

TOWN OF VIDALIA, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF JUNE 30, 2019
AND FOR THE YEAR THEN ENDED
WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF VIDALIA, LOUISIANA

Annual Financial Statements
as of and for the Year Ended June 30, 2019
With Supplementary Information Schedules

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report -----		1-2
<u>Required Supplementary Information (Part I)</u>		
Management's Discussion and Analysis -----		3-9
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Position -----	A	10
Statement of Activities -----	B	11
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet -----	C	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position -----	D	13
Statement of Revenues, Expenditures, and Changes in Fund Balances -----	E	14-15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities -----	F	16
Proprietary Funds:		
Statement of Net Position -----	G	17
Statement of Revenues, Expenses, and Changes in Net Position -----	H	18
Statement of Cash Flows -----	I	19
Notes to the Financial Statements -----		20-47
<u>Required Supplementary Information (Part II)</u>		
Budgetary Comparison Schedule - General Fund -----		48
Budgetary Comparison Schedule - Special Revenue Fund/Hydro Royalty Fund -		49
Budgetary Comparison Schedule - Sales Tax Fund -----		50
Notes to the Required Supplementary Information -----		51

TOWN OF VIDALIA, LOUISIANA

Annual Financial Statements as of and for the Year Ended June 30, 2019 With Supplementary Information Schedules

TABLE OF CONTENTS

	Statement	Page
Schedule of the Town's Proportionate Share of the Net Pension Liability -----		52-53
Schedule of the Town's Contributions -----		54-55
<u>Other Information</u>		
Schedule of Compensation of the Governing Board-----		56
Schedule of Compensation, Benefits, and Other Payments to Agency Head ---		57
Nonmajor Governmental Funds:		
Combining Balance Sheet -----		58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -----		59
Reports on Internal Controls and Compliance		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ---		60-61
Schedule of Findings -----		62
Current Year Findings, Recommendations, and Corrective Action Plan -----		63-66
Status of Prior Audit Findings -----		67-68
Applying Agreed-Upon Procedures Report		
Independent Accountant's Report on Applying Agreed-Upon Procedures ----		69
Supplemental Schedule of Agreed-Upon Procedures and Findings-----		70-77
Schedule of Exceptions-----		78



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vidalia, Louisiana as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Vidalia, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vidalia, Louisiana (the Town) as of June 30, 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 on pages 3 through 9 and the budgetary comparison schedules, the schedule of the Town's proportionate share of the net pension liability, and the schedule of the Town's contributions on pages 48 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion nor provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion nor provide any assurance.

Other Information

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

The schedule of compensation of the governing board; the schedule of compensation, benefits, and other payments to agency head; and combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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



Natchez, Mississippi
October 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

TOWN OF VIDALIA, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

The management of Town of Vidalia, Louisiana (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. This management's discussion and analysis is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of the Town's finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

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

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

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$54,855,068 (net position); this represents an increase of \$10,218,412 from last fiscal year. The Town's net position is comprised of \$38,994,554 from governmental activities and \$15,860,514 from business-type activities.

The following is a condensed statement of the Town's net position as of June 30, 2019 and 2018:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>						
Current and other assets	\$ 12,772,879	\$ 8,317,401	\$ 3,690,966	\$ 4,020,900	\$ 16,463,845	\$ 12,338,301
Capital assets (net)	<u>42,663,759</u>	<u>39,382,283</u>	<u>13,459,388</u>	<u>14,124,637</u>	<u>56,123,147</u>	<u>53,506,920</u>
Total	<u>\$ 55,436,638</u>	<u>\$ 47,699,684</u>	<u>\$ 17,150,354</u>	<u>\$ 18,145,537</u>	<u>\$ 72,586,992</u>	<u>\$ 65,845,221</u>
<u>Deferred outflows of resources</u>	<u>\$ 2,938,012</u>	<u>\$ 3,706,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,938,012</u>	<u>\$ 3,706,312</u>
<u>Liabilities</u>						
Other liabilities	\$ 1,661,733	\$ 5,213,979	\$ 1,289,840	\$ 1,312,833	\$ 2,951,573	\$ 6,526,812
Long-term liabilities	<u>16,161,254</u>	<u>17,591,520</u>	<u>-</u>	<u>-</u>	<u>16,161,254</u>	<u>17,591,520</u>
Total liabilities	<u>\$ 17,822,987</u>	<u>\$ 22,805,499</u>	<u>\$ 1,289,840</u>	<u>\$ 1,312,833</u>	<u>\$ 19,112,827</u>	<u>\$ 24,118,332</u>
<u>Deferred inflows of resources</u>	<u>\$ 1,557,109</u>	<u>\$ 796,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,557,109</u>	<u>\$ 796,545</u>
<u>Net Position</u>						
Invested in capital assets	\$ 42,663,759	\$ 39,382,283	\$ 13,459,388	\$ 14,124,637	\$ 56,123,147	\$ 53,506,920
Less related debt	<u>(7,212,592)</u>	<u>(7,414,152)</u>	<u>-</u>	<u>-</u>	<u>(7,212,592)</u>	<u>(7,414,152)</u>
Net of related debt	<u>\$ 35,451,167</u>	<u>\$ 31,968,131</u>	<u>\$ 13,459,388</u>	<u>\$ 14,124,637</u>	<u>\$ 48,910,555</u>	<u>\$ 46,092,768</u>
Restricted	2,628,870	2,979,905	-	-	2,628,870	2,979,905
Unrestricted (deficit)	<u>914,517</u>	<u>(7,144,084)</u>	<u>2,401,126</u>	<u>2,708,067</u>	<u>3,315,643</u>	<u>(4,436,017)</u>
Total net position	<u>\$ 38,994,554</u>	<u>\$ 27,803,952</u>	<u>\$ 15,860,514</u>	<u>\$ 16,832,704</u>	<u>\$ 54,855,068</u>	<u>\$ 44,636,656</u>

By far, the largest portion of the Town's net position (\$48,910,555 or 89%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The Town has total outstanding debt of \$7,492,592, which was used to finance some of the \$56,123,147 capital assets. (For more detailed information on the Town's debt and capital assets, see pages 28 through 32.) Total liabilities of \$19,112,827 are equal to 26% of the total assets.

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Government-Wide Financial Analysis (continued)

The Town's governmental activities increased net position by \$11,190,602. Business-type activities decreased net position by \$972,190.

Governmental Activities

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

The following is a summary of the statement of activities:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Program revenue	\$ 12,279,553	\$ 6,675,804	\$ 12,737,672	\$ 12,625,935	\$ 25,017,225	\$ 19,301,739
General revenue	16,980,843	15,523,728	1,029	319	16,981,872	15,524,047
Total revenue	<u>\$ 29,260,396</u>	<u>\$ 22,199,532</u>	<u>\$ 12,738,701</u>	<u>\$ 12,626,254</u>	<u>\$ 41,999,097</u>	<u>\$ 34,825,786</u>
Expenses						
General and administrative	\$ 11,771,687	\$ 13,039,122	\$ -	\$ -	\$ 11,771,687	\$ 13,039,122
Public safety	5,248,363	5,642,288	-	-	5,248,363	5,642,288
Public works	2,569,246	2,377,680	-	-	2,569,246	2,377,680
Economic development	503,916	550,175	-	-	503,916	550,175
Combined utility	-	-	10,855,784	10,337,121	10,855,784	10,337,121
Convention Center	-	-	516,938	505,682	516,938	505,682
Interest on long-term debt	314,751	331,393	-	-	314,751	331,393
Total expenses	<u>\$ 20,407,963</u>	<u>\$ 21,940,658</u>	<u>\$ 11,372,722</u>	<u>\$ 10,842,803</u>	<u>\$ 31,780,685</u>	<u>\$ 32,783,461</u>
Net Transfers - in (out)	<u>2,338,169</u>	<u>980,741</u>	<u>(2,338,169)</u>	<u>(980,741)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 11,190,602</u>	<u>\$ 1,239,615</u>	<u>\$ (972,190)</u>	<u>\$ 802,710</u>	<u>\$ 10,218,412</u>	<u>\$ 2,042,325</u>
Net position, beginning	\$ 27,803,952	\$ 26,415,316	\$ 16,832,704	\$ 16,069,485	\$ 44,636,656	\$ 42,484,801
Prior period adjustments	-	149,021	-	(39,491)	-	109,530
Net position, beginning, as restated	<u>\$ 27,803,952</u>	<u>\$ 26,564,337</u>	<u>\$ 16,832,704</u>	<u>\$ 16,029,994</u>	<u>\$ 44,636,656</u>	<u>\$ 42,594,331</u>
Net position, ending	<u>\$ 38,994,554</u>	<u>\$ 27,803,952</u>	<u>\$ 15,860,514</u>	<u>\$ 16,832,704</u>	<u>\$ 54,855,068</u>	<u>\$ 44,636,656</u>

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Business-Type Activities

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

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

	Operating Revenues Net of Purchases and Sales Tax					
	Gas	Electric	Water	Sewer	Office	Total Utility
Fiscal year ended June 30, 2018	\$ 934,690	\$ 4,181,183	\$ 668,826	\$ 549,725	\$ -	\$ 6,334,424
Fiscal year ended June 30, 2019	<u>943,822</u>	<u>3,727,351</u>	<u>716,841</u>	<u>535,493</u>	<u>-</u>	<u>5,923,507</u>
Increase (decrease) between years	<u>\$ 9,132</u>	<u>\$ (453,832)</u>	<u>\$ 48,015</u>	<u>\$ (14,232)</u>	<u>\$ -</u>	<u>\$ (410,917)</u>
	Operating Expenses					
	Gas	Electric	Water	Sewer	Office	Total Utility
Fiscal year ended June 30, 2018	\$ 375,857	\$ 1,570,000	\$ 1,080,490	\$ 568,881	\$ 540,090	\$ 4,135,318
Fiscal year ended June 30, 2019	<u>433,904</u>	<u>1,931,790</u>	<u>1,065,322</u>	<u>525,084</u>	<u>164,289</u>	<u>4,120,389</u>
Increase (decrease) between years	<u>\$ 58,047</u>	<u>\$ 361,790</u>	<u>\$ (15,168)</u>	<u>\$ (43,797)</u>	<u>\$ (375,801)</u>	<u>\$ (14,929)</u>
	Net Income (Loss) From Operations					
	Gas	Electric	Water	Sewer	Office	Total Utility
Fiscal year ended June 30, 2018	\$ 558,833	\$ 2,611,183	\$ (411,664)	\$ (19,156)	\$ (540,090)	\$ 2,199,106
Fiscal year ended June 30, 2019	<u>509,918</u>	<u>1,795,561</u>	<u>(348,481)</u>	<u>10,409</u>	<u>(164,289)</u>	<u>1,803,118</u>
Increase (decrease) between years	<u>\$ (48,915)</u>	<u>\$ (815,622)</u>	<u>\$ 63,183</u>	<u>\$ 29,565</u>	<u>\$ 375,801</u>	<u>\$ (395,988)</u>

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Business-Type Activities (continued)

The reasons for major fluctuations previously noted are as follows:

Net income from operations decreased \$395,988 from \$2,199,106 in the previous year to \$1,803,118 in the current year.

Net operating transfers out were \$2,595,769, leaving the utility fund with a net loss of \$791,718.

Fund Financial Statements - Governmental Funds

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

The Town maintains four individual governmental fund types. These fund types are general, special revenue, debt service, and capital projects funds. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E) for the general fund, sales tax fund, and hydro royalty fund, which are considered to be major funds. Transactions of the remaining governmental funds are combined and shown as other governmental funds on these statements. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining financial statements in the Other Information portion of this report, beginning on page 58.

The Town adopts an annual budget for its governmental funds. A statement of revenues, expenditures, and changes in fund balance for the general fund is presented in the Required Supplementary Information (Part II), which compares actual revenues and expenditures to the original budget and amended budget figures. Budgeted amounts for the remainder of the governmental funds are presented in the individual fund statements.

Financial Analysis of the Town's Governmental Funds

The Town's governmental funds reported combined ending fund balances of \$11,133,388, which is an increase of \$5,008,132. This increase was primarily caused by the sale of excess property in the Industrial Park Fund.

Fund Financial Statements - Proprietary Funds

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

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Fund Financial Statements – Proprietary Funds (continued)

Financial Analysis of the Town's Proprietary Funds

The Town's utility operation proprietary funds shows an decrease in ending fund balance of \$791,718. Overall, all departments' operating incomes decreased \$395,988 from 2018. The biggest contributors to the decrease were the electric department and the gas department.

The Town's Riverfront Development Fund's addition to the business-type activities resulted in a decrease of fund balance in the amount of \$180,472.

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

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2019, is \$56,123,147, as compared to \$53,506,920 as of the end of the previous fiscal year.

As of June 30, 2019, the Town's total outstanding debt was \$7,492,592. Principal payments of \$499,125 are due during the upcoming fiscal year. These obligations are financed through a 1% sales tax collected within the corporate limits of Vidalia, excess hydro funds, and general surplus revenues.

Budgetary Highlights

Actual general fund revenues for the year ended June 30, 2019, were over budgeted revenues by \$50,252. Actual general fund expenditures were over total budgeted expenditures by \$69,445, resulting in a negative variance. The hydro royalty fund and the sales tax fund showed positive variances for total expenditures of \$40 and \$29,259, respectively.

Current Financial Factors

The Town maintained its gas and electric rates, absorbing all increases in costs of natural gas and electric as well as fluctuations in operating costs of its combined utility fund over recent fiscal years. The Town restricted the gas and electric rates for large industrial customers to include a "power cost adjustment," as well as a revised energy consumption rate schedule. The utility fund was able to generate net revenues of \$5,923,507. \$7,166,500 was transferred for the support of general fund activities. Net revenues from the hydro royalty fund were used for the support of the utility fund activities. During the fiscal year just ended, the hydro royalty fund provided \$4,636,258 towards the operations of the utility fund as compared to \$4,409,846 in the previous year.

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

TOWN OF VIDALIA, LOUISIANA**MANAGEMENT'S DISCUSSION AND ANALYSIS****JUNE 30, 2019****Current Financial Factors (continued)**

During the 2019-2020 fiscal year, the Town is working to complete the loading/unloading barge system for the Vidalia Port, which is being funded through State Capital Outlay funds. Permitting is planned to begin for the next phase of construction at the Port, and an extension of the gas line to the Port and industrial park is also expected.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,246,932	\$ 682,299	\$ 4,929,231
Receivables (net of allowances for uncollectibles)	325,789	1,804,063	2,129,852
Internal balances	(752,754)	752,754	-
Due from other agencies	4,949,341	12,656	4,961,997
Due from other governments	32,002	443	32,445
Restricted assets	3,971,569	397,329	4,368,898
Other assets	-	41,422	41,422
Capital assets (net)	42,663,759	13,459,388	56,123,147
Total assets	<u>\$ 55,436,638</u>	<u>\$ 17,150,354</u>	<u>\$ 72,586,992</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
	<u>\$ 2,938,012</u>	<u>\$ -</u>	<u>\$ 2,938,012</u>
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 1,394,060	\$ 892,511	\$ 2,286,571
Payable from restricted assets	-	397,329	397,329
Interest payable	22,242	-	22,242
Accrued liabilities	180,051	-	180,051
Other liabilities	65,380	-	65,380
Compensated absences payable	291,546	-	291,546
Bonds and capital lease payable, due within one year	499,125	-	499,125
Bonds and capital lease payable, beyond one year	6,993,467	-	6,993,467
Net pension liability	8,377,116	-	8,377,116
Total liabilities	<u>\$ 17,822,987</u>	<u>\$ 1,289,840</u>	<u>\$ 19,112,827</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
	<u>\$ 1,557,109</u>	<u>\$ -</u>	<u>\$ 1,557,109</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	\$ 35,451,167	\$ 13,459,388	\$ 48,910,555
Restricted for:			
Debt service	226,182	-	226,182
Capital projects	62,684	-	62,684
Special revenues	2,340,004	-	2,340,004
Unrestricted	914,517	2,401,126	3,315,643
Total net position	<u>\$ 38,994,554</u>	<u>\$ 15,860,514</u>	<u>\$ 54,855,068</u>

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

TOWN OF VIDALIA, LOUISIANA

STATEMENT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues			Net (Expenses)/ Revenues	Net (Expenses), Revenues, and Changes		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	
Governmental Activities								
General government	\$ 11,771,687	\$ 2,590,099	\$ 226,004	\$ -	\$ (8,955,584)	\$ (8,955,584)	\$ -	\$ (8,955,584)
Public safety	5,248,363	141,912	260,201	13,500	(4,832,750)	(4,832,750)	-	(4,832,750)
Public works	2,569,246	574,667	-	4,405,598	2,411,019	2,411,019	-	2,411,019
Economic development	503,916	4,028,319	39,253	-	3,563,656	3,563,656	-	3,563,656
Interest on long-term debt	314,751	-	-	-	(314,751)	(314,751)	-	(314,751)
Total governmental activities	\$ 20,407,963	\$ 7,334,997	\$ 525,458	\$ 4,419,098	\$ (8,128,410)	\$ (8,128,410)	\$ -	\$ (8,128,410)
Business-Type Activities								
Gas	\$ 1,622,544	\$ 2,131,645	\$ -	\$ -	\$ 509,101	\$ -	\$ 509,101	\$ 509,101
Electric	7,478,545	9,270,557	-	-	1,792,012	-	1,792,012	1,792,012
Water	1,065,322	716,567	-	-	(348,755)	-	(348,755)	(348,755)
Sewer	689,373	535,289	-	-	(154,084)	-	(154,084)	(154,084)
Convention Center	516,938	83,614	-	-	(433,324)	-	(433,324)	(433,324)
Total business-type activities	\$ 11,372,722	\$ 12,737,672	\$ -	\$ -	\$ 1,364,950	\$ -	\$ 1,364,950	\$ 1,364,950
Total	\$ 31,780,685	\$ 20,072,669	\$ 525,458	\$ 4,419,098	\$ (6,763,460)	\$ (8,128,410)	\$ 1,364,950	\$ (6,763,460)
General Revenue								
Property taxes						\$ 106,038	\$ -	\$ 106,038
Sales taxes						2,992,473	-	2,992,473
Franchise taxes						18,682	-	18,682
Beer taxes						8,280	-	8,280
Occupational licenses						229,184	-	229,184
Investment earnings						58,318	1,029	59,347
Hydro royalties						13,351,630	-	13,351,630
Other general revenues						216,238	-	216,238
Transfers						2,338,169	(2,338,169)	-
Total general revenues and transfers						\$ 19,319,012	\$ (2,337,140)	\$ 16,981,872
Change in net position						\$ 11,190,602	\$ (972,190)	\$ 10,218,412
Net position - beginning						27,803,952	16,832,704	44,636,656
Net position - ending						\$ 38,994,554	\$ 15,860,514	\$ 54,855,068

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF VIDALIA, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2019

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Hydro Royalty Fund	Industrial Park Fund	Port Access Fund	Sales Tax Fund		
ASSETS							
Cash	\$ 1,967,962	\$ 3,971,569	\$ 6,784	\$ 5,888	\$ 1,378,644	\$ 887,654	\$ 8,218,501
Receivables (net of allowances for uncollectibles)	57,695	1,529	-	-	193,732	72,833	325,789
Due from other agencies	-	4,554,000	395,341	-	-	-	4,949,341
Due from other governments	18,759	-	-	13,243	-	-	32,002
Due from other funds	5,608	388,152	35	53,510	60,499	574,286	1,082,090
Total assets	<u>\$ 2,050,024</u>	<u>\$ 8,915,250</u>	<u>\$ 402,160</u>	<u>\$ 72,641</u>	<u>\$ 1,632,875</u>	<u>\$ 1,534,773</u>	<u>\$ 14,607,723</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 267,511	\$ 990,001	\$ 32,785	57,008	\$ -	\$ 46,755	\$ 1,394,060
Accrued liabilities	180,051	-	-	-	-	-	180,051
Due to other funds	906,505	6,995	61,825	260,500	373,529	225,490	1,834,844
Other liabilities	-	-	-	-	-	65,380	65,380
Total liabilities	<u>\$ 1,354,067</u>	<u>\$ 996,996</u>	<u>\$ 94,610</u>	<u>\$ 317,508</u>	<u>\$ 373,529</u>	<u>\$ 337,625</u>	<u>\$ 3,474,335</u>
Fund balances:							
Restricted:							
Capital projects	\$ -	\$ -	\$ 307,550	\$ (244,867)	\$ -	\$ 1	\$ 62,684
Debt service	-	-	-	-	-	226,182	226,182
Special revenue funds	-	2,340,004	-	-	-	-	2,340,004
Committed funds, reported in:							
Special revenue funds	-	5,578,250	-	-	-	-	5,578,250
Assigned, special revenue	-	-	-	-	1,259,346	970,965	2,230,311
Unassigned, reported in:							
General fund	695,957	-	-	-	-	-	695,957
Total fund balances	<u>\$ 695,957</u>	<u>\$ 7,918,254</u>	<u>\$ 307,550</u>	<u>\$ (244,867)</u>	<u>\$ 1,259,346</u>	<u>\$ 1,197,148</u>	<u>\$ 11,133,388</u>
Total liabilities and fund balances	<u>\$ 2,050,024</u>	<u>\$ 8,915,250</u>	<u>\$ 402,160</u>	<u>\$ 72,641</u>	<u>\$ 1,632,875</u>	<u>\$ 1,534,773</u>	<u>\$ 14,607,723</u>

