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**VILLAGE OF PORT VINCENT, LOUISIANA**

**FINANCIAL REPORT**

**JUNE 30, 2015**

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**VILLAGE OF PORT VINCENT, LOUISIANA**

**FINANCIAL REPORT**

**JUNE 30, 2015**

## TABLE OF CONTENTS

	Page
<u>INDEPENDENT AUDITORS' REPORT</u>	
Independent Auditors' Report	1-2
<u>REQUIRED SUPPLEMENTARY INFORMATION – PART I</u>	
Management's Discussion and Analysis	3-8
<u>BASIC FINANCIAL STATEMENTS</u>	
<b>Government Wide Financial Statements (GWFS)</b>	
Statement of Net Position	9
Statement of Activities	10
<b>Fund Financial Statements (FFS)</b>	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement Of Activities	14
Statement of Net Position – Proprietary Funds	15
Statement of Revenues, Expenses, and Changes In Net Position – Proprietary Fund	16
Statement of Cash Flows – Proprietary Fund	17
Notes to Financial Statements	18-33
<u>REQUIRED SUPPLEMENTARY INFORMATION- PART II</u>	
Budgetary Comparison Schedule - General Fund	34
Schedule of Proportionate Share of the Net Pension Liability	35
Schedule of System Contributions	36
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Schedule of Per Diem Paid	37
Schedule of Compensation, Benefits, & Other Payments to Agency Head Or Chief Executive Officer	38
<u>OTHER REPORTS REQUIRED BY <i>GOVERNMENTAL ACCOUNTING STANDARDS</i></u>	
Schedule of Findings and Responses	39
Summary Schedule of Prior Year Findings	40
Independent Auditors' Report on Internal Control over Financial and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	41-42

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mr. David Carter, Mayor  
And Board of Aldermen  
Port Vincent, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund information of the Village of Port Vincent, Louisiana, as of and for the year then ended, June 30, 2015, and the related notes to the financial statement, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund information of the Village of Port Vincent, Louisiana, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of system contributions on pages 3 through 8 and 34 through 36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Port Vincent, Louisiana's basic financial statements. The schedule of per diem paid and the schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of per diem paid, the schedule of compensation, and the benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of per diem paid, and the schedule of compensation, benefits and other payments to agency head or chief executive officer 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 27, 2015 on our consideration of the Village of Port Vincent, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Port Vincent, Louisiana's internal control over financial reporting and compliance.

*Postlethwait & Nettum*

Gonzales, Louisiana

October 27, 2015



## VILLAGE OF PORT VINCENT

### MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2015

This section of Village's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the Village's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- The Village's combined total net position equaled \$629,426 over the course of the year's operations. Net position of our governmental activities was \$370,852 and \$258,574 in the net position of our business-type activities.
- During the year, the Village's governmental activities expenses were \$131,983 less than the \$515,011 generated in charges for services, grants & contributions, taxes, and other revenue. In the Village's business-type activities, total revenues were \$49,218 and total expenses were \$42,271.
- The Village's general fund reported an increase in fund balance of \$162,791 during the fiscal year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

**VILLAGE OF PORT VINCENT**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

**June 30, 2015**

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

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

## VILLAGE OF PORT VINCENT

### MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2015

#### **Government-wide Statements**

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

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

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

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

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

#### **Fund Financial Statements**

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

- Some funds are required by State law

The Village has two kinds of funds:

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

**VILLAGE OF PORT VINCENT**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

**June 30, 2015**

**FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

**Net position.** The Village's combined net position was \$629,426 at the end of the fiscal year. (See Table A-1.)

**Table A-1  
Village's Net Position**

	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
Current and other assets	\$ 290,596	\$ 124,002	\$ 93,093	\$ 60,726
Capital assets, net	85,776	109,962	167,761	190,901
<b>Total assets</b>	<b>376,372</b>	<b>233,964</b>	<b>260,854</b>	<b>251,627</b>
Deferred outflows of resources	91,314	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>467,686</b>	<b>233,964</b>	<b>260,854</b>	<b>251,627</b>
Current liabilities	8,046	4,243	2,280	-
Long term liabilities	71,232	-	-	-
<b>Total liabilities</b>	<b>79,278</b>	<b>4,243</b>	<b>2,280</b>	<b>-</b>
Deferred inflows of resources	17,556	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>96,834</b>	<b>4,243</b>	<b>2,280</b>	<b>-</b>
Net position				
Invested in capital assets, net of related debt	85,776	109,962	167,761	190,901
Unrestricted	285,076	119,759	90,813	60,726
<b>Total net position, as restated</b>	<b>\$ 370,852</b>	<b>\$ 229,721</b>	<b>\$ 258,574</b>	<b>\$ 251,627</b>

**Changes in net position.** The Village's total revenues for all programs were \$564,229 at year end (See Table A-2.) Approximately 79 percent of the Village's revenue comes from fines, fees, and charged for services. Taxes and licenses make up 17 percent and the rest is interest, rent, and miscellaneous revenue.

The total cost of all programs and services were \$425,299. The Village's expenses cover all services performed by its office. Additionally, the Village's pension expense increased in the current year due to a significant change in accounting principle as later noted in footnote 1 and 5.

**VILLAGE OF PORT VINCENT**

**MANAGEMENTS DISCUSSION AND ANALYSIS  
June 30, 2015**

**Table A-2  
Changes in Village's Net Position**

	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 396,157	\$ 323,394	\$ 49,184	\$ 49,104
Capital contribution	-	26,000		
General revenues				
Intergovernmental	96,761	73,703	-	-
Miscellaneous	21,994	34,531	-	-
Interest	99	30	34	20
Transfers in	-	5,351	-	-
<b>Total revenues</b>	<b>515,011</b>	<b>463,009</b>	<b>49,218</b>	<b>49,124</b>
<b>Expenses</b>				
General government	213,403	215,129	42,271	38,185
Public safety	169,625	161,180	-	-
Transfers out	-	-	-	5,351
<b>Total expenses</b>	<b>383,028</b>	<b>376,309</b>	<b>42,271</b>	<b>43,536</b>
<b>Increase in net position</b>	<b>\$ 131,983</b>	<b>\$ 86,700</b>	<b>\$ 6,947</b>	<b>\$ 5,588</b>

**Governmental Activities**

Revenues for the Village's governmental activities were \$131,983 more than total expenses for year end. The cost of all governmental activities this year was \$383,028. Increases in net position are primarily due to more aggressive law enforcement on traffic violations. The Village of Port Vincent was able to control cost of the police department by keeping the same number of officers as in the past year.

**Business-type Activities**

Revenues were \$49,218 and expenses were \$42,271 of the Village's business-type activities.

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

As the Village completed the year, its governmental funds reported a combined fund balance of \$282,550. General Fund's fund balance increased by \$162,791. The primary reason for the general fund's increase is due to the increases in charges for services and conservative spending. The Village's Proprietary Fund increased net position by \$6,947 over the year. Revenues and expenses remained consistent with prior year.

**VILLAGE OF PORT VINCENT**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

**June 30, 2015**

**General Fund Budgetary Highlights**

Over the course of the year, there were no amendments made to the general fund budget.

**CAPITAL ASSETS**

At the end of 2015, the Village had invested approximately \$253,537 in a broad range of capital assets, including police equipment, vehicles, buildings, and water well systems. (See Table A-3)

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

	<u>Governmental Activities</u>	<u>Business Activities</u>
Land	\$ 10,000	\$ -
Buildings	73,778	-
Lines, meters, & Plants	-	637,041
Equipment	156,744	-
Vehicles	61,792	-
Less: Accumulated Depreciation	<u>(216,538)</u>	<u>(469,280)</u>
<b>Total</b>	<b><u>\$ 85,776</u></b>	<b><u>\$ 167,761</u></b>

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

The Village is dependent on fines and court costs for 69 percent of its revenues; and taxes, licenses fees, & permits for 14 percent. The economy is not expected to generate any significant growth. Therefore, the Village's revenues and expenditures are expected to be consistent with the current years.

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

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

**VILLAGE OF PORT VINCENT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b><u>ASSETS</u></b>			
Cash	\$ 266,595	\$ 90,698	\$ 357,293
Receivables	24,001	2,375	26,376
Due from other funds	-	20	20
Capital assets, net of accumulated depreciation	85,776	167,761	253,537
TOTAL ASSETS	376,372	260,854	637,226
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension related	91,314	-	91,314
Total deferred outflows of resources	91,314	-	91,314
Total assets and deferred outflows of resources	\$ 467,686	\$ 260,854	\$ 728,540
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
<b><u>LIABILITIES</u></b>			
Accrued expenses	\$ 8,046	\$ -	\$ 8,046
Customer advances	-	2,280	2,280
Net pension liability	71,232	-	71,232
TOTAL LIABILITIES	79,278	2,280	81,558
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension related	17,556	-	17,556
Total deferred inflows of resources	17,556	-	17,556
<b><u>NET POSITION</u></b>			
Investment in capital assets	85,776	167,761	253,537
Unrestricted	285,076	90,813	375,889
TOTAL NET POSITION	370,852	258,574	629,426
Total liabilities, deferred inflows of resources and net position	\$ 467,686	\$ 260,854	\$ 728,540

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

**VILLAGE OF PORT VINCENT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b><u>ACTIVITIES</u></b>						
<b>Governmental:</b>						
General government	\$ 213,403	\$ -	\$ -	\$ (213,403)		\$ (213,403)
Public safety	169,625	396,157	-	226,532		226,532
Total governmental activities	<u>383,028</u>	<u>396,157</u>	<u>-</u>	<u>13,129</u>		<u>13,129</u>
<b>Business-type:</b>						
Utility	42,271	49,184	-		6,913	6,913
Total business-type activities	42,271	49,184	-		6,913	6,913
Total Village of Port Vincent	<u>\$ 425,299</u>	<u>\$ 445,341</u>	<u>\$ -</u>	<u>\$ 13,129</u>	<u>\$ 6,913</u>	<u>\$ 20,042</u>
General Revenues:						
Intergovernmental:						
Beer tax				2,004	-	2,004
Franchise taxes and permits				57,350	-	57,350
Insurance premium tax				18,807	-	18,807
Occupational licenses				18,600	-	18,600
Interest income				99	34	133
Other:						
Cellular Tower Rental				8,187	-	8,187
Parish Supplemental				3,600	-	3,600
Other income				10,207	-	10,207
Total general revenues and transfers				<u>118,854</u>	<u>34</u>	<u>118,888</u>
Change in net position				131,983	6,947	138,930
Net position - July 1, 2014 (as restated)				<u>238,869</u>	<u>251,627</u>	<u>490,496</u>
Net position - June 30, 2015				<u>\$ 370,852</u>	<u>\$ 258,574</u>	<u>\$ 629,426</u>

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

**VILLAGE OF PORT VINCENT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 266,595	\$ -	\$ 266,595
Receivables	14,342	9,659	24,001
<b>Total assets</b>	<u>\$ 280,937</u>	<u>\$ 9,659</u>	<u>\$ 290,596</u>
<b>LIABILITIES</b>			
Payroll tax liability	\$ 8,046	\$ -	\$ 8,046
<b>Total liabilities</b>	<u>8,046</u>	<u>-</u>	<u>8,046</u>
<b>FUND BALANCE</b>			
Unassigned	272,891	9,659	282,550
<b>Total fund balance</b>	<u>272,891</u>	<u>9,659</u>	<u>282,550</u>
 <b>Total liabilities and fund balance</b>	 <u>\$ 280,937</u>	 <u>\$ 9,659</u>	 <u>\$ 290,596</u>

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

**VILLAGE OF PORT VINCENT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Total fund balance - Governmental Funds		\$ 282,550
Deferred outflows-pension related		91,314
Cost of capital assets at June 30, 2015	\$ 302,314	
Less: accumulated depreciation as of June 30, 2015	<u>(216,538)</u>	85,776
Net pension liability		(71,232)
Deferred inflows-pension related		<u>(17,556)</u>
Total net position at June 30, 2015 - Governmental Activities		<u>\$ 370,852</u>

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

**VILLAGE OF PORT VINCENT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2015**

	General	Capital Projects	Total Governmental Funds
<b>REVENUE</b>			
Fines and court fees	\$ 396,157	\$ -	\$ 396,157
Intergovernmental:			
Beer tax	2,004	-	2,004
Franchise taxes and permits	57,350	-	57,350
Insurance premium tax	18,807	-	18,807
Occupational licenses	18,600	-	18,600
Interest income	99	-	99
Other:			
Cellular Tower Rental	8,187	-	8,187
Parish Supplemental	3,600	-	3,600
Other income	8,314	-	8,314
	<u>513,118</u>	<u>-</u>	<u>513,118</u>
<b>EXPENDITURES</b>			
Current:			
General government	197,803	-	197,803
Public Safety	141,704	-	141,704
Capital Outlay	10,820	-	10,820
Total expenditures	<u>350,327</u>	<u>-</u>	<u>350,327</u>
Excess of Revenues over (under) expenditures	162,791	-	162,791
<b>Fund Balance, Beginning of Year</b>	110,100	9,659	119,759
<b>Fund Balance, End of Year</b>	<u>\$ 272,891</u>	<u>\$ 9,659</u>	<u>\$ 282,550</u>

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

**VILLAGE OF PORT VINCENT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2015**

Net change in fund balance - Governmental funds	\$ 162,791
The change in net position reported for governmental activities in the statement of activities is different because:	
Capital outlay capitalized	10,820
Depreciation expense	(19,406)
Loss on disposed asset	(15,600)
Non-employer contributions to cost-sharing pension plan	1,893
Pension contributions in excess of pension expense	<u>(8,515)</u>
Change in net position of governmental activities	<u><u>\$ 131,983</u></u>

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

**VILLAGE OF PORT VINCENT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2015**

<b><u>ASSETS</u></b>	<b><u>Utility Fund</u></b>
Cash	\$ 90,698
Receivables	2,375
Due from other funds	20
Capital assets, net of accumulated depreciation	<u>167,761</u>
TOTAL ASSETS	<u>260,854</u>
<b><u>LIABILITIES</u></b>	
Customer advances	<u>2,280</u>
TOTAL LIABILITIES	<u>2,280</u>
<b><u>NET POSITION</u></b>	
Invested in capital assets	167,761
Unrestricted	<u>90,813</u>
TOTAL NET POSITION	<u><u>\$ 258,574</u></u>

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

**VILLAGE OF PORT VINCENT**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2015**

	<b>Utility Fund</b>
<b>OPERATING REVENUES</b>	
Charges for service	\$ 49,184
Total operating revenues	49,184
<b>OPERATING EXPENSES</b>	
Administration	3,474
Depreciation	23,140
Maintenance	12,178
Utilities	3,479
Total operating expenses	42,271
<b>OPERATING INCOME</b>	6,913
<b>NONOPERATING REVENUES</b>	
Interest income	34
Total nonoperating revenues	34
<b>Change in net position</b>	6,947
<b>Total net position - beginning</b>	251,627
<b>Total net position - ending</b>	\$ 258,574

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

**VILLAGE OF PORT VINCENT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE**  
**YEAR ENDED JUNE 30, 2015**

	<b>Utility Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 49,184
Payments to suppliers and employees	(16,015)
<b>Net cash provided by operating activities</b>	<b>33,169</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	34
<b>Net cash provided by investing activities</b>	<b>34</b>
<b>Net increase in cash and cash equivalents</b>	33,203
<b>Cash and cash equivalents - July 1, 2014</b>	<b>57,495</b>
<b>Cash and cash equivalents - June 30, 2015</b>	<b>\$ 90,698</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 6,913
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation and amortization	23,140
Decrease in accounts receivable	856
Increase in due from other funds	(20)
Increase in current liabilities	2,280
<b>Net cash provided by operating activities</b>	<b>\$ 33,169</b>

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

# VILLAGE OF PORT VINCENT

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Organization

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

#### B. Reporting Entity

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

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

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

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

# VILLAGE OF PORT VINCENT

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Basis of Presentation, Basis of Accounting

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

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

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

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

The Village reports the following major governmental funds:

- a. General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and agency funds).

# VILLAGE OF PORT VINCENT

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Village reports the following proprietary fund:

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

#### D. Measurement Focus, Basis of Accounting -

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

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

The accompanying financial statements of the Village has been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, the Village has elected to directly incorporate into GASB's authoritative literature certain pronouncements issued by FASB and its predecessors on or before November 30, 1989.

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

**VILLAGE OF PORT VINCENT**  
**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

E. Budgetary Policy and Accounting

Budgets and Budgetary Accounting – The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

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

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**VILLAGE OF PORT VINCENT**  
**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building Improvements	20
Other Improvements	20-40
Vehicles	5-15
Equipment	3-15

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

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

	<u>Years</u>
Water distribution systems	25 years
Well site improvements	9-10 years
Furniture and office equipment	7 years

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

Accounts receivables –Accounts receivables are recorded at cost net of any allowance for doubtful accounts. The Village uses the allowance method to recognize any bad debts for utility receivables. The allowance is based on management’s estimate of uncollectible receivables as of the end of each year.

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

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

# VILLAGE OF PORT VINCENT

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - The Village's governmental fund type investments consist of an investment in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like pool administered by a non-profit corporation under a State of Louisiana law which permits the LAMP investments to be carried at amortized cost instead of fair value. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

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

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

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

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

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

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

# VILLAGE OF PORT VINCENT

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Current year adoption of new accounting standards and restatement of net position - The Village adopted Government Accounting Standards Board (GASB) Statement Number 68- Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27, and Statement Number 71-Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68. The net effect to the entity-wide Statement of Net Position for the prior year that resulted from the adoption of GASBs 68 and 71 is as follows:

#### Governmental Activities

Total Net Position, June 30, 2014 as previously reported	\$ 229,721
Deferred Outflows of Resources	9,148
Total Net Position, June 30, 2014, Restated	\$ 238,869

### 2. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2015, are as follows:

#### Governmental activities:

	Land	Building	Equipment	Vehicles	Total
Cost of Capital					
Assets June 30, 2014	\$ 10,000	\$ 73,778	\$ 172,432	\$ 77,292	\$ 333,502
Additions	-	-	320	10,500	10,820
Deletions	-	-	(16,008)	(26,000)	(42,008)
Costs of Capital					
Assets, June 30, 2015	10,000	73,778	156,744	61,792	302,314
Accumulated depreciation					
June 30, 2014	-	26,959	150,643	45,938	223,540
Additions	-	1,844	8,417	9,145	19,406
Deletions	-	-	(16,008)	(10,400)	(26,408)
Accumulated depreciation, June 30, 2015	-	28,803	143,052	44,683	216,538
Capital assets, net of accumulated depreciation at June 30, 2015	\$ 10,000	\$ 44,975	\$ 13,692	\$ 17,109	\$ 85,776

For the year ended June 30, 2015, depreciation expense was \$19,406. Depreciation expense of \$8,512 was charged to General Government and \$10,894 was charged to Public Safety.

**VILLAGE OF PORT VINCENT**

**NOTES TO FINANCIAL STATEMENTS**

2. **CAPITAL ASSETS** (continued)

Business-Type Activities:

	Lines, Meters, and plants	Equipment	Total
Cost of Capital Assets			
June 30, 2014	\$ 578,494	\$ 58,547	\$ 637,041
Additions	-	-	-
Deletions	-	-	-
Costs of Capital Assets, June 30, 2015	<u>578,494</u>	<u>58,547</u>	<u>637,041</u>
Accumulated depreciation			
June 30, 2014	387,593	58,547	446,140
Additions	23,140	-	23,140
Deletions	-	-	-
Accumulated depreciation, June 30, 2015	<u>410,733</u>	<u>58,547</u>	<u>469,280</u>
Capital assets, net of accumulated depreciation at June 30, 2015	<u>\$ 167,761</u>	<u>\$ -</u>	<u>\$ 167,761</u>

For the year ended June 30, 2015, depreciation expense was \$23,140.

3. **CASH AND INVESTMENTS**

At June 30, 2015, the Village's cash and investments (book balance)—consisted of the following:

	<b><u>Governmental Funds</u></b>	<b><u>Proprietary Funds</u></b>	<b><u>Total</u></b>
Cash:			
Demand deposits	<u>\$ 255,260</u>	<u>\$ 85,870</u>	<u>\$ 341,130</u>
Investments:			
Funds held in LAMP	<u>11,335</u>	<u>4,828</u>	<u>16,163</u>
Total cash and investments	<u>\$ 266,595</u>	<u>\$ 90,698</u>	<u>\$ 357,293</u>

**VILLAGE OF PORT VINCENT**

**NOTES TO FINANCIAL STATEMENTS**

3. **CASH AND INVESTMENTS** (continued)

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. The Village's bank balances were not exposed to custodial credit risk at June 30, 2015.

As of June 30, 2015, the Village had the following investments and maturities:

**INVESTMENT MATURITIES (IN YEARS)**

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Less Than 1</u></b>
LAMP Funds	<u>\$ 16,163</u>	<u>\$ 16,163</u>
Total Investments	<u>\$ 16,163</u>	<u>\$ 16,163</u>

Because the LAMP funds as of June 30, 2015, had a weighted average maturity of 3.5 months, it was presented as an investment with maturity of less than one year.

**Interest Rate Risk**

The Village's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

State law limits investments in securities issued, or backed by the United States Treasury obligations, and U.S. Government instrumentalities, which are federally sponsored, and other political subdivisions. The Village's investment policy does not further limit its investment choices. As of June 30, 2015, the Village's investment in LAMP was rated AAA by Standard & Poor's.

4. **RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has obtained liability insurance through the Louisiana Risk Management Association (LRMA). This policy includes general liability insurance as well as liability insurance for the Village Hall, the police car and the patrolman, and an errors and omissions policy on the public officials. In addition, the Village has purchased building and contents insurance on the Village Hall, comprehensive and collision insurance on the police car and worker's compensation insurance.

## VILLAGE OF PORT VINCENT

### NOTES TO FINANCIAL STATEMENTS

#### 5. PENSION AND RETIREMENT PLAN

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

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

MPERS:  
7722 Office Park Boulevard, Suite 200  
Baton Rouge, LA 70809  
(225) 929-7411  
[www.lampers.org](http://www.lampers.org)

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

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

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

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

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

## VILLAGE OF PORT VINCENT

### NOTES TO FINANCIAL STATEMENTS

#### 5. PENSION AND RETIREMENT PLAN (continued)

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

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

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

**VILLAGE OF PORT VINCENT**

**NOTES TO FINANCIAL STATEMENTS**

5. **PENSION AND RETIREMENT PLAN** (continued)

**Funding Policy**

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

Contributions to the plan are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2015, for the Village and covered employees were as follows:

	Village	Employees
All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013	31.00%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.00%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	33.50%	7.50%

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

	2015	2014	2013
MPERS	\$23,097	\$9,148	\$7,662

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

The following schedule lists the Village's proportionate share of the Net Pension Liability allocated by the pension plan for based on the June 30, 2014 measurement date. The Village uses this measurement to record its Net Pension Liability and associated amount as of June 30, 2015 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2014 along with the change compared to the June 30, 2013 rate. The Village's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2014	Rate at June 30, 2014	Increase (Decrease) on June 30, 2013 Rate
MPERS	\$71,232	0.0114%	0.0114%

**VILLAGE OF PORT VINCENT**

**NOTES TO FINANCIAL STATEMENTS**

5. **PENSION AND RETIREMENT PLAN** (continued)

The pension plan's recognized pension expense of the Village for the year ended June 30, 2015 was \$31,612.

At June 30, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (1,253)
Changes of assumptions	-	(19)
Net difference between projected and actual earnings on pension plan investments	-	(16,120)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	68,217	(164)
Employer contributions subsequent to the measurement date	<u>23,097</u>	<u>-</u>
Total	<u>\$ 91,314</u>	<u>\$ (17,556)</u>

The Village reported a total of \$23,097 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2014 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2016. The pension contributions made subsequent to the measurement period was \$23,097.

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

Year	
2016	\$ 18,230
2017	18,230
2018	18,230
2019	(4,030)
2020	-
2021	-
	<u>\$ 50,661</u>

# VILLAGE OF PORT VINCENT

## NOTES TO FINANCIAL STATEMENTS

### 5. PENSION AND RETIREMENT PLAN (continued)

#### Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2014 are as follows:

	<b>MPERS</b>	
<b>Valuation Date</b>	June 30, 2014	
<b>Actuarial Cost Method</b>	Entry Age Normal Cost	
<b>Actuarial Assumptions:</b>		
<b>Expected Remaining</b>		
<b>Service Lives</b>	4 years	
<b>Investment Rate</b>	7.50% net of investment expenses	
<b>of Return</b>		
<b>Inflation Rate</b>	3%	
<b>Mortality</b>	Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2003 through June 30, 2008. The RP-2000 Employee Mortality Table was selected for active members. The RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. The RP- 2000 Disabled Lives Mortality Table was selected for disabled annuitants	
<b>Salary Increases</b>	<b>Years of Service</b>	<b>Salary Growth Rate</b>
	1	10.00%
	2	6.00%
	3 - 19	4.30%
	20 - 29	5.50%
	30 & Over	4.00%
<b>Cost of Living Adjustments</b>	The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.	
	No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.	
	Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.	

# VILLAGE OF PORT VINCENT

## NOTES TO FINANCIAL STATEMENTS

### 5. PENSION AND RETIREMENT PLAN (continued)

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

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 8.0% for the year ended June 30, 2014.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for the major asset class included in the Retirement System target asset allocations as of June 30, 2014:

Asset Class	Target Allocation MPERS	Long-Term Expected Real Rate of Return MPERS
Equity	52.0%	5.43%
Fixed Income	20.0%	2.35%
Alternatives	23.0%	4.51%
Other	5.0%	4.07%
Total	<u>100.0%</u>	4.82%
Inflation		<u>3.25%</u>
Expected Arithmetic Nominal Return		<u>8.07%</u>

#### ***Discount Rate***

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MPERS was 7.50% for the year ended June 30, 2014.

**VILLAGE OF PORT VINCENT**

**NOTES TO FINANCIAL STATEMENTS**

5. **PENSION AND RETIREMENT PLAN** (continued)

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

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

	<u>1.0%</u> <u>Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1.0%</u> <u>Increase</u>
MPERS			
Rates	6.50%	7.50%	8.50%
Village of Port Vincent Share of NPL	\$ 102,846	\$ 71,232	\$ 44,678

6. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 27, 2015, the date that the financial statements were available to be issued, and determined that no additional disclosures are necessary.

**VILLAGE OF PORT VINCENT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Fines and court fees	\$ 274,500	\$ 274,500	\$ 396,157
Beer tax	2,000	2,000	2,004
Franchise taxes and permits	40,000	40,000	57,350
Insurance premium tax	12,000	12,000	18,807
Occupational licenses	10,000	10,000	18,600
Interest	-	-	99
Other:			
Cellular Tower Rental	8,000	8,000	8,187
Parish supplemental	3,600	3,600	3,600
Other income	6,000	6,000	8,314
Total revenues	<u>356,100</u>	<u>356,100</u>	<u>513,118</u>
<b>EXPENDITURES</b>			
Current:			
General government	196,100	196,100	197,803
Public safety	160,000	160,000	141,704
Capital Outlay	-	-	10,820
Total expenditures	<u>356,100</u>	<u>356,100</u>	<u>350,327</u>
Excess of expenditures (over) under revenues	-	-	162,791
<b>Fund Balance, Beginning of year</b>	<u>110,100</u>	<u>110,100</u>	<u>110,100</u>
<b>Fund Balance, End of year</b>	<u>\$ 110,100</u>	<u>\$ 110,100</u>	<u>\$ 272,891</u>

**VILLAGE OF PORT VINCENT**

**SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2015**

**Municipal Police Employees' Retirement System**

Employer's Proportion of the Net Pension Liability (Assets)	0.0114%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 71,232
Employer's Covered-Employee Payroll	\$ 63,891
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	111.4899%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.1000%

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

**VILLAGE OF PORT VINCENT**

**SCHEDULE OF SYSTEM CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Municipal Police Employees' Retirement System**

Contractually required contribution	\$ 20,126
Contributions in relation to contractually required contributions	<u>23,097</u>
Contribution deficiency (excess)	\$ (2,971)
Employer's Covered Employee Payroll	\$ 63,891
Contributions as a % of Covered Employee Payroll	31.5000%

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

**VILLAGE OF PORT VINCENT**  
**SCHEDULE OF PER DIEM PAID**  
**YEAR ENDED JUNE 30, 2015**

	<u>MONTHLY</u>	<u>ANNUAL</u>
Mayor, David Carter	\$ 550	\$ 6,600
Johnnie Page	\$ 75	900
Scotty Martone	\$ 75	900
Milton "Gary" Brady	\$ 75	900
Chief of Police, Brant Villenurve (7/1/2014-4/30/2015)	\$ 2,413	28,963
Chief of Police, Mathew Allen (5/6/2015-6/30/2015)	\$ 85	<u>1,020</u>
		<u>\$ 39,283</u>

**VILLAGE OF PORT VINCENT**  
**SCHEDULE OF COMPENSATION, BENEFITS & OTHER PAYMENT**  
**TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**  
**JUNE 30, 2015**

Agency Head Name/Title: David Carter, Mayor

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 6,600
Supplemental pay	529
	<u>\$ 7,129</u>

# VILLAGE OF PORT VINCENT

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2015

### **A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the Village of Port Vincent.
2. One material weakness relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Village of Port Vincent were disclosed during the audit.

### **B. FINDINGS**

#### **Internal Controls - Material Weakness**

##### **2015-01 Internal Control Deficiency over Cash Receipt Process**

**Criteria:** Internal controls should be designed and implemented to ensure that adequate segregation of duties and management oversight exists between initiating, recording, processing, approving, and reconciling of transactions in the general ledger.

**Condition:** A former Assistant Clerk in the Police Department failed to issue receipts for all cash payments that she collected and appears to have falsified public records by concealing cash amounts collected and not deposited. Approximately \$16,890 was collected and not deposited in the Village's bank account during the period of January 8, 2015 through March 16, 2015. This individual is no longer employed by the Village. The Livingston Parish Sheriff's Department, District Attorney, and the Louisiana Legislative Auditor have been notified. As of the auditors' report date, no charges have been filed, no restitution has been made, nor has an insurance claim been filed.

**Cause:** There were no procedures in place to provide that an adequate reconciliation and review of the traffic ticket receipt book, the traffic ticket citation log, or the amount deposit in the bank was performed.

**Effect:** Because of the lack of segregation of duties and oversight, cash receipts were not deposited into the Village's bank or recorded into the general ledger.

**Recommendation:** The Village should design and implement internal controls to ensure there is a proper segregation of duties between the initiating, processing, approving, and recording of transactions into the general ledger. Additionally, the Village should implement procedures that ensure proper management oversight exist over the disposition of traffic ticket citations.

**Views of responsible officials and planned corrective actions:** The Village acknowledges that an environment was created where certain weaknesses evolved within its system of internal controls over their cash receipts process. To correct the weakness outlined above, the Village has implemented the following:

- A three part receipt book for payments are being used as cash is received
- Locked cash bags are balanced daily by clerk and deposits are made daily by the assistant clerk
- Reviews will be done to compare the daily and total deposits to the total receipts by the clerk
- Quarterly internal audits will be performed over all collections
- Employees will trained on policies and procedures for handling collections

**VILLAGE OF PORT VINCENT**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**YEAR ENDED JUNE 30, 2015**

**A. FINDINGS – FINANCIAL STATEMENTS**

**NONE**

**B. FINDINGS – COMPLIANCE**

**NONE**

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

To the Honorable Mr. David Carter, Mayor  
and the Board of Aldermen  
Port Vincent, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund information of the Village of Port Vincent, Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village of Port Vincent, Louisiana's basic financial statements and have issued our report dated October 27, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal controls that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. (2015-01)

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.

**Compliance and Other Matters**

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

## **Village of Port Vincent's Responses to Findings**

Village of Port Vincent's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Village of Port Vincent'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.

*Postlethwaite & Mettner*

Gonzales, Louisiana  
October 27, 2015