

**Town of Vivian
Vivian, Louisiana**

Financial Statement with Auditors' Report

As of and For the Year Ended June 30, 2021

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Vivian, Louisiana
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Independent Auditors' Report

Honorable Mayor and Board of Aldermen
Town of Vivian, 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 of the Town of Vivian, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town'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, and each major fund of the Town of Vivian, Louisiana, as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 11, the budgetary comparison information on pages 49 - 52, the Schedule of Proportionate Share of Net Pension Liability on page 53, and the Schedule of Contributions on page 54 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vivian's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 55 – 59 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Town of Vivian prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedule, Justice System Funding Schedule, shown on page 60, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule is presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with accounting principles generally accepted in the United States of America. The information is the responsibility of management and was derived from and relates 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 Justice System Funding Schedule, shown on pages 60, is fairly stated in all material respects, in relation to the 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 December 31, 2021, on our consideration of the Town of Vivian, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Vivian's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vivian's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 31, 2021

TOWN OF VIVIAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Vivian's financial performance provides an overview of the Town of Vivian's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Town's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- The Town of Vivian's net position of our governmental activities increased by \$144,718 or 2%. The Town of Vivian's net position of our business-type activities increased by \$245,661 or 5%.
- In the Town's governmental activities, total general and program revenues were \$2,571,794 in 2021 compared to \$2,197,408 in 2020. Total expenses, excluding depreciation, totaled \$1,855,277 for the year ended June 30, 2021 compared to \$1,554,589 for 2020.
- In the Town's business-type activities, revenues decreased by \$468,668, while expenses decreased by \$60,633.
- In the Town's governmental activities, revenues increased by \$374,386, while expenses increased by \$283,605.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 and 13) provide information about the activities of the Town of Vivian as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town of Vivian's operations in more detail than the government-wide statements by providing information about the Town of Vivian's most significant funds.

Reporting the Town of Vivian, Louisiana as a Whole

Our analysis of the Town of Vivian as a whole begins on page 12. One of the most important questions asked about the Town of Vivian's finances is "Is the Town of Vivian as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Town of Vivian as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town of Vivian's *net position* and changes in it. You can think of the Town of Vivian's net position – the difference between assets and liabilities – as one way to measure the Town of Vivian's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town of Vivian's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental activities – Most of the Town's basic services are reported here, including the police, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

Reporting the Town's Most Significant Funds

Our analysis of the major funds maintained by the Town of Vivian begins on page 14. The fund financial statements begin on page 14 and provide detailed information about the most significant funds maintained by the Town of Vivian – not the Town of Vivian as a whole. The Town of Vivian's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental funds – Most of the Town of Vivian's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town of Vivian's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Vivian's expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

TOWN OF VIVIAN AS A WHOLE

The Town of Vivian's combined net position changed from a year ago, increasing from \$12,788,333, as restated, to \$13,178,712. A comparative analysis of the funds maintained by the Town of Vivian is presented below.

**Table 1
Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 2,151,320	\$ 1,863,635	\$ 1,355,199	\$ 1,761,388	\$ 3,506,519	\$ 3,625,023
Capital Assets	7,044,284	7,335,001	7,187,986	7,163,395	14,232,270	14,498,396
Total Assets	<u>9,195,604</u>	<u>9,198,636</u>	<u>8,543,185</u>	<u>8,924,783</u>	<u>17,738,789</u>	<u>18,123,419</u>
Deferred Outflows of Resources	44,729	34,732	176,037	152,713	220,766	187,445
Current Liabilities	132,593	48,818	258,805	788,951	391,398	837,769
Long-term Liabilities	674,176	881,877	3,618,339	3,659,865	4,292,515	4,541,742
Total Liabilities	<u>806,769</u>	<u>930,695</u>	<u>3,877,144</u>	<u>4,448,816</u>	<u>4,683,913</u>	<u>5,379,511</u>
Deferred Inflows of Resources	78,136	91,963	18,794	51,057	96,930	143,020
Net Position:						
Net Investment in Capital Assets	6,458,088	6,621,693	3,802,298	3,159,601	10,260,386	9,781,294
Restricted	572,324	588,319	276,017	203,625	848,341	791,944
Unrestricted	1,325,016	1,000,698	744,969	1,214,397	2,069,985	2,215,095
Total Net Position	<u>\$ 8,355,428</u>	<u>\$ 8,210,710</u>	<u>\$ 4,823,284</u>	<u>\$ 4,577,623</u>	<u>\$ 13,178,712</u>	<u>\$ 12,788,333</u>

Net position of the Town of Vivian's governmental activities increased by \$144,718 or 2%. Net position of the Town of Vivian's business-type activities increased by \$245,661 or 5%.

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 140,811	\$ 186,453	\$ 1,415,566	\$ 1,351,173	\$ 1,556,377	\$ 1,537,626
Capital grants and contributions	213,034	87,268	325,251	856,722	538,285	943,990
Operating grants and contributions	142,289	63,534	9,391	8,048	151,680	71,582
General revenues:						
Taxes	1,683,276	1,563,313	58,161	57,907	1,741,437	1,621,220
Licenses and permits	124,977	122,485			124,977	122,485
Franchise taxes	175,774	99,161			175,774	99,161
Oil and gas income	3,713	3,691			3,713	3,691
Investment earnings	5,447	7,891	3,532	4,816	8,979	12,707
Other	82,473	63,612		1,903	82,473	65,515
Total Revenues	<u>2,571,794</u>	<u>2,197,408</u>	<u>1,811,901</u>	<u>2,280,569</u>	<u>4,383,695</u>	<u>4,477,977</u>
Expenses:						
General government	543,674	478,089			543,674	478,089
Economic development	370,930	241,959			370,930	241,959
Public safety	690,083	752,129			690,083	752,129
Public works	652,418	550,684			652,418	550,684
Town services	40,943	38,962			40,943	38,962
Recreation	103,568	45,566			103,568	45,566
Interest on long-term debt	25,460	36,082			25,460	36,082
Utility			1,566,240	1,626,873	1,566,240	1,626,873
Total expenses	<u>2,427,076</u>	<u>2,143,471</u>	<u>1,566,240</u>	<u>1,626,873</u>	<u>3,993,316</u>	<u>3,770,344</u>
Transfers		(102,924)		102,924		
Increases (decreases) in net position	<u>\$ 144,718</u>	<u>\$ (48,987)</u>	<u>\$ 245,661</u>	<u>\$ 756,620</u>	<u>\$ 390,379</u>	<u>\$ 707,633</u>

The Town of Vivian's total revenues decreased by \$94,282 or 2%, due in part to a decrease in revenues from capital grants and contributions. The total cost of all programs and services increased by \$222,972 or 6%. Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities increased \$374,386 from total revenues in the year ended June 30, 2020 of \$2,197,408 to total revenues of \$2,571,794 in the year ended June 30, 2021. This increase was due in large part to an increase in capital and operating grants.

The cost of all governmental activities this year was \$2,427,076. These costs were covered by \$496,134 of program revenues, with the remaining costs covered by grants, property taxes, sales taxes, and other general revenues.

Business-type Activities

Total revenues for the business-type activities decreased \$468,668 from total revenues in year ended June 30, 2020 of \$2,280,569 to total revenues of \$1,811,901 in the year ended June 30, 2021. This decrease was due mainly to a decrease in capital grants and contributions.

The cost of all business-type activities this year was \$1,566,240. These costs were covered by program revenues of \$1,750,208, consisting of charges for services assessed to users and capital grants.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a *combined* fund balance of \$1,991,669, which is more than last year's fund balance of \$1,786,331.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended June 30, 2021. There was one amendment to the budget during the year. The Town's budgetary comparison is presented as required supplementary information beginning on page 49. Highlights for the year are as follows:

- The Town's actual expenditures and transfers exceeded budgeted amounts by \$345,302.
- The Town's actual revenues and transfers in were more than budgeted amounts by \$402,763, due in large part to grants and intergovernmental revenues being higher than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2021 and 2020, the Town of Vivian had invested \$14,232,270 and \$14,498,396, respectively in capital assets. (see table 3 below)

**Table 3
Capital Assets At Year End
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,814,187	\$ 1,750,487	\$ 64,086	\$ 64,086	\$ 1,878,273	\$ 1,814,573
Construction in process	164,344	101,626	56,021	1,015,867	220,365	1,117,493
Buildings	957,032	1,003,907			957,032	1,003,907
Improvements	2,216,203	2,263,400			2,216,203	2,263,400
Infrastructure	1,892,518	2,190,849	7,067,879	6,083,442	8,960,397	8,274,291
Vehicles and equipment		24,732				24,732
Total assets (net)	\$ 7,044,284	\$ 7,335,001	\$ 7,187,986	\$ 7,163,395	\$ 14,232,270	\$ 14,498,396

This year's major additions include:

Construction in process	\$ 62,718	\$
Land	63,700	
Vehicles and equipment	112,664	
Improvements	42,000	9,654
Sewer improvements		108,228
Water equipment		251,021
Total	\$ 281,082	\$ 368,903

More detailed information about the capital assets are presented in Note 6 to the Financial Statements.

DEBT

At year-end, the Town had \$4,287,073 in bonds, notes, and other debt outstanding, versus \$4,533,130 last year - a decrease of 6%.

**Table 4
Outstanding Debt At Year End**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Water & Sewer Revenue Bonds	\$	\$	\$ 3,031,944	\$ 3,063,067	\$ 3,031,944	\$ 3,063,067
Certificate of Indebtedness	511,268	702,138			511,268	702,138
Economic Development Award Program	26,305	56,689			26,305	56,689
Capital leases			280,354	329,776	280,354	329,776
Net Pension Liability	131,161	114,438	306,041	267,022	437,202	381,460
Totals	<u>\$ 668,734</u>	<u>\$ 873,265</u>	<u>\$ 3,618,339</u>	<u>\$ 3,659,865</u>	<u>\$ 4,287,073</u>	<u>\$ 4,533,130</u>

State law restricts the amount of debt that the Town of Vivian may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the parish. The Town of Vivian's total debt outstanding at year-end was well below this limitation.

More detailed information about the debt are presented in Note 12 to the Financial Statements.

In accordance with GASB Statement No. 68, the Town is reporting a net pension liability of \$437,202 on the statement of net position at June 30, 2021. Additional information about the Town's net pension liability is presented in Note 13 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town of Vivian's management considered many factors when setting the fiscal year June 30, 2022 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same. Expenditures for 2022 are expected to remain substantially the same.

It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available financial resources.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town of Vivian and to show the Town of Vivian's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at P.O. Box 832, Vivian, LA 71082.

Town of Vivian
Vivian, Louisiana
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,688,849	\$ 577,274	\$ 2,266,123
Investments	261,147	68,726	329,873
Receivables (net of allowance for uncollectibles)	253,377	267,169	520,546
Prepays	28,785		28,785
Internal balances	(80,838)	80,838	
Restricted assets:			
Cash and cash equivalents		324,131	324,131
Investments		37,061	37,061
Capital assets not being depreciated	1,978,531	120,107	2,098,638
Depreciable capital assets, net	<u>5,065,753</u>	<u>7,067,879</u>	<u>12,133,632</u>
Total assets	<u>9,195,604</u>	<u>8,543,185</u>	<u>17,738,789</u>
Deferred Outflows of Resources			
Pension related	<u>44,729</u>	<u>176,037</u>	<u>220,766</u>
Liabilities			
Accounts payable and accrued expenses	132,593	173,630	306,223
Payable from restricted assets:			
Customer deposits		85,175	85,175
Non-current liabilities:			
Due within one year	209,101	137,638	346,739
Due in more than one year	<u>465,075</u>	<u>3,480,701</u>	<u>3,945,776</u>
Total liabilities	<u>806,769</u>	<u>3,877,144</u>	<u>4,683,913</u>
Deferred Inflows of Resources			
Pension related	<u>78,136</u>	<u>18,794</u>	<u>96,930</u>
Net Position			
Net investment in capital assets	6,458,088	3,802,298	10,260,386
Restricted for:			
Industrial development	494,743		494,743
Debt service		276,017	276,017
Public works and recreation	77,581		77,581
Unrestricted	<u>1,325,016</u>	<u>744,969</u>	<u>2,069,985</u>
Total net position	<u>\$ 8,355,428</u>	<u>\$ 4,823,284</u>	<u>\$ 13,178,712</u>

The accompanying notes are an integral part of this statement.

Town of Vivian
Vivian, Louisiana
Statement of Activities
For the Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions / Programs:							
Governmental Activities							
General government	\$ 543,674	\$ 38,865	\$ 4,025	\$	\$ (500,784)	\$	\$ (500,784)
Economic development	370,930	45,206	28,389	127,516	(169,819)		(169,819)
Public safety	690,083	45,814	29,875		(614,394)		(614,394)
Public works	652,418				(652,418)		(652,418)
Town services	40,943	10,926		39,893	9,876		9,876
Recreation	103,568		80,000	45,625	22,057		22,057
Interest on long-term debt	25,460				(25,460)		(25,460)
Total governmental activities	2,427,076	140,811	142,289	213,034	(1,930,942)		(1,930,942)
Business-type Activities							
Utility	1,566,240	1,415,566	9,391	325,251		183,968	183,968
Total business-type activities	1,566,240	1,415,566	9,391	325,251		183,968	183,968
Total Government	\$ 3,993,316	\$ 1,556,377	\$ 151,680	\$ 538,285	(1,930,942)	183,968	(1,746,974)
General revenues:							
Taxes					1,683,276	58,161	1,741,437
Licenses and permits					124,977		124,977
Franchise taxes					175,774		175,774
Oil and gas income					3,713		3,713
Investment earnings					5,447	3,532	8,979
Miscellaneous					82,473		82,473
Total general revenues					2,075,660	61,693	2,137,353
Change in net position					144,718	245,661	390,379
Net position - beginning, restated					8,210,710	4,577,623	12,788,333
Net position - ending					\$ 8,355,428	\$ 4,823,284	\$ 13,178,712

The accompanying notes are an integral part of this statement.

Town of Vivian
Vivian, Louisiana
Balance Sheet
Governmental Funds
June 30, 2021

	General	Sales Tax	Vivian Industrial Development	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,109,449	\$ 120,593	\$ 458,807	\$ 1,688,849
Investments	261,147			261,147
Receivables	79,888	119,866	53,623	253,377
Due from other funds	203,698		63,501	267,199
Total assets	<u>\$ 1,654,182</u>	<u>\$ 240,459</u>	<u>\$ 575,931</u>	<u>\$ 2,470,572</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable and accrued expenses	\$ 75,982	\$	\$ 54,884	\$ 130,866
Due to other funds	116,374	231,663		348,037
Total liabilities	<u>192,356</u>	<u>231,663</u>	<u>54,884</u>	<u>478,903</u>
Fund Balances :				
Restricted:				
Industrial development			521,047	521,047
Recreation	77,581			77,581
Unassigned	1,384,245	8,796		1,393,041
Total fund balances	<u>1,461,826</u>	<u>8,796</u>	<u>521,047</u>	<u>1,991,669</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,654,182</u>	<u>\$ 240,459</u>	<u>\$ 575,931</u>	<u>\$ 2,470,572</u>

The accompanying notes are an integral part of this statement.

Town of Vivian
Vivian, Louisiana
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

Fund balances - total governmental funds	\$	1,991,669
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,044,284
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Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Prepaid insurance		28,785
Deferred outflows of resources - pension related		44,729

Long-term liabilities and other amounts, including bonds, net pension liabilities and notes payable are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest	(1,729)	
Certificates of indebtedness	(511,268)	
EDAP	(26,305)	
Net pension liability	(131,161)	
Deferred inflows of resources - pension related	(78,136)	
Compensated absences	(5,440)	
	(754,039)	(754,039)

Net position of governmental activities	\$	8,355,428
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The accompanying notes are an integral part of this statement.

Town of Vivian
Vivian, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Sales Tax	Vivian Industrial Development	Total Governmental Funds
Revenues:				
Taxes	\$ 261,737	\$ 1,421,539		\$ 1,683,276
Oil and gas income	3,713			3,713
Licenses and permits	124,977			124,977
Intergovernmental	50,310		112,706	163,016
Grants and contributions	159,893			159,893
Charges for services	49,791		45,206	94,997
Fines and forfeitures	45,814			45,814
Franchise taxes	175,774			175,774
Investment earnings	3,351	161	1,935	5,447
Miscellaneous	82,323		150	82,473
Total revenues	<u>957,683</u>	<u>1,421,700</u>	<u>159,997</u>	<u>2,539,380</u>
Expenditures:				
Current:				
General government	407,145	12,923		420,068
Public safety	683,191			683,191
Public works	394,695			394,695
Town services	44,497			44,497
Recreation	71,046			71,046
Economic development			220,494	220,494
Capital Outlay	135,811		145,271	281,082
Debt service:				
Principal retirement	190,870		1,995	192,865
Interest and other charges	25,600		504	26,104
Total expenditures	<u>1,952,855</u>	<u>12,923</u>	<u>368,264</u>	<u>2,334,042</u>
Excess (deficiency) of revenues over expenditures	<u>(995,172)</u>	<u>1,408,777</u>	<u>(208,267)</u>	<u>205,338</u>
Other financing sources (uses):				
Transfers in	1,259,983	56,838	139,998	1,456,819
Transfers out	(51,154)	(1,399,981)	(5,684)	(1,456,819)
Total other financing sources (uses)	<u>1,208,829</u>	<u>(1,343,143)</u>	<u>134,314</u>	
Net change in fund balances	213,657	65,634	(73,953)	205,338
Fund balances (deficit) at beginning of year, restated	<u>1,248,169</u>	<u>(56,838)</u>	<u>595,000</u>	<u>1,786,331</u>
Fund balances at end of year	<u>\$ 1,461,826</u>	<u>\$ 8,796</u>	<u>\$ 521,047</u>	<u>\$ 1,991,669</u>

The accompanying notes are an integral part of this statement.

Town of Vivian
Vivian, 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, 2021

Net change in fund balances - total governmental funds	\$	205,338
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 depreciation (\$571,799) exceeded capital outlay (\$281,082) in the current period.</p>		(290,717)
<p>The repayment of principal of long-term debt consumes current financial resources of governmental funds.</p>		221,253
<p>Revenues that are not available to pay current obligations are not reported in the fund financial statements.</p>		
Non-employer contributions to cost-sharing pension plan		4,025
<p>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 the funds.</p>		
Compensated absences		3,170
Accrued interest		646
Prepaid expenses		(2,073)
Pension expense		3,076
		144,718
Change in net position of governmental activities	\$	144,718

The accompanying notes are an integral part of this statement.

Town of Vivian
Vivian, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>Business-Type Activities- Enterprise Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 577,274
Investments	68,726
Receivables (net of allowance for uncollectibles)	267,169
Due from other funds	100,525
Restricted cash and cash equivalents - customer deposits	48,114
Restricted investments - customer deposits	<u>37,061</u>
Total current assets	<u>1,098,869</u>
Noncurrent assets:	
Restricted cash and cash equivalents - debt service	276,017
Capital assets:	
Land	64,086
Construction in process	56,021
Plant and equipment	14,593,670
Less: accumulated depreciation	<u>(7,525,791)</u>
Total noncurrent assets	<u>7,464,003</u>
Total assets	<u>8,562,872</u>
Deferred outflows of resources	
Pension related	<u>176,037</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	173,630
Due to other funds	19,687
Capital lease	51,515
Water and Sewer revenue bonds	85,000
Payable from restricted assets:	
Customer deposits	<u>85,175</u>
Total current liabilities	<u>415,007</u>
Noncurrent liabilities:	
Capital lease	228,839
Water and Sewer revenue bonds	2,946,944
Net pension liability	<u>306,041</u>
Total noncurrent liabilities	<u>3,481,824</u>
Total liabilities	<u>3,896,831</u>
Deferred inflows of resources	
Pension related	<u>18,794</u>
Net position	
Net investment in capital assets	3,802,298
Restricted:	
Debt service	276,017
Unrestricted	<u>744,969</u>
Total net position	<u>\$ 4,823,284</u>

The accompanying notes are an integral part of this statement.

Town of Vivian
Vivian, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Business-Type Activities- Enterprise Funds</u>
Operating revenues:	
Water sales	\$ 773,858
Sewerage service charges	308,284
Garbage charges	258,609
Delinquent charges	67,805
Miscellaneous revenues	7,010
Total operating revenues	<u>1,415,566</u>
Operating expenses:	
General and administrative expenses	197,720
Water department expenses	346,867
Sewer department expenses	332,603
Garbage department expense	237,946
Depreciation expense	344,312
Total operating expenses	<u>1,459,448</u>
Operating income (loss)	<u>(43,882)</u>
Non-operating revenues (expenses):	
Ad valorem taxes	58,161
Operating grants and contributions	9,391
Interest income	3,532
Interest expense	(106,792)
Total non-operating revenues (expenses)	<u>(35,708)</u>
Income (loss) before contributions	<u>(79,590)</u>
Capital contributions	<u>325,251</u>
Change in net position	245,661
Net position - beginning of year	<u>4,577,623</u>
Net position - end of year	<u><u>\$ 4,823,284</u></u>

The accompanying notes are an integral part of this statement.

Town of Vivian
Vivian, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Business-Type Activities- Enterprise Funds</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,333,075
Cash payments to suppliers for goods and services	(786,892)
Cash payments to employees for services	(346,418)
Other receipts (payments)	74,814
Net Cash From Operating Activities	<u>274,579</u>
Cash Flows From Non-Capital Financing Activities	
Advances to other funds	70,657
Ad valorem taxes	58,161
Net Cash from Non-capital Financing Activities	<u>128,818</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition/construction of capital assets	(907,588)
Capital contributions	861,401
Principal paid on capital debt	(79,421)
Interest paid on capital debt	(89,843)
Net Cash (Used In) Capital and Related Financing Activities	<u>(215,451)</u>
Cash Flow From Investing Activities	
Purchase of investments	(2,172)
Interest income	3,532
Net Cash from Investing Activities	<u>1,360</u>
Net Increase in Cash and Cash Equivalents	189,306
Cash, Beginning of year	<u>712,099</u>
Cash, End of year	<u>\$ 901,405</u>
Cash and cash equivalents are reflected on the statement of net position as follows:	
Cash and cash equivalents	\$ 577,274
Restricted cash and cash equivalents - customer deposits	48,114
Restricted cash and cash equivalents - debt service	276,017
	<u>\$ 901,405</u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ (43,882)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities	
Depreciation expense	344,312
Accounts receivable	(9,140)
Accounts payable and accrued expenses	(1,605)
Pension related	(16,569)
Customer deposits	1,463
Net Cash Flows From Operating Activities	<u>\$ 274,579</u>
Noncash Capital Financing Activities:	
Acquisition of property	
Acquisition/construction of capital assets	\$ 1,006,832
Vendor payable	(99,244)
Cash used to acquire/construct capital assets	<u>\$ 907,588</u>

The accompanying notes are an integral part of this statement.

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021

INTRODUCTION

The Town of Vivian was incorporated on February 12, 1912 under the provisions of the Lawrason Act. The Town operates under a Mayor–Board of Aldermen form of government.

(1) Summary of Significant Accounting Policies

The Town of Vivian's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Vivian are discussed below.

A. Reporting Entity

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

GASB established criteria for determining which component units should be considered part of the Town of Vivian for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town 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 Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government. There were no entities that were determined to be component units of the Town of Vivian.

B. Basic Financial Statements – Government-Wide Statements

The Town of Vivian's basic financial statements include both government-wide (reporting the funds maintained by the Town of Vivian as a whole) and fund financial statements (reporting the Town of Vivian's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sales tax fund, industrial development fund, and general fund are classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Vivian's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Vivian's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function.

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services. The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town of Vivian as an entity and the change in the Town of Vivian's net assets resulting from the current year's activities.

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Vivian are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Vivian:

1. Governmental Funds – the focus of the governmental funds’ measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town of Vivian:
 - a. General fund is the general operating fund of the Town of Vivian. It is used to account for all financial resources except those required to be accounted for in another fund.
 - b. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to specific purposes.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Sales Tax Fund – accounts for the proceeds of sales taxes levied for industrial development, street and drainage improvements, recreational programs, and public safety.

Enterprise Fund – accounts for the provision of water and sewer services of the Town.

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

Vivian Industrial Development - accounts for the proceeds of sales taxes levied that are legally restricted to expenditures for specific purposes.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budget and Budgetary Accounting

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

1. The Mayor prepares a proposed budget and submits to the 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 is 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 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.

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a cash basis. Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen. There was one amendment to the budget for the year ended June 30, 2021.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost based on the following threshold levels for capitalizing assets:

Land	\$	1
Land improvements		10,000
Buildings		10,000
Vehicles, machinery, and equipment		5,000
Infrastructure		25,000

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on specific project related debt, during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20–40 years
Equipment	5–15 years
Water and sewer systems	25 years
Outdoor and playground equipment	20 years
Infrastructure	40–50 years

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

In accordance with GASB statements, because of the costs involved in retroactively capitalizing infrastructure, the Town has elected an exception for local governments with annual revenues of less than \$10 million and will prospectively capitalize infrastructure from the date of implementation of GASB statements forward and will not retroactively capitalize infrastructure.

H. Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Caddo Parish Tax Assessor determines assessed values of property and generates bills for property taxes. The Town mails and collects the taxes. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the Town's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned fund balance are the residual classification for the Town's general fund and include all spendable amounts not contained in the other classifications.

The Town's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

K. Sales Taxes

Proceeds of a 1% sales and use tax levied by the Town of are dedicated to the following purposes:

1. Providing funds in the amount of 25% of the proceeds of such tax each year for constructing, acquiring, improving, and/or maintaining industrial parks and buildings and equipment to induce the location of industry in the Town.
2. Providing funds in the amount of 25% of the proceeds of such tax for such year to the General Fund of the Town to be used for any lawful corporate purpose.
3. The remaining proceeds are to be used for street improvements and/or recreational programs.

Proceeds of another 1% sales and use tax levied by the Town of Vivian are dedicated to the Police Department to be used for any lawful corporate purpose.

Proceeds of another 1/2% sales and use tax levied by the Town of Vivian are dedicated for the purpose of opening, paving, constructing and improving public streets and bridges, including drainage incidental thereto, and further authority to fund the proceeds of the tax into bonds for the aforesaid purposes.

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

L. Compensated Absences

The Town's policy is to pay accumulated sick leave and vacation leave upon termination or retirement. Vesting of sick leave and accumulation of vacation leave are dependent on the employee's year of service and other criteria in accordance with the Town's policies. Unused vacation and sick days earned during the calendar year not taken during the year will be paid to an employee upon termination of employment during same calendar year.

M. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

N. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Q. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

R. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Enterprise Fund consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

S. Prepaid Items

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

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has deferred outflows of resources related to pensions reported in the government-wide statement of net position and the statement of net position for proprietary funds.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has deferred inflows of resources related to pensions government-wide statement of net position and the statement of net position for proprietary funds.

U. Pension Plan

The Town is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plan as described in Note 13. 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 each of the plans, and additions to/deductions for the plans fiduciary net position have been determined on the same basis as they are reported by the plan.

V. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

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Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(2) Levied Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31.

The following is a summary of authorized and levied ad valorem taxes for the year:

	Authorized Millage	Levied Millage	Expiration Date
General	14.72	14.72	N/A
Streets	2.82	2.82	2027
Sewer Maintenance	2.82	2.82	2027
Water Maintenance	1.41	1.41	2027

Approximately 34% of the Town's ad valorem taxes are derived from 10 taxpayers.

(3) Cash, Cash Equivalents, and Investments

At June 30, 2021, the Town has cash, cash equivalents, and investments (book balances), totaling \$2,957,188, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2021 (book balances) totaled \$2,590,254 of which \$324,131 is shown as a restricted asset. 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.

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 Notes to Financial Statements
 June 30, 2021
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B. Investments

The investments are presented in the financial statements at fair value using level 2 fair value measure. Investments at June 30, 2021, consisted of certificates of deposit with maturities greater than 90 days totaling \$366,934, of which \$37,061 is shown as restricted. The certificates of deposit are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2021, \$1,936,866 of the Town's bank balances totaling \$2,962,865 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging
 bank's trust department not in the Town's name:

Cash and cash equivalents	\$ 1,901,433
Investments	<u>35,433</u>
	<u>\$ 1,936,866</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the clerk that the fiscal agent has failed to pay deposited funds upon demand.

(4) Restricted Assets

Restricted assets were applicable to the following at June 30, 2021:

	<u>Business-Type Activities</u>
Customer Deposits	\$ 85,175
Debt service	<u>276,017</u>
Total	<u>\$ 361,192</u>

(5) 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 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

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Notes to Financial Statements
June 30, 2021
(Continued)

(6) Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Balance at 7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/2021</u>
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 101,626	\$ 62,718	\$	\$ 164,344
Land	<u>1,750,487</u>	<u>63,700</u>		<u>1,814,187</u>
Total capital assets, not being depreciated	<u>1,852,113</u>	<u>126,418</u>		<u>1,978,531</u>
Capital assets, being depreciated:				
Buildings	2,211,341			2,211,341
Improvements	3,608,874	42,000	(14,500)	3,636,374
Infrastructure	4,065,863			4,065,863
Vehicles and equipment	<u>1,744,587</u>	<u>112,664</u>	<u>(122,844)</u>	<u>1,734,407</u>
Total capital assets, being depreciated	<u>11,630,665</u>	<u>154,664</u>	<u>(137,344)</u>	<u>11,647,985</u>
Less accumulated depreciation:				
Buildings	(1,207,434)	(61,375)	14,500	(1,254,309)
Improvements	(1,345,474)	(74,697)		(1,420,171)
Infrastructure	(1,875,014)	(298,331)		(2,173,345)
Vehicles and equipment	<u>(1,719,855)</u>	<u>(137,396)</u>	<u>122,844</u>	<u>(1,734,407)</u>
Total accumulated depreciation	<u>(6,147,777)</u>	<u>(571,799)</u>	<u>137,344</u>	<u>(6,582,232)</u>
Total capital assets, being depreciated, net	<u>5,482,888</u>	<u>(417,135)</u>		<u>5,065,753</u>
Governmental activities capital assets, net	<u>\$ 7,335,001</u>	<u>\$ (290,717)</u>	<u>\$</u>	<u>\$ 7,044,284</u>

Depreciation expense was charged to Governmental Activities as follows:

General government	\$ 100,177
Economic development	150,437
Public safety	23,423
Public works	261,688
Recreation	36,074
	<u>\$ 571,799</u>

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	Balance at 7/1/2020	Transfers	Additions	Deletions	Balance at 6/30/2021
Business-Type Activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 1,015,867	\$ (959,846)	\$	\$	\$ 56,021
Land	64,086				64,086
Total capital assets, not being depreciated	1,079,953	(959,846)			120,107
Capital assets, being depreciated:					
Administration	123,358		9,654		133,012
Water equipment	7,739,691	441,425	251,021	(2,940)	8,429,197
Sewer equipment	5,404,812	518,421	108,228		6,031,461
Total capital assets, being depreciated	13,267,861	959,846	368,903	(2,940)	14,593,670
Less accumulated depreciation:					
Administration	(109,408)		(7,291)		(116,699)
Water equipment	(4,230,441)		(246,482)	2,940	(4,473,983)
Sewer equipment	(2,844,570)		(90,539)		(2,935,109)
Total accumulated depreciation	(7,184,419)		(344,312)	2,940	(7,525,791)
Total capital assets, being depreciated, net	6,083,442	959,846	24,591		7,067,879
Business-type activities capital assets, net	\$ 7,163,395	\$	\$ 24,591	\$	\$ 7,187,986

Depreciation expense was charged to Business-Type Activities as follows:

Water	\$ 253,773
Sewer	90,539
	\$ 344,312

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Notes to Financial Statements
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(Continued)

(7) Receivables

The following is a summary of receivables at June 30, 2021:

Class of Receivable	2021
Governmental activities –	
Taxes	\$ 116,257
Intergovernmental grants	53,623
Licenses and permits	27,536
Miscellaneous	853
Sales taxes	119,866
Franchise taxes	49,831
Allowance for uncollectibles	<u>(114,589)</u>
	<u>\$ 253,377</u>
Business-type activities –	
Accounts receivable – water and sewer charges	\$ 192,603
Miscellaneous	1,646
Intergovernmental grants	101,779
Allowance for uncollectibles	<u>(28,859)</u>
	<u>267,169</u>
Total	<u>\$ 520,546</u>

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2021, consisted of the following:

Class of Payable	Governmental Funds/Activities	Business-type Activities
Accounts	\$ 70,426	\$ 25,671
Construction payable		99,244
Salaries and payroll taxes	37,522	4,465
Miscellaneous	19,870	13,570
Compensated absences	<u>3,048</u>	4,736
Total governmental funds	130,866	
Accrued interest	<u>1,727</u>	<u>25,944</u>
Total	<u>\$ 132,593</u>	<u>\$ 173,630</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$85,175 at June 30, 2021.

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Notes to Financial Statements
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(Continued)

(10) Interfund Transfers

Interfund transfers for the year ended June 30, 2021 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>	<u>Net</u>
Governmental Funds:			
General	\$ 1,259,983	\$(51,154)	\$ 1,208,829
Sales tax	56,838	(1,399,981)	(1,343,143)
Vivian industrial development	<u>139,998</u>	<u>(5,684)</u>	<u>134,314</u>
Total Governmental Funds	<u>1,456,819</u>	<u>1,456,819</u>	<u></u>
Enterprise Funds:			
	<u>\$ 1,456,819</u>	<u>\$(1,456,819)</u>	<u>\$</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(11) Interfund Balances

Interfund balances at June 30, 2021 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
Governmental Funds:			
General	\$ 203,698	\$ 116,374	\$ 87,324
Sales tax		231,663	(231,663)
Vivian Industrial Development	<u>63,501</u>	<u></u>	<u>63,501</u>
Total Governmental Funds	<u>267,199</u>	<u>348,037</u>	<u>(80,838)</u>
Enterprise Funds	<u>100,525</u>	<u>19,687</u>	<u>80,838</u>
Total	<u>\$ 367,724</u>	<u>\$ 367,724</u>	<u>\$</u>

The interfund balances are the results of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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Notes to Financial Statements
June 30, 2021
(Continued)

(12) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Direct borrowings and direct placements:					
Certificates of Indebtedness	\$ 702,138	\$	\$ (190,870)	\$ 511,268	\$ 198,718
Economic Development Award Program (EDAP)	56,689	3,992	(34,376)	26,305	4,941
Other long-term liabilities -					
Net pension liability	114,438	16,723		131,161	
Compensated absences	9,364		(874)	8,490	8,490
Total - Governmental Activities long-term liabilities	<u>\$ 882,629</u>	<u>\$ 20,715</u>	<u>\$ (226,120)</u>	677,224	212,149
Less amounts due within period of availability				<u>(3,048)</u>	<u>(3,048)</u>
Total long-term liabilities, governmental activities				<u>\$ 674,176</u>	<u>\$ 209,101</u>

Payments on certificate of indebtedness are made from the general fund. Payments on EDAP cooperative endeavor agreement are made from the industrial development fund. Payments on compensated absences are made by the fund for which the employee worked.

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	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type Activities:					
Direct borrowings and direct placements:					
Capital Lease	\$ 329,776	\$	\$ (49,422)	\$ 280,354	\$ 51,515
Other long-term liabilities -					
Revenue Refunding Bonds series 2020	3,035,000		(30,000)	3,005,000	85,000
Unamortized premium Series 2020	28,067		(1,123)	26,944	1,123
Net pension liability	267,022	39,019		306,041	
Compensated absences	5,576		(840)	4,736	4,736
	<u>3,665,441</u>	<u>39,019</u>	<u>(81,385)</u>	3,623,075	142,374
Total - Governmental Activities long-term liabilities	<u>\$ 3,665,441</u>	<u>\$ 39,019</u>	<u>\$ (81,385)</u>	3,623,075	142,374
Less amounts due within period of availability				<u>(4,736)</u>	<u>(4,736)</u>
Total long-term liabilities, governmental activities				<u>\$ 3,618,339</u>	<u>\$ 137,638</u>

Payments on capital lease and revenue bonds are made from the utility fund. Payments on compensated absences are made by the fund for which the employee worked.

Certificate of Indebtedness

\$2,000,000 dated 11/30/11. Due in quarterly installments
of \$ 54,117.48 through December 2023; interest at 4.49% \$ 511,268

Series 2020 Revenue Refunding Bonds

\$3,035,000, for the purpose of refunding certain maturities of
the water and sewer revenue bonds series 2009; interest rate 2.00%
to 4.00% due in annual installments of approximately \$30,000 through
\$175,000 through 2045. \$ 3,005,000

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 Notes to Financial Statements
 June 30, 2021
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The annual requirements to amortize all debt outstanding at June 30, 2021 were as follows:

Governmental Activities – Certificate of Indebtedness – Direct Borrowings and Direct Placements

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 198,718	\$ 17,752
2023	206,889	9,581
2024	105,661	1,627
	<u>\$ 511,268</u>	<u>\$ 28,960</u>

Business-type Activities – Water and Sewer Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 85,000	\$ 95,450
2023	85,000	93,750
2024	90,000	92,000
2025	90,000	90,200
2026	90,000	88,400
2027 – 2031	485,000	409,061
2032 – 2036	570,000	324,510
2037 – 2041	685,000	199,710
2042 – 2046	825,000	66,017
	<u>\$ 3,005,000</u>	<u>\$ 1,459,098</u>

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Notes to Financial Statements
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Business-type Activities – Capital Lease

The Town entered into a Louisiana Municipal Lease-Purchase Agreement for financing automated meter reading system and certain wastewater treatment plant upgrades. The gross amount of assets recorded under this capital lease was \$792,656, which includes \$214,178 that was added December 20, 2018. The related accumulated depreciation was \$320,703, and the net book value was \$471,953. The lease agreement qualifies as a capital lease for accounting purposes, and therefore has been recorded at the present value of their future minimum lease payments as of the inception date. The lease was dated May 8, 2006, for \$620,000, and is due in annual installments of \$59,519 through July 10, 2021. The lease was renewed in December 2018 to refinance certain equipment and to purchase new equipment. Total amount financed was \$214,178, with annual payments of \$63,391 through August 2025. The maturities below reflect the refinanced amount.

The future minimum lease obligation and net present value of the minimum lease payments as of June 30, 2021, was as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 51,515	\$ 11,872
2023	53,697	9,691
2024	55,971	7,417
2025	58,341	5,046
2026	60,830	2,575
	<u>\$ 280,354</u>	<u>\$ 36,601</u>

Governmental Activities – Economic Development Award Program

A cooperative endeavor agreement was entered into and was effective April 15, 2011, by and among the Louisiana Economic Development Corporation, acting through the Louisiana Department of Economic Development (LED); Epic Boats, LLC (Company) and the Town of Vivian (Sponsoring Entity). The parties to the agreement intend to develop an industrial or business development project requiring basic infrastructure, with the funding from the special fund of the State of Louisiana, pursuant to the Economic Development Award Program (EDAP). The EDAP Award in the amount of \$170,000 is justified, starting as a loan which may be converted to a grant if the employment and payroll obligations undertaken by the Company in this agreement are created, retained and maintained as agreed by the Company through the end of the term of this agreement. LED agrees to lend unto Sponsoring Entity \$170,000 with interest rate at the U.S. Treasury Rate for similar bank financing plus 2% per annum and be repaid over a period of 10 years. It is anticipated that this Loan repayment obligation will be repaid by applying to the principal due on the Loan the "Jobs/Payroll Credits" provided by the Company's creation of the required number of jobs as specified by the agreement. The Town – Sponsoring Entity and the Company are bound in solido in connection with this repayment obligation. The Company is the primary obligor and the Town – Sponsoring Entity will be the guarantor in the event of default by the Company. All obligations of the Company described under this agreement are further secured and guaranteed by a certain individual.

On June 1, 2020, Epic Boats, LLC, moved out of the Town-owned building and ceased operations in the Town. At that time, the remaining balance of \$56,689 plus accrued interest was due in full by the Town. In October 2020, LED accepted an offer from Epic Boats in the amount of \$32,381, to release

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Notes to Financial Statements
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Epic from the loan, and LED requested the balance of \$28,300, to be paid by the Town. In November 2020, the Town negotiated new terms for the loan. Under the new terms the Town will pay \$500 per month until the balance of \$28,300 is paid. Total principle payments of \$1,995, were made during the year.

The annual requirements to amortize the debt outstanding at June 30, 2021 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 4,941	\$ 1,058
2023	5,164	837
2024	16,200	382
	<u>\$ 26,305</u>	<u>\$ 2,277</u>

(13) Pension Plans

Employees of the Town are members of the Municipal Employees Retirement System. The following is a description of the plan and benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

Plan Description

The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. Employees of the Town are members of Plan B.

Eligibility Requirements:

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes. Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2.

Retirement Benefits:

The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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Notes to Financial Statements
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Any member of Plan B who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.

Eligibility for retirement for Plan B Tier 2 for members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age. Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. Any member of Plan B, who is eligible for normal retirement at time of death and who leaves a surviving spouse, will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

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Notes to Financial Statements
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Disability Benefits:

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service; in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Employer Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. Member contributions are at 5% of earnable compensation. For the plan year ending June 30, 2020, the actual employer contribution rate was 14.00% for Plan B. For the plan year beginning July 1, 2020, the actual employer contribution rate is 15.50. The Town's contributions to the System for the years ended June 30, 2021, 2020, and 2019, were \$64,322, \$52,343, and \$46,668, respectively. Included in accrued expenses at June 30, 2021, are contributions totaling \$5,197 for the month of June 2021, which were paid subsequent to June 30, 2021.

Non-Employer Contributions

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions totaling \$13,416 are recognized as revenue during the year ended June 30, 2021, and excluded from pension expense.

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

At June 30, 2021, the Town reported a liability of \$437,202 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Employees' Retirement System.

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts. The allocation method used in determining each employer's proportion was based on each employer's contributions to the System during the fiscal year ended June 30, 2020 as compared to the total of all employers' contributions received by the System during the fiscal year ended June 30, 2020. The Town's proportion as measured at June 30, 2020, was .482442%, which was an increase of .04640% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$54,670, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(601).

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Differences between expected and actual experience	\$ 2,207	\$ 5,150
Changes in proportion and differences between employer contributions and proportionate share of contributions	75,929	13,644
Total	<u>\$ 78,136</u>	<u>\$ 18,794</u>

	<u>Deferred Outflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Changes of assumptions	\$ 4,065	\$ 9,485
Net difference between projected and actual earnings on pension plan investments	14,239	33,226
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,127	88,302
Employer contributions subsequent to the measurement Date	19,298	45,024
Total	<u>\$ 44,729</u>	<u>\$ 176,037</u>

The Town reported a total of \$64,322 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020, which will be recognized as a reduction in net pension liability in the year ended June 30, 2022.

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

(Continued)

Town of Vivian
 Vivian, Louisiana
 Notes to Financial Statements
 June 30, 2021
 (Continued)

Year	Amount
2022	\$ 14,453
2023	25,706
2024	10,814
2025	8,541
Total	\$ 59,514

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.95%, net of pension plan investment expense, including inflation
Inflation Rate	2.5%
Salary increases, including inflation and merit increases:	
1 to 4 years of service	7.4%
More than 4 years of service	4.9%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Healthy Retiree table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree table set equal to 120% for males and females with full generational MP2018 scale.
Expected Remaining Service Lives	3 years

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 and an adjustment for the effect of rebalancing/diversification.

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	9%	.40%
Totals	<u>100%</u>	<u>4.40%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

The discount rate used to measure the total pension liability was 6.95%. 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 will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.95%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.95%	6.95%	7.95%
Net Pension Liability	\$ 581,997	\$ 437,202	\$ 314,685

Changes in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2021 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension benefit using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Changes in Proportion:

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Pension Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2020. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

(Continued)

Town of Vivian
Vivian, Louisiana
Notes to Financial Statements
June 30, 2021
(Continued)

(14) Tax Abatement

As of June 30, 2021, the Town has entered into a property tax abatement agreement with a business through the Industrial Tax Exemption (ITEP) program. The agreement was negotiated under a particular authority allowing localities to abate property taxes for a variety of economic development purposes, including job creation, as well as business relocation, retention, and expansion.

The Town has not made any commitments as part of the agreements other than to reduce taxes, and the Town is not subject to any tax abatement agreements entered into by other governmental entities.

Industrial Tax Exemption (ITEP):

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers an attractive tax incentive for manufacturers within the state. The program abates, up to ten years, Town property taxes (Ad Valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. The legal authority is Article 7, Section 21(F) of the Louisiana Constitution and Executive Order JBE 2016-73.

Gross Dollar Amount by Which the Town's Tax Revenues Were Reduced: The Town estimates property tax revenues have been reduced by \$5,339 for the year.

(15) Lease Revenue

The Town entered into a leasing agreement to lease a building owned by the Town. Under the lease agreement, the Town will receive a monthly rental fee of \$5,923 per month, beginning on February 1, 2021 and ending on January 31, 2026. The lease agreement contains a continuing option to purchase the property through January 2026, for the purchase price of \$355,382. Monthly lease payments made through the date the option to purchase is exercised shall be applied to the purchase price. Payments received under this lease for the year ended June 30, 2021, totaled \$29,615.

(16) Subsequent Events

Subsequent events have been evaluated through December 31, 2021, the date the financial statements were available to be issued.

(17) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

(Continued)

Town of Vivian
 Vivian, Louisiana
 Notes to Financial Statements
 June 30, 2021
 (Continued)

(18) Commitments

The Town has commitments for signed engineering and other contracts of approximately \$353,272. As of June 30, 2021, approximately \$169,344 had been incurred on those contracts, with the balance remaining in those contracts of \$183,928 to be incurred subsequent to June 30, 2021.

(19) On-behalf Payments

Employees of the Town's police department received a total of \$29,875 in police supplemental from the State of Louisiana. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

(20) Prior Period Restatement

The fund balance and net position of the Town of Vivian was restated as of June 30, 2020, to correct prior year adjustments to interagency accounts, as noted below:

	<u>General Fund</u>	<u>Governmental Activities</u>
Total Fund Balance / Net Position, June 30, 2020, as previously reported	\$ 1,192,071	\$ 8,154,612
Correction of interagency accounts	<u>56,098</u>	<u>56,098</u>
Total Net Position, June 30, 2020, Restated	<u>\$ 1,248,169</u>	<u>\$ 8,210,710</u>

Town of Vivian
Vivian, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 269,600	\$ 269,600	\$ 257,932	\$ (11,668)
Fines and forfeitures	63,500	63,500	45,814	(17,686)
Licenses and permits	87,175	87,175	114,025	26,850
Franchise taxes	133,000	133,000	177,500	44,500
Oil and gas income			3,713	3,713
Grants and contributions			159,893	159,893
Intergovernmental			20,435	20,435
Charges for services	67,900	67,900	36,440	(31,460)
Investment earnings	1,500	1,500	1,873	373
Miscellaneous	18,730	18,730	124,860	106,130
Total revenues	641,405	641,405	942,485	301,080
Expenditures:				
Current:				
General government	393,034	393,034	410,110	(17,076)
Public safety	701,310	701,310	646,316	54,994
Public works	274,861	274,861	354,803	(79,942)
Town services	40,500	40,500	40,943	(443)
Recreation	14,400	14,400	68,119	(53,719)
Capital outlay		37,848	135,811	(97,963)
Debt service:				
Principal retirement	183,331	183,331	188,283	(4,952)
Interest and other charges	33,139	33,139	28,186	4,953
Total expenditures	1,640,575	1,678,423	1,872,571	(194,148)
Excess (deficiency) of revenues over expenditures	(999,170)	(1,037,018)	(930,086)	106,932
Other financing sources (uses):				
Transfers in	1,158,300	1,158,300	1,259,983	101,683
Transfer out			(51,154)	(51,154)
Total other financing sources (uses)	1,158,300	1,158,300	1,208,829	50,529
Net change in fund balance	159,130	121,282	278,743	157,461
Fund balances at beginning of year			1,192,131	1,192,131
Fund balances at end of year	\$ 159,130	\$ 121,282	\$ 1,470,874	\$ 1,349,592

Town of Vivian
Vivian, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Sales Tax Fund
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original and Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
Revenues:			
Sales tax	\$ 1,300,000	\$ 1,414,123	\$ 114,123
Investment earnings	200	161	(39)
Total revenues	<u>1,300,200</u>	<u>1,414,284</u>	<u>114,084</u>
Expenditures:			
Current:			
General government	13,000	12,923	77
Total expenditures	<u>13,000</u>	<u>12,923</u>	<u>77</u>
Excess (deficiency) of revenues over expenditures	<u>1,287,200</u>	<u>1,401,361</u>	<u>114,161</u>
Other financing sources (uses):			
Transfers in		56,838	56,838
Transfers out	(1,287,000)	(1,399,981)	(112,981)
Total other financing sources (uses)	<u>(1,287,000)</u>	<u>(1,343,143)</u>	<u>(56,143)</u>
Net change in fund balance	200	58,218	58,018
Fund balance (deficit) at beginning of year		<u>(169,287)</u>	<u>(169,287)</u>
Fund balance (deficit) at end of year	<u>\$ 200</u>	<u>\$ (111,069)</u>	<u>\$ (111,269)</u>

Town of Vivian
Vivian, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Vivian Industrial Development Fund
For the Year Ended June 30, 2021

	<u>Budget</u> <u>Original and Final</u>	<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Miscellaneous income	\$ 46,000	\$ 45,356	\$ (644)
Intergovernmental	62,000	69,789	7,789
Investment earnings	<u>1,900</u>	<u>1,935</u>	<u>35</u>
Total revenues	<u>109,900</u>	<u>117,080</u>	<u>7,180</u>
Expenditures:			
Current:			
Economic development	160,600	175,008	(14,408)
Capital outlay		<u>145,271</u>	<u>(145,271)</u>
Total expenditures	<u>160,600</u>	<u>320,279</u>	<u>(159,679)</u>
Excess (deficiency) of revenues over expenditures	<u>(50,700)</u>	<u>(203,199)</u>	<u>(152,499)</u>
Other financing sources (uses):			
Transfers in	128,700	139,998	11,298
Transfers out		<u>(5,684)</u>	<u>(5,684)</u>
Total other financing sources (uses)	<u>128,700</u>	<u>134,314</u>	<u>5,614</u>
Net change in funds balance	78,000	(68,885)	(146,885)
Fund balance at beginning of year		<u>595,000</u>	<u>595,000</u>
Fund balance at end of year	<u>\$ 78,000</u>	<u>\$ 526,115</u>	<u>\$ 448,115</u>

Town of Vivian
Vivian, Louisiana
Note to Required Supplementary Information
For the Year Ended June 30, 2021

The budget was adopted on the cash basis of accounting, except for certain interagency receivables and payable and certain payroll liabilities which were recorded by the Town.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent amendments. There was one amendment to the budget during 2021.

The following schedule reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the statement of revenues, expenditures and changes in fund balances (budget - cash basis) with the amounts shown on the statement of revenues, expenditures and changes in fund balances (GAAP basis):

	General Fund	Sales Tax	Vivian Industrial development Fund
Excess (Deficiency) of revenue and other expenditures and other uses (budget basis)	\$ 278,743	\$ 58,218	\$ (68,885)
Adjustments:			
Revenue accruals - net	15,197	7,416	42,917
Expenditures accruals - net	(80,283)		(47,985)
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	\$ 213,657	\$ 65,634	\$ (73,953)

Town of Vivian
Vivian, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2021

Municipal Employees Retirement System of Louisiana

Year Ended June 30	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.48244%	\$ 437,202	\$ 373,888	116.93%	66.26%
2020	0.43605%	381,460	333,161	114.50%	66.14%
2019	0.51811%	438,237	382,299	114.63%	65.60%
2018	0.58810%	508,841	443,927	114.62%	63.49%
2017	0.59935%	496,807	427,035	116.34%	63.34%
2016	0.56287%	382,555	394,684	96.93%	68.71%
2015	0.56137%	263,563	406,713	64.80%	76.94%

*Amounts presented were determined as of the measurement date (fiscal year ended June 30).

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

Town of Vivian
Vivian, Louisiana
Schedule of Contributions
For the Year Ended June 30, 2021

Municipal Employees Retirement System of Louisiana

<u>Year Ended June 30</u>	<u>Contractually Required Contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2021	\$ 64,322	\$ 64,322	\$	\$ 414,977	15.50%
2020	52,343	52,343		373,888	14.00%
2019	46,668	46,668		333,161	14.01%
2018	50,650	50,650		382,299	13.25%
2017	48,832	48,832		443,927	11.00%
2016	40,568	40,568		427,035	9.50%
2015	37,495	37,495		394,684	9.50%

*Amounts presented were determined as of the end of the fiscal year (June 30).

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

Town of Vivian
Vivian, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2021

Mayor - James Festavan	\$ 26,600
Alderman:	
Raymond Williams	3,300
Angela Channel	3,300
Denise Alexander	3,300
Michael Guthrie	3,300
James Martin	3,300
	<hr/>
	\$ 43,100
	<hr/> <hr/>

Town of Vivian
Vivian, Louisiana
Schedule of Rates - User Fees
For the Year Ended June 30, 2021

	Usage	Base	Per Additional 1,000 Gallons
WATER	Residential Inside:	0 - 2,000 Gallons	N/A
		over 2,000	\$6.50
	Residential Outside:	0 - 2,000 Gallons	N/A
	over 2,000	\$29.00	\$6.75
	Commercial Inside and Outside:	0 - 2,000 Gallons	N/A
	over 2,000	\$23.00	\$6.75
SEWER	Residential:	0 - 2,000 Gallons	N/A
		over 2,000	\$2.75
	Commercial:	0 - 2,000 Gallons	N/A
	over 2,000	\$16.00	\$2.75
	Out of Town:	0 - 2,000 Gallons	N/A
	over 2,000	\$21.00	\$2.75

System Users

System users at June 30, 2021 was as follows:

	Number of Customers
Water customers	1,418

Town of Vivian
Vivian, Louisiana
Schedule of Insurance
June 30, 2021

Company	Type Insurance	Policy Period	Coverage Limits
Stonetrust Insurance Company	Workers Comp	7/1/2020 to 7/1/2021	\$ 100,000 each accident 500,000 policy limit 100,000 each employee
Old Republic Insurance Company	Airport Liability	1/13/2020 to 1/13/2021 1/13/2021 to 1/13/2022	1,000,000 each occurrence
QBE Specialty Insurance Company	Law Enforcement Officer	7/1/2020 to 7/1/2021	1,000,000 per occurrence
EMC Insurance Company	Auto Liability and Physical Damage	7/1/2020 to 7/1/2021	1,000,000 per accident
EMC Insurance Company	Property	7/1/2020 to 7/1/2021	9,603,989
EMC Insurance Company	Commercial Crime and Employee Dishonesty Policy	10/1/2020 to 10/2/2021	250,000
EMC Insurance Company	Employment Practices Liability	7/1/2020 to 7/1/2021	100,000 each occurrence
Western Surety Company	Mayor Public Official Bond	1/1/2019 to 1/1/2021 1/1/2021 to 1/1/2023	25,000 25,000
Western Surety Company	Mayor Pro-Tem Public Official Bond	1/1/2019 to 1/1/2021 1/1/2021 to 1/1/2023	25,000 25,000
Western Surety Company	Municipal Clerk Public Official Bond	1/1/2019 to 1/1/2021 1/1/2021 to 1/1/2023	25,000 25,000
Western Surety Company	Municipal Deputy Clerk Public Official Bond	1/1/2019 to 1/1/2021	25,000
EMC Insurance Company	Commercial General Liability	7/1/2020 to 7/1/2021	1,000,000 per occurrence
Aiscox Cyberclear	Cyber, Data Risk, and Media Insurance	7/1/2020 to 7/1/2021	1,000,000 per claim

Town of Vivian
Vivian, Louisiana
Other Supplementary Information
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2021

Agency Head: Ronnie Festavan, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 26,600
Benefits-retirement	4,123
Travel	713

Town of Vivian
Vivian, Louisiana
Schedule of Revenue and Expenditures
LCDBG Contract Number 2000434387
For the Year Ended June 30, 2021

Revenue:

LCDBG funds	<u>\$ 92,853</u>
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Expenditures:

Public works -sewer: Construction	<u>92,853</u>
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Total expenditures	<u>92,853</u>
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Excess revenue over (under) expenditures	<u><u>\$</u></u>
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Town of Vivian
Vivian, Louisiana
Other Supplementary Information
Justice System Funding Schedule
Collecting/Disbursing Schedule
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended June 30, 2021

Cash Basis Presentation	<u>July 2020 - December 2020</u>	<u>January 2021 - June 2021</u>
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Criminal Fines - Other	19,959	38,942
Subtotal Collections	<u>19,959</u>	<u>38,942</u>
Less: Disbursements to Governments and Nonprofits		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Fines - