, established criteria for determining which component units should be considered part of the Village of Port Vincent, Louisiana, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. These criteria include:

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's 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 previous criteria, no component units have been identified and, as a result, these financial statements present only financial position and results of operations of the Village of Port Vincent, Louisiana (the primary government).

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the Village of Port Vincent. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental and business-type activities* of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Village's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

The Village reports the following major governmental fund:

- a. General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

The Village reports the following proprietary fund:

Enterprise Fund - This 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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. The governmental fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental fund to be available if the revenues are collected within sixty days after year-end. Franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Transfers between funds are not expected to be repaid and are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

- 1) The Village's Mayor and Village Aldermen and Alderwomen prepare a proposed budget message and budget prior to the beginning of each fiscal year.
- 2) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- 3) A special meeting is held to conduct a public hearing to review and discuss on the proposed budget.
- 4) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- 5) Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Village Aldermen and Alderwomen.
- 6) All budgetary appropriations lapse at the end of each fiscal year.
- 7) The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except for depreciation, amortization, and bad debts expense, which are not considered.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Village maintains a threshold of \$1,000 or more for capitalizing assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building improvements	20-40
Vehicles	5
Equipment	5-10

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

The proprietary fund is accounted for on a cost of service or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or non-current) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Years</u>
Lines, meters, & plants	25
Well site improvements	9-10
Furniture and office equipment	7-10

All fixed assets are stated at historical cost or estimated historical cost, if actual historical cost is not available.

Accounts receivables

All receivables are reported net of estimated uncollectible amounts. Management has determined that accounts over 90 days are uncollectible. Allowances for uncollectible accounts are based upon historical trends and the periodic aging of accounts receivables.

Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with original maturities of three months or less are cash equivalents. Earnings are recorded in the general and proprietary funds.

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual and Sick Leave

The Village's annual and sick leave policy does not provide for the accumulation and vesting of leave.

Pension Plans

The Village is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 5. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Restricted Net Position - For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either:

Externally imposed by creditors (such as debt covenants), grants, contributors, laws, or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Equity of Fund Financial Statements - Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable- represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted- represents balances where constraints have been established by parties outside the Village or imposed by law through constitutional provisions or enabling legislation.

Committed- represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village Alderman.

Assigned- represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted or committed.

Unassigned- represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Village reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the Village reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Village has one item that qualifies for this category; pension related deferrals, which are reported in the government-wide statement.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) at that time. The Village has one item that qualifies for this category; pension related deferrals. The amounts deferred are recognized as an inflow of resources in the period that the amount becomes available.

2. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2019, are as follows:

Governmental activities:

	Land	Building & Improvements	Equipment	Vehicles	Total
Cost of Capital Assets, June 30, 2018	\$ 61,928	\$ 169,410	\$ 71,243	\$ 115,005	\$ 417,586
Additions	25,381	50,362	7,088	32,244	115,075
Deletions	-	-	(28,175)	(4,500)	(32,675)
Cost of Capital Assets, June 30, 2019	87,309	219,772	50,156	142,749	499,986
Accumulated depreciation, June 30, 2018	-	54,836	59,324	21,871	136,031
Additions	-	6,795	3,153	27,162	37,110
Deletions	-	-	(28,175)	(3,150)	(31,325)
Accumulated depreciation, June 30, 2019	-	61,631	34,302	45,883	141,816
Capital assets, net of accumulated depreciation at June 30, 2019	\$ 87,309	\$ 158,141	\$ 15,854	\$ 96,866	\$ 358,170

For the year ended June 30, 2019, depreciation expense was \$37,110. Depreciation expense of \$11,875 was charged to General Government and \$25,235 was charged to Public Safety.

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

2. CAPITAL ASSETS (continued)

Business-Type Activities:

	Lines, meters, & plants	Equipment	Total
Cost of Capital Assets, June 30, 2018	\$ 631,145	\$ 5,896	\$ 637,041
Additions	-	-	-
Deletions	(631,145)	(5,896)	(637,041)
Costs of Capital Assets, June 30, 2019	-	-	-
Accumulated depreciation, June 30, 2018	532,843	5,896	532,843
Additions	23,140	-	23,140
Deletions	(555,983)	(5,896)	(561,879)
Accumulated depreciation, June 30, 2019	-	-	-
Capital Assets, net of accumulated depreciation at June 30, 2019	\$ -	\$ -	\$ -

For the year ended June 30, 2019, depreciation expense was \$23,140.

3. CASH AND CASH EQUIVALENTS

At June 30, 2019, the Village's cash and cash equivalents (book balance) consisted of the following:

	Governmental Fund	Proprietary Fund	Total
Demand Deposits	\$ 50,395	\$ 22,879	\$ 73,274
Funds held in LAMP	358,913	273,780	632,693
Total cash and cash equivalents	\$ 409,308	\$ 296,659	\$ 705,967

The demand deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value for the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

The Village invested in the Louisiana Asset Management Pool (LAMP), a local government investment pool. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS (continued)

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools.

- Credit risk: LAMP is rated AAAM by Standard & Poor's
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for US Government floating/variable rate investments.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2018, these deposits were completely collateralized and/or insured.

Credit Risk

State law limits investments in securities issued, or backed by the United States Treasury obligations, and U.S. Government instrumentalities, which are federally sponsored, and other political subdivisions. The Village's investment policy does not further limit its investment choices.

4. RISK MANAGEMENT

The Village 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 Village has obtained liability insurance through the Louisiana Risk Management Association (LMRMA). This policy includes general liability insurance as well as liability insurance for the Village Hall, Community Center, police vehicles and officers, and an errors and omissions policy on the public officials. In addition, the Village has purchased building and contents insurance on the Village Hall, Community Center, comprehensive and collision insurance on the police car and worker's compensation insurance.

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN

The Village of Port Vincent (the Village) is a participating employer in a cost-sharing defined benefit pension plan. The plan is administered by a public employee retirement system, the Municipal Police Employees' Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan to the State Legislature. The system is administered by a separate board of trustees.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing, calling or downloading the report as follows:

MPERS:

7722 Office Park Boulevard, Suite 200
Baton Rouge, LA 70809
(225) 929-7411
www.lampers.org

The Village implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB 68. These standards require the Village to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

Plan Description: Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

The following is a brief description of the plan and its benefits and is provided for general information purposes only.

Membership prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statues, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January I, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

Initial Benefit Option Plan: In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plan are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2019, for the Village and covered employees were as follows:

	<u>Village</u>	<u>Employees</u>
All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013	32.25%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	32.25%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	34.25%	7.50%

The Village's contributions made to the System for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
MPERS	\$ 39,178	\$ 35,063	\$ 34,696

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

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

The following schedule lists the Village's proportionate share of the Net Pension Liability allocated by the pension plan for based on the June 30, 2018 measurement date. The Village uses this measurement to record its Net Pension Liability and associated amount as of June 30, 2019, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2018 along with the change compared to the June 30, 2017 rate. The Village's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30,	Rate at June 30,	Increase (Decrease) on Rate
MPERS			
2019	\$ 326,335	0.0386%	0.0014%
2018	\$ 325,103	0.0372%	0.0031%
2017	\$ 319,173	0.0341%	0.0131%

The pension plan's recognized pension expense of the Village for the year ended June 30, 2019 was \$100,191.

At June 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources 2019	Deferred Inflows of Resources 2019
Differences between expected and actual experience	\$ 1,471	\$ (16,676)
Changes in assumptions	44,364	-
Net difference between projected and actual earnings on pension plan investments	15,644	-
Changes in proportion and differences in employer contributions and proportionate share of contributions	21,326	-
Differences between allocated and actual contributions	-	(334)
Employer contributions subsequent to the measurement date	39,178	-
	<u>\$ 121,983</u>	<u>\$ (17,010)</u>

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

The actuarial assumption used in the June 30, 2018 valuation were based on the assumptions used in the June 30, 2018 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2009 through June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

The Village reported a total of \$39,178 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2019.

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

Year		
2019	\$	51,782
2020		19,662
2021		(6,215)
2022		566
	\$	<u>65,795</u>

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Expected Remaining	
Service Lives	2018 – 4 years
	2017 – 4 years
	2016 – 4 years
	2015 – 4 years
Investment Rate	
of Return	7.20% net of investment expense
Inflation Rate	2.60%

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 annuitant and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Salary Increases	Years of Salary	Service Growth Rate
	1 - 2	9.75%
	3 - 23	4.75%
	Over 23	4.25%

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

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.

The mortality rate assumption used was set based upon an experienced study performed by the prior actuary on plan data for the period of July 1, 2009 through June 30, 2014, and review of similar law enforcement mortality.

The actuarial assumptions used in the June 30, 2018 valuation were based on the assumptions used in the June 30, 2018 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2009 through June 20, 2014.

The following method is used by the retirement system in determining the long-term rate of return on pension plan investments:

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for the major asset class included in the Retirement System target asset allocations as of June 30, 2018:

Asset Class	Target Allocation MPERS	Long-Term Expected Real Rate of Return MPERS
Equity	52.00%	3.58%
Fixed Income	22.00%	0.46%
Alternatives	20.00%	1.07%
Other	6.00%	0.17%
Total	<u>100.00%</u>	<u>5.28%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.03%</u>

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MPERS was 7.20% for the year ended June 30, 2018.

VILLAGE OF PORT VINCENT

NOTES TO THE FINANCIAL STATEMENTS

5. PENSION AND RETIREMENT PLAN (continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Village's proportionate share of the Net Pension Liability (NPL) using the discount rate for the Retirement System as well as what the Village's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement System:

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.20%	7.20%	8.20%
Net Pension Liability	\$ 458,591	\$ 326,335	\$ 215,377

Payables to the Pension Plan

The Village did not have an accrued liability to the MPERS for the year ended June 30, 2019.

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Village recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from the non-employer contributing entities. The Village recognized revenue as a result of support received from MPERS of \$7,617.

6. SPECIAL ITEM

During the fiscal year, the Village sold all of the enterprise fund assets for \$100,000 which resulted in a gain of \$24,838. The Village will no longer operate the water utility effective June 20, 2019.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2019, the date that the financial statements were available to be issued, and determined that no additional disclosures are necessary.

VILLAGE OF PORT VINCENT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Fines and court fees	\$ 464,900	\$ 381,100	\$ 387,731
Intergovernmental revenues:			
State and local grants	4,500	7,700	7,677
Federal grants	-	-	2,276
State supplemental	-	14,000	14,250
Parish supplemental	3,600	3,600	3,300
Beer tax	2,000	-	196
Franchise taxes and permits	30,000	37,000	38,671
Insurance premium tax	15,400	15,400	18,009
Occupational licenses	15,000	14,000	13,586
Interest income	-	6,000	6,937
Other:			
Cellular tower rental	8,000	8,700	8,720
Other income	6,000	4,000	7,050
Total revenues	<u>549,400</u>	<u>491,500</u>	<u>508,403</u>
EXPENDITURES			
Current:			
General government	258,800	224,700	211,269
Public Safety	240,600	218,700	211,622
Capital outlay	50,000	115,800	115,075
Total expenditures	<u>549,400</u>	<u>559,200</u>	<u>537,966</u>
Excess of revenues under expenditures	-	(67,700)	(29,563)
OTHER FINANCING SOURCES			
Insurance proceeds	-	-	7,500
Net change in fund balance	-	(67,700)	(22,063)
Fund balance, July 1, 2018	<u>440,134</u>	<u>440,134</u>	<u>440,134</u>
Fund balance, June 30, 2019	<u>\$ 440,134</u>	<u>\$ 372,434</u>	<u>\$ 418,071</u>

VILLAGE OF PORT VINCENT
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019 (*)

Municipal Police Employee's Retirement System	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.0386%	0.0372%	0.0341%	0.0210%	0.0114%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 326,335	\$ 325,103	\$ 319,173	\$ 164,427	\$ 71,232
Employer's Covered-Employee Payroll	\$ 114,026	\$ 111,169	\$ 95,390	\$ 63,891	\$ 29,510
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	286.1935%	292.4403%	334.5980%	257.3555%	241.3826%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.8871%	70.0815%	66.0422%	70.7300%	75.1000%

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

(*) The amounts represented have a measurement date of the previous fiscal year.

VILLAGE OF PORT VINCENT
SCHEDULE OF SYSTEM CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

Municipal Police Employee's Retirement System	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 39,178	\$ 35,063	\$ 35,296	\$ 28,140	\$ 20,126
Contributions in relation to contractually required contributions	<u>39,178</u>	<u>35,063</u>	<u>34,696</u>	<u>27,244</u>	<u>23,097</u>
Contribution deficiency (excess)	-	-	600	896	(2,971)
Employer's Covered Employee Payroll	\$ 121,483	\$ 114,026	\$ 111,169	\$ 95,390	\$ 63,891
Contributions as a % of Covered Employee Payroll	32.25%	30.75%	31.75%	29.50%	31.50%

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

Notes to the Net Pension Liability Required Supplementary Information

Changes in Benefit Terms:

There were no changes in benefit terms for the fiscal year ended June 30, 2019.

Changes in Assumptions:

There were no changes in assumptions for the fiscal year ended June 30, 2019.

VILLAGE OF PORT VINCENT
SCHEDULE OF PER DIEM PAID
YEAR ENDED JUNE 30, 2019

	<u>ANNUAL</u>
Mayor, Johnnie Page	\$ 6,600
Aldermen/Alderwomen:	
Nicole Rambin-Dickson	1,650
Gary Lass	150
Monya Crowell	1,800
Milton "Gray" Brady	<u>1,800</u>
	<u>\$ 12,000</u>

VILLAGE OF PORT VINCENT
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019

Agency Head Name/Title: Johnnie Page, Mayor

Purpose	Amount
Salary	\$ 6,600
Per diem	-
Reimbursements	-
Registration fees	-
Conference travel	-
Lodging	417
Total	<u>\$ 7,017</u>

VILLAGE OF PORT VINCENT

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of The Village of Port Vincent were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Village of Port Vincent which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

B. FINANCIAL STATEMENT FINDINGS

None noted.

C. COMPLIANCE

None noted.

VILLAGE OF PORT VINCENT

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2019

A. FINDINGS - FINANCIAL STATEMENTS

None noted.

B. FINDINGS- COMPLIANCE

None noted.



**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***

To the Honorable Mr. Johnnie Page, Mayor
and the Board of Aldermen and Alderwomen
Port Vincent, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and major fund of the Village of Port Vincent, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village of Port Vincent, Louisiana's basic financial statements and have issued our report dated November 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Port Vincent, 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 Village of Port Vincent, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Port Vincent, 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 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 Village of Port Vincent, 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 audit, and accordingly, we do not express such an opinion. The results of our test 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.

A handwritten signature in cursive script, likely representing the firm's name, is written over the printed text.

Gonzales, Louisiana
November 15, 2019

VILLAGE OF PORT VINCENT
PORT VINCENT, LOUISIANA
STATEWIDE AGREED UPON PROCEDURES
JUNE 30, 2019



**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Mayor Johnnie Page, Board of Aldermen and Alderwomen, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Village of Port Vincent (the Village) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Village's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

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*. 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, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties,

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Not applicable; the Village does not have any debt.

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

Written policies and procedures were obtained and address the functions noted above.

Collections

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

Obtained listing of deposit sites and management's representation that the listing is complete.

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

Obtained listing of collection locations and management's representation that the listing is complete.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

Employees responsible for collecting cash are covered by a bond.

6. Randomly select two deposit dates for the 1 bank account (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 2 deposits and:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted.

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

No exceptions noted.

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

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

Obtained listing of locations that process payments and management's representation that the listing is complete.

8. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

9. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

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

No exceptions noted.

This report is intended solely for the information and use of the Honorable Mayor Johnnie Page, Board of Aldermen and Alderwomen, and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Gonzales, Louisiana
November 15, 2019