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

TOWN OF VIDALIA, LOUISIANA

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

JUNE 30, 2019

Fund Balances, Total Governmental Funds (Statement C)		\$	11,133,388
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			42,663,759
Deferred outflows and inflows are not financial resources or currently payable.			
Deferred outflows	\$	2,938,012	
Deferred inflows		<u>(1,557,109)</u>	1,380,903
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Accrued interest payable	\$	(22,242)	
Bonds payable		(7,492,592)	
Compensated absences payable		(291,546)	
Net pension liability		<u>(8,377,116)</u>	<u>(16,183,496)</u>
Net Position of Governmental Activities (Statement A)			<u>\$ 38,994,554</u>

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

TOWN OF VIDALIA, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2019

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Hydro Royalty Fund	Industrial Park Fund	Port Access Fund	Sales Tax Fund		
REVENUES							
Taxes:							
Ad valorem	\$ 106,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,038
Sales and use	-	-	-	-	2,274,978	717,495	2,992,473
Other taxes, penalties, interest, etc.	18,682	-	-	-	-	-	18,682
Licenses and permits	237,464	-	-	-	-	-	237,464
Intergovernmental revenues:							
State	461,321	-	39,253	4,405,598	-	38,384	4,944,556
Fines and forfeitures	1,465	-	-	-	-	140,447	141,912
Charges for services	574,667	2,590,099	4,028,319	-	-	-	7,193,085
Investment earnings	12,619	32,706	9,126	-	3,717	150	58,318
Hydro royalties	-	13,351,630	-	-	-	-	13,351,630
Other revenues	139,046	-	-	-	-	77,192	216,238
Total revenues	\$ 1,551,302	\$ 15,974,435	\$ 4,076,698	\$ 4,405,598	\$ 2,278,695	\$ 973,668	\$ 29,260,396
EXPENDITURES							
General government	\$ 1,982,531	\$ 9,122,760	\$ 168,829	\$ -	\$ -	\$ 246,623	\$ 11,520,743
Public safety:							
Police	2,599,803	-	-	-	-	-	2,599,803
Fire	1,558,618	-	-	-	-	-	1,558,618
Ambulance	-	-	-	-	-	604,394	604,394
Public works:							
Streets	1,202,074	-	-	-	67,741	-	1,269,815
Sanitation	520,462	-	-	-	-	-	520,462
Mechanic shop	322,726	-	-	-	-	-	322,726
Economic development	-	-	117,209	-	-	-	117,209
Capital outlay	66,794	-	28,399	4,612,602	-	18,301	4,726,096
Debt service:							
Principal	159,120	-	-	-	-	2,870,507	3,029,627
Interest and fiscal fees	44,892	-	-	-	-	276,048	320,940
Total expenditures	\$ 8,457,020	\$ 9,122,760	\$ 314,437	\$ 4,612,602	\$ 67,741	\$ 4,015,873	\$ 26,590,433
Excess of revenues (expenditures)	\$ (6,905,718)	\$ 6,851,675	\$ 3,762,261	\$ (207,004)	\$ 2,210,954	\$ (3,042,205)	\$ 2,669,963

TOWN OF VIDALIA, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2019

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Hydro Royalty Fund	Industrial Park Fund	Port Access Fund	Sales Tax Fund		
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers - in	\$ 9,587,978	\$ -	\$ -	\$ 173,500	\$ -	\$ 3,322,944	\$ 13,084,422
Transfers - out	(519,020)	(4,636,258)	(4,138,065)	-	(1,299,970)	(152,940)	(10,746,253)
Total other financing sources (uses)	\$ 9,068,958	\$ (4,636,258)	\$ (4,138,065)	\$ 173,500	\$ (1,299,970)	\$ 3,170,004	\$ 2,338,169
Net change in fund balance	\$ 2,163,240	\$ 2,215,417	\$ (375,804)	\$ (33,504)	\$ 910,984	\$ 127,799	\$ 5,008,132
Fund balances - beginning	(1,467,283)	5,702,837	683,354	(211,363)	348,362	1,069,349	6,125,256
Fund balances - ending	\$ 695,957	\$ 7,918,254	\$ 307,550	\$ (244,867)	\$ 1,259,346	\$ 1,197,148	\$ 11,133,388

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

TOWN OF VIDALIA, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2019

Net Changes in Fund Balances, Total Governmental Funds (Statement E) \$ 5,008,132

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period and the cost of asset disposals. 3,281,476

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

Principal retired 2,980,456

Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the statement of activities, the net position expense is reported according to estimates required by GASB 68. This is the amount that the pension estimate exceeds the pension expenses paid in the current year. (203,247)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount is the net effect of these differences in the treatment of interest paid on debt and current year additions to compensated absences. 123,785

Change in Net Position of Governmental Activities (Statement B) \$ 11,190,602

PROPRIETARY FUNDS

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2019

	Business-Type Activities		
	Utility Fund	Riverfront Development Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 680,861	\$ 1,438	\$ 682,299
Receivables (net of allowances for uncollectibles)	1,804,063	-	1,804,063
Due from other agencies	12,656	-	12,656
Due from other governments	-	443	443
Prepays	39,241	2,181	41,422
Due from other funds	965,012	210,124	1,175,136
Total current assets	<u>\$ 3,501,833</u>	<u>\$ 214,186</u>	<u>\$ 3,716,019</u>
Noncurrent assets			
Restricted assets:			
Cash	\$ 397,329	\$ -	\$ 397,329
Capital assets (net of accumulated depreciation)	7,479,134	5,980,254	13,459,388
Total noncurrent assets	<u>\$ 7,876,463</u>	<u>\$ 5,980,254</u>	<u>\$ 13,856,717</u>
Total assets	<u>\$ 11,378,296</u>	<u>\$ 6,194,440</u>	<u>\$ 17,572,736</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 642,947	\$ 31,438	\$ 674,385
Accrued liabilities	176,133	41,993	218,126
Due to other funds	388,152	34,230	422,382
Total current liabilities	<u>\$ 1,207,232</u>	<u>\$ 107,661</u>	<u>\$ 1,314,893</u>
Current liabilities payable from restricted assets			
Consumer deposits	\$ 397,329	\$ -	\$ 397,329
Total current liabilities payable from restricted assets	<u>\$ 397,329</u>	<u>\$ -</u>	<u>\$ 397,329</u>
Total liabilities	<u>\$ 1,604,561</u>	<u>\$ 107,661</u>	<u>\$ 1,712,222</u>
NET POSITION			
Invested in capital assets, net of related debt	\$ 7,479,134	\$ 5,980,254	\$ 13,459,388
Unrestricted	2,294,601	106,525	2,401,126
Total net position	<u>\$ 9,773,735</u>	<u>\$ 6,086,779</u>	<u>\$ 15,860,514</u>

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

TOWN OF VIDALIA, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities		
	Utility Fund	Riverfront Development Fund	Total Enterprise Funds
<u>OPERATING REVENUES</u>			
Charges for services:			
Gas sales	\$ 2,131,645	\$ -	\$ 2,131,645
Electricity sales	9,270,557	-	9,270,557
Water sales	716,567	-	716,567
Sewer charges	535,289	-	535,289
Rental charges	-	78,226	78,226
Other services	4,844	544	5,388
Total operating revenues	<u>\$ 12,658,902</u>	<u>\$ 78,770</u>	<u>\$ 12,737,672</u>
<u>OPERATING EXPENSES</u>			
Purchases and sales tax	\$ 6,735,395	\$ -	\$ 6,735,395
Personal services	2,087,260	260,552	2,347,812
Materials and supplies	579,008	31,917	610,925
Other services and charges	758,023	147,125	905,148
Depreciation	696,098	77,344	773,442
Total operating expenses	<u>\$ 10,855,784</u>	<u>\$ 516,938</u>	<u>\$ 11,372,722</u>
Operating income (loss)	<u>\$ 1,803,118</u>	<u>\$ (438,168)</u>	<u>\$ 1,364,950</u>
Nonoperating income			
Investment earnings	\$ 933	\$ 96	\$ 1,029
Total nonoperating income	<u>\$ 933</u>	<u>\$ 96</u>	<u>\$ 1,029</u>
Income (loss) before transfers	\$ 1,804,051	\$ (438,072)	\$ 1,365,979
<u>OPERATING TRANSFERS AND CONTRIBUTIONS</u>			
Transfers - in	4,901,831	257,600	5,159,431
Transfers - out	(7,497,600)	-	(7,497,600)
Change in net position	<u>\$ (791,718)</u>	<u>\$ (180,472)</u>	<u>\$ (972,190)</u>
Total net position - beginning	<u>10,565,453</u>	<u>6,267,251</u>	<u>16,832,704</u>
Total net position - ending	<u>\$ 9,773,735</u>	<u>\$ 6,086,779</u>	<u>\$ 15,860,514</u>

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

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities		
	Utility Fund	Riverfront Development Fund	Total Enterprise Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 12,920,299	\$ 167,359	\$ 13,087,658
Payments to suppliers	(8,044,535)	(180,299)	(8,224,834)
Payments to employees	(2,116,523)	(262,730)	(2,379,253)
Net cash provided by (used for) operating activities	\$ 2,759,241	\$ (275,670)	\$ 2,483,571
Cash flows from noncapital financing activities			
Net change in amounts due from/to other funds	\$ 595,928	\$ 39,590	\$ 635,518
Transfers from other funds	4,901,831	257,600	5,159,431
Transfers to other funds	(7,497,600)	-	(7,497,600)
Net cash provided by (used for) noncapital financing activities	\$ (1,999,841)	\$ 297,190	\$ (1,702,651)
Cash flows from capital and related financing activities			
Purchases of fixed assets	\$ (88,015)	\$ (20,178)	\$ (108,193)
Net cash used for capital and related financing activities	\$ (88,015)	\$ (20,178)	\$ (108,193)
Cash flows from investing activities			
Interest on temporary investments	\$ 933	\$ 96	\$ 1,029
Net cash provided by investing activities	\$ 933	\$ 96	\$ 1,029
Net increase in cash and cash equivalents	\$ 672,318	\$ 1,438	\$ 673,756
Cash and cash equivalents, beginning of year	405,872	-	405,872
Cash and cash equivalents, end of year	\$ 1,078,190	\$ 1,438	\$ 1,079,628
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 1,803,118	\$ (438,168)	\$ 1,364,950
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	\$ 696,098	\$ 77,344	\$ 773,442
Change in assets and liabilities			
Increase in accounts receivable	248,742	88,589	337,331
Increase in prepaids	30,727	115	30,842
Decrease in accounts payable and overdrafts	9,819	(1,372)	8,447
Increase in accrued liabilities and deposits	(29,263)	(2,178)	(31,441)
Total adjustments	\$ 956,123	\$ 162,498	\$ 1,118,621
Net cash provided by (used for) operating activities	\$ 2,759,241	\$ (275,670)	\$ 2,483,571

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

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

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

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

B. Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The municipality reports the following major governmental funds:

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

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

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

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

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

The municipality reports the following major proprietary funds:

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

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

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Cash and Cash Equivalents

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

E. Receivables and Payables

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

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

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Receivables and Payables (continued)

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

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

For the year ended June 30, 2019, taxes of 3.39 mills were levied on property with assessed valuations totaling \$31,261,400 after abatements and exemptions and were dedicated as follows:

General corporate purposes	3.39 mills
Total taxes levied were	\$ 105,976

F. Inventories

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

G. Prepaid Items

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

H. Restricted Assets

Restricted assets were applicable to the following at June 30, 2019:

Hydro Royalty Fund Cash and Equivalents - Governmental Activities	\$ 3,971,569
Consumer deposits - Business-Type Activities	<u>397,329</u>
Total	<u>\$ 4,368,898</u>

I. Capital Assets

Capital acquisitions and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets (continued)

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

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

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

J. Compensated Absences

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

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

K. Long-Term Obligations

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

L. Equity Classification

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

The government-wide statement of net position reports \$2,628,870 of restricted net position, all of which is restricted by enabling legislation.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Equity Classification (continued)

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

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

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

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

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

The following individual funds had actual expenditures over budgeted appropriations for the year ended June 30, 2019:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 8,387,575	\$ 8,387,575	\$ 8,457,020	\$ (69,445)

The following individual funds had a deficit in unassigned or restricted fund balance at June 30, 2019:

<u>Fund</u>	<u>Deficit Amount</u>
Port Access Fund	\$ 244,867

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2019, the municipality has cash and cash equivalents (book balances) totaling \$9,298,129 as follows:

Demand deposits	\$ 6,770,669
Time deposits	2,525,588
Cash on hand and NSF checks	<u>1,872</u>
Total	<u>\$ 9,298,129</u>

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

At June 30, 2019, the municipality has \$9,338,569 in deposits (collected bank balances). These deposits are secured from risk by \$3,071,104 of federal deposit insurance and \$15,969,099 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

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

Cash and cash equivalents	\$ 682,299
Restricted cash	<u>397,329</u>
Total cash, cash equivalents, and restricted cash shown in the Statement of Cash Flows	<u>\$ 1,079,628</u>

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

NOTE 4 - RECEIVABLES

The receivables of \$2,129,852 at June 30, 2019, are as follows:

<u>Class of Receivables</u>	<u>Governmental Funds</u>	<u>Business-Type Funds</u>	<u>Totals</u>
Taxes:			
Ad valorem	\$ 110	\$ -	\$ 110
Sales and use	242,227	-	242,227
Accounts	154,938	2,019,556	2,174,494
Accrued interest	1,529	-	1,529
Allowance for uncollectibles	<u>(73,015)</u>	<u>(215,493)</u>	<u>(288,508)</u>
Totals	<u>\$ 325,789</u>	<u>\$ 1,804,063</u>	<u>\$ 2,129,852</u>

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units at June 30, 2019, consisted of the following:

<u>Due From</u>	<u>General Fund</u>	<u>Port Access Fund</u>	<u>Riverfront Development Fund</u>	<u>Totals</u>
State of Louisiana	\$ 6,808	\$ 13,243	\$ 443	\$ 20,494
Vidalia Beautification Committee	3,830	-	-	3,830
Concordia Parish	<u>8,121</u>	-	-	<u>8,121</u>
Totals	<u>\$ 18,759</u>	<u>\$ 13,243</u>	<u>\$ 443</u>	<u>\$ 32,445</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 5,608	\$ 906,505
Hydro Royalty Fund	388,152	6,995
Industrial Park Fund	35	61,825
Port Access Fund	53,510	260,500
Sales Tax Fund	60,499	373,529
Other Governmental Funds	574,286	225,490
Riverfront Development Fund	210,124	34,230
Utility Fund	<u>965,012</u>	<u>388,152</u>
Totals	<u>\$ 2,257,226</u>	<u>\$ 2,257,226</u>

Interfund transfers during the year ended June 30, 2019, were as follows:

<u>Fund</u>	<u>Interfund Transfer</u>	
	<u>In</u>	<u>Out</u>
General Fund	\$ 9,587,978	\$ 519,020
Hydro Royalty Fund	-	4,636,258
Industrial Park Fund	-	4,138,065
Port Access Fund	173,500	-
Sales Tax Fund	-	1,299,970
Other Governmental Funds	3,322,944	152,940
Riverfront Development Fund	257,600	-
Utility Fund	<u>4,901,831</u>	<u>7,497,600</u>
Totals	<u>\$ 18,243,853</u>	<u>\$ 18,243,853</u>

Transfers are primarily used to move funds from:

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

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 7 - CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 5,794,880	\$ -	\$ -	\$ 5,794,880
Construction in progress	<u>7,258,076</u>	<u>4,641,001</u>	<u>-</u>	<u>11,899,077</u>
Total capital assets, not being depreciated	<u>\$ 13,052,956</u>	<u>\$ 4,641,001</u>	<u>\$ -</u>	<u>\$ 17,693,957</u>
Capital assets, being depreciated				
Buildings and structures	\$ 12,240,248	\$ -	\$ -	\$ 12,240,248
Improvements other than buildings	11,591,735	29,618	-	11,621,353
Machinery and equipment	5,327,472	55,477	-	5,382,949
Streets and parking areas	<u>14,126,793</u>	<u>-</u>	<u>-</u>	<u>14,126,793</u>
Total capital assets being depreciated	<u>\$ 43,286,248</u>	<u>\$ 85,095</u>	<u>\$ -</u>	<u>\$ 43,371,343</u>
Less accumulated depreciation for:				
Buildings and structures	\$ (2,331,198)	\$ (267,260)	\$ -	\$ (2,598,458)
Improvements other than buildings	(4,243,869)	(366,390)	-	(4,610,259)
Machinery and equipment	(3,449,834)	(427,550)	-	(3,877,384)
Streets and parking areas	<u>(6,932,020)</u>	<u>(383,420)</u>	<u>-</u>	<u>(7,315,440)</u>
Total accumulated depreciation	<u>\$ (16,956,921)</u>	<u>\$ (1,444,620)</u>	<u>\$ -</u>	<u>\$ (18,401,541)</u>
Total capital assets being depreciated, net	<u>\$ 26,329,327</u>	<u>\$ (1,359,525)</u>	<u>\$ -</u>	<u>\$ 24,969,802</u>
Total assets, net	<u>\$ 39,382,283</u>	<u>\$ 3,281,476</u>	<u>\$ -</u>	<u>\$ 42,663,759</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated				
Land	\$ 685,589	\$ -	\$ -	\$ 685,589
Total capital assets, not being depreciated	<u>\$ 685,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 685,589</u>
Capital assets, being depreciated				
Buildings and structures	\$ 7,550,701	\$ -	\$ -	\$ 7,550,701
Improvements other than buildings	1,245,643	-	-	1,245,643
Machinery and equipment	<u>20,432,081</u>	<u>108,193</u>	<u>-</u>	<u>20,540,274</u>
Total capital assets, being depreciated	<u>\$ 29,228,425</u>	<u>\$ 108,193</u>	<u>\$ -</u>	<u>\$ 29,336,618</u>

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 7 - CAPITAL ASSETS (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings and structures	\$ (821,858)	\$ (40,258)	\$ -	\$ (862,116)
Improvements other than buildings	(32,322)	(1,583)	-	(33,905)
Machinery and equipment	<u>(14,935,197)</u>	<u>(731,601)</u>	-	<u>(15,666,798)</u>
Total accumulated depreciation	<u>\$ (15,789,377)</u>	<u>\$ (773,442)</u>	<u>\$ -</u>	<u>\$ (16,562,819)</u>
Total capital assets being depreciated, net	<u>\$ 13,439,048</u>	<u>\$ (665,249)</u>	<u>\$ -</u>	<u>\$ 12,773,799</u>
Total capital assets, net	<u>\$ 14,124,637</u>	<u>\$ (665,249)</u>	<u>\$ -</u>	<u>\$ 13,459,388</u>

Depreciation expense of \$1,444,620 for the year ended June 30, 2019, was charged to the following governmental functions:

General government	\$ 267,236
Public safety	382,794
Public works	407,883
Economic development	<u>386,707</u>
Total	<u>\$ 1,444,620</u>

NOTE 8 - CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of June 30, 2019. At year-end, the commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Port access road project	<u>\$ 9,786,919</u>	<u>\$ 1,381,300</u>
Total	<u>\$ 9,786,919</u>	<u>\$ 1,381,300</u>

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2019 and 2018:

	<u>Long-Term Debt and Capital Leases Payable</u>				
	<u>Sales Tax Bonds</u>		<u>General Obligation Bonds</u>		<u>Capital Leases and</u>
	<u>2007 Series</u>	<u>USDA #2</u>	<u>USDA #3</u>	<u>Notes</u>	<u>Totals</u>
Payable at June 30, 2018	\$ 550,000	\$ 89,549	\$ 6,407,817	\$ 3,440,257	\$ 10,487,623
Principal retired	(270,000)	(1,401)	(99,107)	(2,609,948)	(2,980,456)
Reclassification	-	-	-	(14,575)	(14,575)
Payable at June 30, 2019	<u>\$ 280,000</u>	<u>\$ 88,148</u>	<u>\$ 6,308,710</u>	<u>\$ 815,734</u>	<u>\$ 7,492,592</u>

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

	<u>Long-Term Debt and Capital Leases Payable</u>					
	<u>Sales Tax Bonds</u>		<u>General Obligation Bonds</u>		<u>Capital</u>	<u>Totals</u>
	<u>2007 Series</u>	<u>2010 Series</u>	<u>USDA #2</u>	<u>USDA #3</u>	<u>Leases and</u> <u>Notes</u>	
Payable at June 30, 2017	\$ 810,000	\$ 235,000	\$ 90,911	\$ 6,503,510	\$ 2,935,051	\$ 10,574,472
Issuance of debt	-	-	-	-	986,991	986,991
Principal retired	(260,000)	(237,000)	(1,362)	(95,693)	(293,375)	(887,430)
Prior period adjustment	-	2,000	-	-	(188,410)	(186,410)
Payable at June 30, 2018	<u>\$ 550,000</u>	<u>\$ -</u>	<u>\$ 89,549</u>	<u>\$ 6,407,817</u>	<u>\$ 3,440,257</u>	<u>\$ 10,487,623</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Current portion	\$ 499,125	\$ 2,993,403
Long-term portion	<u>6,993,467</u>	<u>7,494,220</u>
Total	<u>\$ 7,492,592</u>	<u>\$ 10,487,623</u>

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

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

\$ 280,000	\$ 550,000
------------	------------

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

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

88,148	89,549
--------	--------

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

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

6,308,710	6,407,817
-----------	-----------

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

Capital lease dated December 21, 2015, in the amount of \$798,332
 Financing obtained through Southside Bank for the purchase of a fire truck, fifteen payments of principal and interest due in the amount of \$70,932, with interest at 3.83% and matures in December 2030.

672,474 716,011

Note payable dated March 2017, in the amount of \$2,500,000
 Financing obtained through Concordia Bank & Trust Co., for the purpose of financing general operating expenses, with interest at 2.50% and matures in March 2019.

- 2,500,000

Promissory note dated December 30, 2016, in the amount of \$700,000

Financing obtained through LA Department of Environmental Quality for the reimbursements of tire production costs via LA Elastomer, LLC through a cooperative agreement with the state, and includes two payments of \$47,000; one payment of \$46,000; thirty-five payments of \$15,555; and a final payment of \$15,575, 0% interest and matures in March 2019.

- 14,575

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

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

143,260 209,671

\$ 7,492,592 \$ 10,487,623

At June 30, 2019, the municipality has accumulated \$226,182 in the debt service funds for future debt requirements. The bonds and notes are due as follows:

<u>Year ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Totals</u>
2020	\$ 499,125	\$ 266,907	\$ 780,607
2021	228,137	246,364	474,501
2022	160,346	236,914	397,260
2023	166,180	231,080	397,260
2024	172,227	225,033	397,260
2025-2029	959,833	1,026,467	1,986,300
2030-2034	926,647	846,857	1,773,504
2035-2039	943,856	687,784	1,631,640
2040-2044	1,124,078	507,562	1,631,640
2045-2049	1,338,713	292,927	1,631,640
2050-2053	<u>973,450</u>	<u>56,142</u>	<u>1,029,592</u>
Total	<u>\$ 7,492,592</u>	<u>\$ 4,624,037</u>	<u>\$ 12,131,204</u>

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

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - SALES AND USE TAX REVENUES

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

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

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

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

NOTE 11 - PENSIONS

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

NOTE 12 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

NOTE 13 - PENSION PLANS

For the year ended June 30, 2019, the Town reports the following note disclosures as required by GASB Statement 68, *Accounting and Financial Reporting for Pensions*.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 - PENSION PLANS (continued)

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

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

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

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

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

Funding Policy. Under Plan B, members are required by state statute to contribute 5% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2018, was 13.25% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans Parish) of the taxes shown to be collectible by the tax rolls of each Parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each Plan. The contribution requirements of Plan members and the Town are established and may be amended by state statute.

As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan B for the years ending June 30, 2019 and 2018, were \$549,538 and \$473,079, respectively, equal to the required contributions for those years.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 - PENSION PLANS (continued)

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

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal Cost
Expected remaining service lives	three years for Plan A and four years for Plan B
Investment rate of return	7.275%
Inflation rate	2.600%
Salary increases, including inflation and merit increases	5.000%
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex-Distinct Mortality Table, set forward two years for males and one year for females, projected to 2028 using scale AA.
Employee mortality	RP-2000 Disabled Lives Mortality Table, set back two years for both males and females.
Disabled lives mortality	RP-2000 Disabled Lives Mortality Table, set back five years for males and three years for females.

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

The target allocation and best estimate of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018, is summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.2%
Public fixed income	35%	1.5%
Alternatives	15%	0.6%
Totals	<u>100%</u>	<u>4.3%</u>
Inflation		<u>2.7%</u>
Expected arithmetic nominal return		<u>7.0%</u>

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

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

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 - PENSION PLANS (continued)

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

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

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

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2018, was 30.75% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 2019 and 2018, were \$167,189 and \$181,567, respectively, equal to the required contributions for those years.

Actuarial assumptions. The total pension liability as of June 30, 2018, is based on actuarial valuations and assumptions as follows:

Valuation date	June 30, 2018	
Actuarial cost method	Entry Age Normal Cost	
Investment rate of return	7.20%, net of investment expense	
Expected remaining service lives	2018 - four years	
	2017 - four years	
	2016 - four years	
	2015 - four years	
Inflation rate	2.60%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	23 and over	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex-Distinct Tables, projected to 2029 by Scale AA (set back one year for females) for healthy annuitants and beneficiaries.	
	RP-2000 Employee Table, set back four years for males and three years for females, for active members.	
Cost-of-living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 - PENSION PLANS (continued)

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

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

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, 2018, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52.00%	3.58%
Fixed income	22.00%	0.46%
Alternatives	20.00%	1.07%
Other	6.00%	0.17%
Totals	<u>100.00%</u>	<u>5.28%</u>
Inflation		<u>2.75%</u>
Expected arithmetic nominal return		<u>8.03%</u>

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

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

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 - PENSION PLANS (continued)

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

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

Funding Policy. Plan members are required by state statute to contribute 10.0% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2019, is 26.50% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 2019 and 2018, were \$207,506 and \$213,478, respectively, equal to the required contributions for those years.

Actuarial assumptions. The actuarial assumptions used in the June 30, 2018 valuations were based on actuarial funding valuation and results of an actuarial experience study for the period of July 1, 2009 through June 30, 2014. The required Schedule of the Town's Proportionate Share of the Net Pension Liability located in required supplementary information following the Notes to the Financial Statements presents multi-year trend information regarding whether the Plan fiduciary net position is increasing or decreasing over time relative to the total pension liability. The total pension liability as of June 30, 2018, is based on actuarial valuations for the same periods, updated using generally accepted actuarial procedures.

Additional information on the actuarial methods and assumptions used as of the June 30, 2018 actuarial valuations follows:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Estimated remaining service life	Seven years
Investment rate of return	7.3% per annum
Inflation rate	2.7% per annum
Mortality	For the fiscal year ended June 30, 2018, mortality assumptions were set after reviewing an experience study performed on Plan data for the period July 1, 2009 through June 30, 2014. The pre- and post-mortality life expectancies of participants based on the RP-2000 Combined Healthy with Blue Collar Adjustment Sex-Distinct Tables projected to 2031 using Scale AA for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality table, set back five years for males and three years for females, was selected for disabled annuitants.
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years.
Cost of living adjustments	Only those previously granted.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 - PENSION PLANS (continued)

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

The estimated long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The long-term expected real rates of return were 8.09% as of June 30, 2018. Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	26%	1.76%
U.S. Equity	22%	6.14%
Non-U.S. Equity	22%	7.46%
Global Equity	10%	6.74%
Real Estate	6%	4.38%
Private Equity	4%	8.73%
Global Tactical Asset Allocation	5%	4.31%
Risk Parity	5%	4.89%
Totals	100%	5.34%
Inflation		2.75%
Expected arithmetic nominal return		8.09%

On July 22, 2019, the FRS issued a memorandum regarding the definition of "earnable compensation"; specifically, the circumstances in which a firefighter's overtime is included in the definition of "earnable compensation" and thus subject to retirement contributions by the employee and the employer.

In light of the FRS memorandum and because the correct calculation of the required contributions remains unclear, the Town does not know at this time whether or what amounts of contributions it may need to comply with the law. If the Town has incorrectly calculated "earnable compensation," then additional amounts may be due. Therefore, the Town is currently corresponding with the Louisiana Attorney General's office to seek guidance on the appropriate timeline and method for correcting any past due contribution deficiency.

D. Louisiana State Employees' Retirement System (LASERS)

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

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 - PENSION PLANS (continued)

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

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

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

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

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

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 - PENSION PLANS (continued)

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

Funding Policy. Plan members are required by state statute to contribute 8% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2019, is 38.50% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 2019 and 2018, were \$46,434 and \$48,431, respectively, equal to the required contributions for those years.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018, is as follows:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	7.65% per annum, net of investment expenses
Inflation rate	2.75% per annum
Mortality	<i>Non-disabled members</i> - Mortality rates based on the RP-2000 Combined Healthy Mortality Table, with mortality improvement projected to 2015. <i>Disabled members</i> - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, disability, and retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Salary increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous duty	3.4%	14.3%
Wildlife	3.4%	14.3%

Cost-of-living adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 - PENSION PLANS (continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.83% for 2018. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018, are summarized in the following table:

Expected long-term real rates of return:

Asset class	2018
Cash	-0.48%
Domestic equity	4.31%
International equity	5.26%
Domestic fixed income	1.49%
International fixed income	2.23%
Alternative investments	7.67%
Risk parity	4.96%
Total fund	5.40%

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

At June 30, 2019, the Town reported a liability of \$4,420,856; \$1,565,777; \$1,941,459; and \$449,024 for its proportionate share of the net pension liability for MERS, MPERS, MFRS, and LASERS, respectively. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating cities, actuarially determined. At June 30, 2018, the Town's proportion was 5.226637% for MERS, 0.185210% for MPERS, 0.337523% for MFRS, and 0.00658% for LASERS.

For the year ended June 30, 2019, the Town recognized pension expense of \$950,583, \$57,358, \$432,743, and \$36,658, for MERS, MPERS, MFRS, and LASERS, respectively. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	MERS	MPERS	MFRS	LASERS
Deferred inflows of resources:				
Differences between expected and actual experience	\$ (199,115)	\$ (80,014)	\$ (147,767)	\$ (5,035)
Changes of assumptions	-	-	(308)	-
Changes in proportion	(29,521)	(971,072)	(124,277)	-
Total deferred inflows of resources	\$ (228,636)	\$ (1,051,086)	\$ (272,352)	\$ (5,035)

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 - PENSION PLANS (continued)

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

	<u>MERS</u>	<u>MPERS</u>	<u>MFRS</u>	<u>LASERS</u>
Changes in proportion and differences between Town contributions and proportionate share of contributions:				
Differences between expected and actual experience	\$ 11,844	\$ 7,059	\$ -	\$ -
Changes of assumptions	165,432	102,323	135,436	4,569
Changes in proportion	67,900	147,821	399,299	-
Net difference between projected and actual earnings on pension plan investments	718,537	75,060	126,243	5,822
Town contributions subsequent to the measurement date	<u>549,538</u>	<u>167,189</u>	<u>207,506</u>	<u>46,434</u>
Total deferred outflows of resources	<u>\$ 1,513,251</u>	<u>\$ 499,452</u>	<u>\$ 868,484</u>	<u>\$ 56,825</u>

\$970,667 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>MERS</u>	<u>MPERS</u>	<u>MFRS</u>	<u>LASERS</u>
Year ended June 30:				
2019	\$ 452,442	\$ (139,155)	\$ 209,926	\$ 12,750
2020	195,194	(325,216)	136,081	5,223
2021	65,152	(257,181)	(712)	(10,973)
2022	22,289	2,729	65,635	(1,643)
2023	-	-	(4,391)	-
Thereafter	-	-	(17,913)	-

Discount Rate. The discount rate used to measure the total pension liability was 7.275% for MERS, 7.20% for MPERS, 7.30% for MFRS, and 7.65% for LASERS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and nonemployer entities will be made at the actuarially determined rates approved by the Board of Trustees and PRSAC, taking into consideration the recommendation of the system's actuary. Based on these assumptions, the system's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 – PENSION PLANS (continued)

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

MERS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.275%	7.275%	8.275%
Net Pension Liability	\$ 5,801,832	\$ 4,420,856	\$ 3,246,905

MPERS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.20%	7.20%	8.20%
Net Pension Liability	\$ 2,200,350	\$ 1,565,777	\$ 1,033,394

MFRS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.30%	7.30%	8.30%
Net Pension Liability	\$ 2,833,047	\$ 1,941,459	\$ 1,192,217

LASERS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.65%	7.65%	8.65%
Net Pension Liability	\$ 566,698	\$ 449,024	\$ 347,678

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 14 - SEGMENT INFORMATION FOR UTILITY FUND

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

	<u>Gas Utility</u>	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Office</u>	<u>Total</u>
Operating revenues	\$ 2,132,462	\$ 9,274,106	\$ 716,841	\$ 535,493	\$ -	\$ 12,658,902
Purchase of utility provided	(1,188,640)	(5,546,755)	-	-	-	(6,735,395)
Operating expenses	(379,763)	(1,722,960)	(902,899)	(339,458)	(79,211)	(3,424,291)
Depreciation	<u>(54,141)</u>	<u>(208,830)</u>	<u>(162,423)</u>	<u>(185,626)</u>	<u>(85,078)</u>	<u>(696,098)</u>
Operating income (loss)	<u>\$ 509,918</u>	<u>\$ 1,795,561</u>	<u>\$ (348,481)</u>	<u>\$ 10,409</u>	<u>\$ (164,289)</u>	<u>\$ 1,803,118</u>
Operating transfers, net						(2,595,769)
Interest income and grants						<u>933</u>
Net loss						<u>\$ (791,718)</u>

NOTE 15 - RISK MANAGEMENT

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

NOTE 16 - TOWN OF VIDALIA - HYDROELECTRIC PROJECT

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

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

A. Payment of Royalties to the Town of Vidalia, Louisiana

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

TOWN OF VIDALIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

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

B. Restrictions on Revenues

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

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

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

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

B. Restrictions on Revenues (continued)

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

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

C. Option to Purchase the Hydroelectric Project

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

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

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF VIDALIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 114,000	\$ 114,000	\$ 124,720	\$ 10,720
Licenses and permits	286,500	286,500	237,464	(49,036)
Fines and forfeits	-	-	1,465	1,465
Intergovernmental revenue	452,000	452,000	461,321	9,321
Charges for services	584,000	584,000	574,667	(9,333)
Investment earnings	-	-	12,619	12,619
Other	64,550	64,550	139,046	74,496
Total revenues	<u>\$ 1,501,050</u>	<u>\$ 1,501,050</u>	<u>\$ 1,551,302</u>	<u>\$ 50,252</u>
Expenditures				
General government	\$ 1,839,325	\$ 1,839,325	\$ 1,982,531	\$ (143,206)
Public safety:				
Police	2,631,900	2,631,900	2,599,803	32,097
Fire	1,603,150	1,603,150	1,558,618	44,532
Public works:				
Streets	1,046,050	1,046,050	1,202,074	(156,024)
Sanitation	528,150	528,150	520,462	7,688
Mechanic shop	316,200	316,200	322,726	(6,526)
Capital outlay	202,700	202,700	66,794	135,906
Debt service:				
Principal	173,000	173,000	159,120	13,880
Interest and fiscal fees	47,100	47,100	44,892	2,208
Total expenditures	<u>\$ 8,387,575</u>	<u>\$ 8,387,575</u>	<u>\$ 8,457,020</u>	<u>\$ (69,445)</u>
Excess (deficiency) of revenues before operating transfers	<u>\$ (6,886,525)</u>	<u>\$ (6,886,525)</u>	<u>\$ (6,905,718)</u>	<u>\$ (19,193)</u>
Other financing sources (uses)				
Operating transfers - in	\$ 8,925,125	\$ 8,925,125	\$ 9,587,978	\$ 662,853
Operating transfers - out	(570,100)	(570,100)	(519,020)	51,080
Total other financing sources (uses)	<u>\$ 8,355,025</u>	<u>\$ 8,355,025</u>	<u>\$ 9,068,958</u>	<u>\$ 713,933</u>
Net change in fund balance	\$ 1,468,500	\$ 1,468,500	\$ 2,163,240	\$ 694,740
Fund balance - beginning of year	<u>(1,467,283)</u>	<u>(1,467,283)</u>	<u>(1,467,283)</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,217</u>	<u>\$ 1,217</u>	<u>\$ 695,957</u>	<u>\$ 694,740</u>

See Independent Auditor's Report.

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

FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 2,175,000	\$ 2,542,200	\$ 2,590,099	\$ 47,899
Investment earnings	23,000	23,000	32,706	9,706
Hydro royalties	12,400,000	13,364,630	13,351,630	(13,000)
Total revenues	<u>\$ 14,598,000</u>	<u>\$ 15,929,830</u>	<u>\$ 15,974,435</u>	<u>\$ 44,605</u>
Expenditures				
Current:				
Other services and charges	\$ 8,600,000	\$ 9,122,800	\$ 9,122,760	\$ 40
Total expenditures	<u>\$ 8,600,000</u>	<u>\$ 9,122,800</u>	<u>\$ 9,122,760</u>	<u>\$ 40</u>
Excess of revenues before operating transfers	<u>\$ 5,998,000</u>	<u>\$ 6,807,030</u>	<u>\$ 6,851,675</u>	<u>\$ 44,645</u>
Other financing sources (uses)				
Operating transfers - out	\$ (4,430,000)	\$ (4,430,000)	\$ (4,636,258)	\$ (206,258)
Total other financing sources (uses)	<u>\$ (4,430,000)</u>	<u>\$ (4,430,000)</u>	<u>\$ (4,636,258)</u>	<u>\$ (206,258)</u>
Net change in fund balance	\$ 1,568,000	\$ 2,377,030	\$ 2,215,417	\$ (161,613)
Fund balance - beginning of year	<u>5,702,837</u>	<u>5,702,837</u>	<u>5,702,837</u>	<u>-</u>
Fund balance - end of year	<u>\$ 7,270,837</u>	<u>\$ 8,079,867</u>	<u>\$ 7,918,254</u>	<u>\$ (161,613)</u>

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND

JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,135,000	\$ 2,135,000	\$ 2,274,978	\$ 139,978
Other	1,000	1,000	3,717	2,717
Total revenues	<u>\$ 2,136,000</u>	<u>\$ 2,136,000</u>	<u>\$ 2,278,695</u>	<u>\$ 142,695</u>
Expenditures				
Current:				
Other services and charges	\$ 97,000	\$ 97,000	\$ 67,741	\$ 29,259
Total expenditures	<u>\$ 97,000</u>	<u>\$ 97,000</u>	<u>\$ 67,741</u>	<u>\$ 29,259</u>
Excess (deficiency) of revenues before operating transfers	<u>\$ 2,039,000</u>	<u>\$ 2,039,000</u>	<u>\$ 2,210,954</u>	<u>\$ 171,954</u>
Other financing sources (uses)				
Operating transfers - out	\$ (1,298,100)	\$ (1,298,100)	\$ (1,299,970)	\$ (1,870)
Total other financing sources (uses)	<u>\$ (1,298,100)</u>	<u>\$ (1,298,100)</u>	<u>\$ (1,299,970)</u>	<u>\$ (1,870)</u>
Net change in fund balance	\$ 740,900	\$ 740,900	\$ 910,984	\$ 170,084
Fund balance - beginning of year	348,362	348,362	348,362	-
Fund balance - end of year	<u>\$ 1,089,262</u>	<u>\$ 1,089,262</u>	<u>\$ 1,259,346</u>	<u>\$ 170,084</u>

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Budgetary Comparison Schedule

1. Basis of Presentation

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

2. Budget Amendments and Revisions

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

TOWN OF VIDALIA, LOUISIANA

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

YEAR ENDED JUNE 30, 2019

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

- continued -

TOWN OF VIDALIA, LOUISIANA

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

YEAR ENDED JUNE 30, 2019

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

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

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
MERS:					
Contractually required contribution	\$ 549,538	\$ 473,079	\$ 404,406	\$ 369,990	\$ 316,566
Contributions in relation to the contractually required contribution	<u>(549,538)</u>	<u>(473,079)</u>	<u>(404,406)</u>	<u>(369,990)</u>	<u>(316,566)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Town's covered-employee payroll	\$ 3,925,270	\$ 3,570,408	\$ 3,676,422	\$ 3,893,136	\$ 3,329,289
Contributions as a percentage of covered-employee payroll	14.00%	13.25%	11.00%	9.50%	9.51%
MPERS:					
Contractually required contribution	\$ 167,189	\$ 181,567	\$ 264,524	\$ 326,838	\$ 258,965
Contributions in relation to the contractually required contribution	<u>(167,189)</u>	<u>(181,567)</u>	<u>(264,524)</u>	<u>(326,838)</u>	<u>(258,965)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Town's covered-employee payroll	\$ 518,414	\$ 590,460	\$ 826,659	\$ 1,097,178	\$ 817,650
Contributions as a percentage of covered-employee payroll	32.25%	30.75%	32.00%	29.79%	31.67%
MFRS:					
Contractually required contribution	\$ 207,506	\$ 213,478	\$ 218,612	\$ 237,764	\$ 163,992
Contributions in relation to the contractually required contribution	<u>(207,506)</u>	<u>(213,478)</u>	<u>(218,612)</u>	<u>(237,764)</u>	<u>(163,992)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Town's covered-employee payroll	\$ 783,041	\$ 805,577	\$ 865,789	\$ 863,768	\$ 553,377
Contributions as a percentage of covered-employee payroll	26.50%	26.50%	25.25%	27.53%	29.63%

- continued -

TOWN OF VIDALIA, LOUISIANA
 SCHEDULE OF THE TOWN'S CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2019

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

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

See Independent Auditor's Report.

OTHER INFORMATION

TOWN OF VIDALIA, LOUISIANA
SCHEDULE OF COMPENSATION OF THE GOVERNING BOARD
YEAR ENDED JUNE 30, 2019

The Governing Board of the Town of Vidalia, Louisiana consists of a mayor and five aldermen. For the fiscal year ended June 30, 2019, their compensation was as follow:

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

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA

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

YEAR ENDED JUNE 30, 2019

Agency Head Name:

Honorable Buz Craft, Mayor

Salary	\$	82,931
Benefits		11,679
Travel		1,512
Meals		1,542
Lodging		2,920
Fuel		<u>1,494</u>
	\$	<u>102,078</u>

See Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF VIDALIA, LOUISIANA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2019

	Special Revenue				Debt Service			Capital Projects			Total Nonmajor Govern- mental Funds	
	Ambulance Fund	City Marshall Fund	Town Court Fund	Hotel Occupancy Fund	Total	Sales Tax Sinking Fund	USDA Debt Reserve Fund	Total	LCDBG Fund	Industrial Port Fund		Total
Assets												
Cash and cash equivalents	\$ 57,782	\$ 2,382	\$ 326,002	\$ 265,257	\$ 651,423	\$ 472	\$ 225,710	\$ 226,182	\$ 1	\$ 10,048	\$ 10,049	\$ 887,654
Receivables (net of allowance for uncollectibles)	48,495	-	24,338	-	72,833	-	-	-	-	-	-	72,833
Due from other agencies	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	373,529	757	-	-	374,286	-	-	-	-	200,000	200,000	574,286
Total assets	\$ 479,806	\$ 3,139	\$ 350,340	\$ 265,257	\$ 1,098,542	\$ 472	\$ 225,710	\$ 226,182	\$ 1	\$ 210,048	\$ 210,049	\$ 1,534,773
Liabilities and Fund Balances												
Liabilities:												
Accounts payable	\$ 46,755	\$ -	\$ -	\$ -	\$ 46,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,755
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	9,459	-	5,983	-	15,442	-	-	-	-	210,048	210,048	225,490
Other liabilities	-	-	65,380	-	65,380	-	-	-	-	-	-	65,380
Total liabilities	\$ 56,214	\$ -	\$ 71,363	\$ -	\$ 127,577	\$ -	\$ -	\$ -	\$ -	\$ 210,048	\$ 210,048	\$ 337,625
Fund balances:												
Restricted for:												
Capital projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 1	\$ 1
Debt service	-	-	-	-	-	472	225,710	226,182	-	-	-	226,182
Assigned	423,592	3,139	278,977	265,257	970,965	-	-	-	-	-	-	970,965
Total fund balances	\$ 423,592	\$ 3,139	\$ 278,977	\$ 265,257	\$ 970,965	\$ 472	\$ 225,710	\$ 226,182	\$ 1	\$ -	\$ 1	\$ 1,197,148
Total liabilities and fund balances	\$ 479,806	\$ 3,139	\$ 350,340	\$ 265,257	\$ 1,098,542	\$ 472	\$ 225,710	\$ 226,182	\$ 1	\$ 210,048	\$ 210,049	\$ 1,534,773

TOWN OF VIDALIA, LOUISIANA

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

JUNE 30, 2019

	Special Revenue				Total	Debt Service			Capital Projects		Total Nonmajor Governmental Funds
	Ambulance Fund	City Marshall Fund	Town Court Fund	Hotel Occupancy Fund		Sales Tax Sinking Fund	USDA Debt Reserve Fund	Total	LCDBG Fund	Total	
Revenues											
Sales and use	\$ 568,745	\$ -	\$ -	\$ 148,750	\$ 717,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 717,495
Intergovernmental revenues:											
State	37,422	962	-	-	38,384	-	-	-	-	-	38,384
Fines	-	-	140,447	-	140,447	-	-	-	-	-	140,447
Investment earnings	150	-	-	-	150	-	-	-	-	-	150
Other revenues	77,192	-	-	-	77,192	-	-	-	-	-	77,192
Total revenues	\$ 683,509	\$ 962	\$ 140,447	\$ 148,750	\$ 973,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 973,668
Expenditures											
General government	\$ -	\$ 16,114	\$ 216,981	\$ 13,528	\$ 246,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,623
Public safety	622,695	-	-	-	622,695	-	-	-	-	-	622,695
Debt service											
Principal	-	-	-	-	-	2,770,000	100,507	2,870,507	-	-	2,870,507
Interest and fiscal fees	-	-	-	-	-	50,227	225,821	276,048	-	-	276,048
Total expenditures	\$ 622,695	\$ 16,114	\$ 216,981	\$ 13,528	\$ 869,318	\$ 2,820,227	\$ 326,328	\$ 3,146,555	\$ -	\$ -	\$ 4,015,873
Excess (deficiency) of revenues over expenditures	\$ 60,814	\$ (15,152)	\$ (76,534)	\$ 135,222	\$ 104,350	\$ (2,820,227)	\$ (326,328)	\$ (3,146,555)	\$ -	\$ -	\$ (3,042,205)
Other financing sources (uses)											
Transfers - in	\$ -	\$ 17,253	\$ 124,199	\$ -	\$ 141,452	\$ 2,819,812	\$ 361,680	\$ 3,181,492	\$ -	\$ -	\$ 3,322,944
Transfers - out	-	-	(52,940)	(100,000)	(152,940)	-	-	-	-	-	(152,940)
Total other financing sources (uses)	\$ -	\$ 17,253	\$ 71,259	\$ (100,000)	\$ (11,488)	\$ 2,819,812	\$ 361,680	\$ 3,181,492	\$ -	\$ -	\$ 3,170,004
Net change in fund balance	\$ 60,814	\$ 2,101	\$ (5,275)	\$ 35,222	\$ 92,862	\$ (415)	\$ 35,352	\$ 34,937	\$ -	\$ -	\$ 127,799
Fund balances - beginning	\$ 362,778	\$ 1,038	\$ 284,252	\$ 230,035	\$ 878,103	\$ 887	\$ 190,358	\$ 191,245	\$ 1	\$ 1	\$ 1,069,349
Fund balances - ending	\$ 423,592	\$ 3,139	\$ 278,977	\$ 265,257	\$ 970,965	\$ 472	\$ 225,710	\$ 226,182	\$ 1	\$ 1	\$ 1,197,148

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

60
2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vidalia, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 31, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as Item 2019-1, that we consider to be a significant deficiency and Item 2019-2, that we consider to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Vidalia, Louisiana's Response to Findings

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

Purpose of This Report

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

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

Natchez, Mississippi
October 31, 2019

SCHEDULE OF FINDINGS

TOWN OF VIDALIA, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

TOWN OF VIDALIA, LOUISIANA

CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2019

Section I – Financial Statement Findings

2019-1	<u>Timely Deposits – Town Court Fines (Internal Control Finding)</u>
Condition:	During our audit, we noted the Town's Town Court did not make timely deposits of fine income. In some instances, fine income was not deposited for up to 20 days from the date of receipt.
Criteria:	Deposits should be made timely to reduce the risk of loss from burglary, misplacement, or misappropriation.
Cause of Condition:	Deposits were not made in a timely manner by the Town Court.
Effect of Condition:	Significant deficiency in internal controls.
Recommendation:	We recommend that fine income is deposited timely. Ideally, deposits would be made daily; but, at minimum, should be made weekly.
Response:	The City Court has only one employee available to make deposits at the Bank, and she has been making deposits in the same manner (once a month) for many years. When deposits were not made daily or weekly, they were kept safe in a locked, fireproof filing cabinet. Management will make sure all future deposits are made at least weekly.
2019-2	<u>Misappropriation of Funds (Internal Control Finding)</u>
Condition:	The Town experienced a misappropriation of funds in the utility collection department.
Criteria:	In order to maintain adequate internal controls and prevent the possibility of fraud or misappropriations, no one person should have access to cash and have the ability to post adjusting journal entries. Also, management should approve and review all adjustments made to the billing register.
Cause of Condition:	The Town did not have proper segregation of duties for the utilities' collection function. An employee that collected cash payments for utility services also had the ability to post adjusting entries to the billing register. These adjusting entries did not have the prior approval of management or someone who was not involved in the collection process.
Effect of Condition:	Material weakness in internal controls and misappropriation of approximately \$13,656.
Recommendation:	We recommend that any employee involved in the collection process should not have the ability to post adjusting entries to the billing register. We also recommend that management approve and review all adjustments made to the general ledger.
Response:	Management will ensure that all billing adjustments are properly approved by management; proper segregation of duties are in place by not allowing the billing clerk to accept payments nor post payments to accounts receivable; and, at least quarterly, all billing adjustments made in the billing system will be reviewed by accounting to ensure all adjustments are appropriate and approved by management.

TOWN OF VIDALIA, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

Section II - Internal Control and Compliance Material to Federal Awards

None.

Section III - Management Letter

No management letter issued.

TOWN OF VIDALIA, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

2019-2 Misappropriation of Funds Exhibit

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	An employee of the Town was able to collect and misappropriate cash utility receipts and post adjusting journal entries to the billing register to conceal the misappropriation.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (e.g., utility receipts, petty cash, computer equipment).	Utility receipts
3	The amount of funds or approximate value of assets involved.	\$13,656
4	The department or office in which the fraud or misappropriation occurred.	Utility Department
5	The period of time over which the fraud or misappropriation occurred.	January 1, 2018 - December 10, 2018
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Utility Clerk
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Not applicable
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	Not applicable
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes
11	What is the status of the investigation at the date of the auditor's/accountant's report?	Complete
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	Pending
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	Pending
14	Has restitution been made or has an insurance claim been filed?	Yes
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only.)	Yes

TOWN OF VIDALIA, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

2019-2

Misappropriation of Funds Exhibit (continued)

16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Segregation of duties, approval and review of adjusting journal entries
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	Management will ensure that all billing adjustments are properly approved by management; proper segregation of duties are in place by not allowing the billing clerk to accept payments nor post payments to accounts receivable; and, at least quarterly, all billing adjustments made in the billing system will be reviewed by accounting to ensure all adjustments are appropriate and approved by management.

TOWN OF VIDALIA, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Section I – Financial Statement Findings

2018-1	<u>Sales Tax Fund Expenditures and Other Uses Over Budget (Compliance Finding)</u>
Condition:	The Town's Sales Tax Fund's expenditures and other uses exceeded its budgeted amount by 28.63%. The budgeted amount was \$2,266,300 and the actual amount spent was \$2,915,074. Louisiana Revised Statute 39:1311 requires that revenue not fall short of the budget by more than 5%.
Criteria:	Louisiana statute says that governments' expenditures and other uses are not to exceed the budgeted amounts by more than 5%.
Cause of Condition:	The Town did not adjust its budgeted amount for sales tax expenditures and other uses during the year in an amount that would have prevented noncompliance. The primary cause was due to greater amounts of transfers out of the sales tax fund than budgeted.
Effect of Condition:	Material weakness in internal controls.
Recommendation:	We recommend that management review the budget-to-actual regularly during the year and ensure that the 5% threshold is not surpassed.
Response:	Management will work on this for fiscal year 2019.
2018-2	<u>Segregation of Duties – Town Marshall (Internal Control Finding)</u>
Condition:	During our audit, we noted the Town's Town Marshall does not have an adequate number of personnel to properly segregate duties within the initiation, authorization, reconciliation, and review functions.
Criteria:	It is recommended that no one person should have access to two or more of the functions listed above.
Cause of Condition:	The Town began accounting for the Town Marshall fund separately from the Town Court fund during fiscal year ended June 30, 2018. Further, the Town Marshall does not have the financial resources to employ the number of individuals needed to properly segregate duties.
Effect of Condition:	Material weakness in internal controls.
Recommendation:	We recommend that management change the address on the bank statements to be received by the Town and add a member of management to the bank account, such as the Mayor. We also recommend that the Town Marshall submit purchase orders to a member of management with the authority to approve the purchase order. Finally, we recommend that a separate member of management issue checks for purchases.
Response:	Management will work on this for fiscal year 2019.

**TOWN OF VIDALIA, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Internal Control and Compliance Material to Federal Awards

None.

Section III - Management Letter

No management letter issued.

TOWN OF VIDALIA, LOUISIANA

AGREED-UPON PROCEDURES

JUNE 30, 2019



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

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

To the Mayor and the Board of Aldermen of Town of Vidalia, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures in the attached supplement, which were agreed to by the Town of Vidalia (the Town) and the Louisiana Legislative Auditor (LLA), on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Town's management is responsible for those control and compliance areas identified in the SAUPs.

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

Our procedures and findings are included in the supplement to this report.

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

Silas Simmons, LLP

Natchez, Mississippi
October 31, 2019

TOWN OF VIDALIA, LOUISIANA
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

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.
 - b) *Purchasing*, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) *Disbursements*, including processing, reviewing, and approving.
 - d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cut-off procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised 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.
 - j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - 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 tolls needed to recover operations after a critical event.

The above procedures were not performed in the current year due to no exceptions in prior year testing.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Findings: We obtained a copy of the Town's minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the board's enabling legislation, charter, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly budget-to-actual comparisons. We obtained a copy of the prior year audit report and observed the unrestricted fund balance in the general fund as being negative and a plan is in place to eliminate the negative unrestricted fund balance.

No exceptions were noted during the above procedures.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

The above procedures were not performed in the current year due to no exceptions in prior year testing.

Collections

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

The above procedure was not performed in the current year due to no exceptions in prior year testing.

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

The above procedures were not performed in the current year due to no exceptions in prior year testing.

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

The above procedure was not performed in the current year due to no exceptions in prior year testing.

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

The above procedures were not performed in the current year due to no exceptions in prior year testing.

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

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

Findings: We obtained a list of locations that process payments and management's representation that the listing is complete. The Town has two locations for processing payments.

No exceptions were noted during the above procedures.

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

Findings: Using the Town's two locations, we inquired of employees involved with non-payroll purchasing and payment functions and obtained written policies and procedures.

No exceptions were noted during the above procedures.

10. For each location selected under Procedure 8, 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 five disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under Procedure 9, as applicable.

Findings: For each location from Procedure 8, we obtained the non-payroll disbursement transaction population and management's representation that the population is complete. We randomly selected five disbursements and obtained the documentation that the disbursement matched the related original invoice and that the related documentation included evidence of segregation of duties tested under Procedure 9.

No exceptions were noted during the above procedures.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards (cards) for the fiscal period, 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.

Findings: We obtained a listing of all active cards from management and management's representation that the listing was complete. The Town has five accounts for cards.

No exceptions were noted during the above procedure.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings: We selected the monthly statements for the five accounts for one month randomly selected and observed that the statements were reviewed and approved.

No exceptions were noted during the above procedures.

13. Using the monthly statements or combined statements selected under Procedure 12, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Findings: For four of the statements, 10 transactions were selected and supporting documentation was obtained. Each transaction was supported by an original itemized receipt that identified what was purchased, written documentation of the business/public purpose, and documentation of the individuals who participated in meals for meal charges. One statement was excluded due to being for the Town's fuel cards.

No exceptions were noted during the above procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (Procedure 1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The above procedures were not performed in the current year due to no exceptions in prior year testing.

Contracts

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

The above procedures were not performed in the current year due to no exceptions in prior year testing.

Payroll and Personnel

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

Findings: We obtained a listing of employees and elected officials (employees) employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees from the list and obtained the related documents to agree salaries and pay rates.

We noted no exceptions to the above procedure.

17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under Procedure 16, obtain attendance records and leave documentation for the pay period and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Findings: We randomly selected one pay period during the fiscal period. In the selected pay period, for the five employees selected in Procedure 16, we observed that the five employees documented their daily attendance and leave, had their attendance and leave approved by the appropriate person, and had their leave appropriately reflected in the entity's cumulative leave records.

We noted no exceptions to the above procedures.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the listing is complete. Randomly select two employees/officials,

obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employees'/officials' cumulative leave records, and agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files.

Findings: We obtained a listing of employees that received termination payments during the fiscal period and management's representation that the listing is complete. Two employees were randomly selected and the related documentation to agree the calculation of the termination payment was obtained and agreed to the personnel files of the two employees.

We noted no exceptions to the above procedures.

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

Findings: We obtained documentation to observe that employer and employee portions were paid and associated forms had been filed, and we obtained management's representation about the information.

During our review, we noted that one payment was late for one deadline during the fiscal year and that management paid the late filing fee.

Ethics

20. Using the five randomly selected employees/officials from Procedure 16 under "Payroll and Personnel," obtain ethics documentation from management and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Findings: For the five employees selected from Procedure 16, we observed documentation that demonstrates each employee completed one hour of ethics training during the fiscal period and documentation that demonstrates each employee attested through signature verification that he or she has read the Town's policy during the fiscal period.

No exceptions were noted during the above procedures.

Debt Service

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

The above procedure was not performed in the current year due to no exceptions in prior year testing.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balance and payments to those required by debt covenants.

The above procedure was not performed in the current year due to no exceptions in prior year testing.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Findings: The above procedure was performed during the current year due to management informing the auditor of a misappropriation of public funds. Supporting documentation was obtained for the misappropriation, and it was reported to the legislative auditor and the parish district attorney.

No exceptions were noted during the above procedure.

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

Findings: The notice was observed as being posted on the premises and website.

No exceptions were noted during the above procedure.

TOWN OF VIDALIA, LOUISIANA
SCHEDULE OF EXCEPTIONS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Reference No.</u>	<u>Description of Exception</u>
<u>Payroll and Personnel</u> Procedure 19	Payment was late for one deadline during the fiscal year and management paid the late filing fee.

Management Response

We have reviewed the Supplemental Schedule of Agreed-Upon Procedures and Findings for the year ended June 30, 2019, and agree to the exceptions noted. It is our intent to correct the exceptions in order to be in compliance with the LLA's guidelines proposed in the report.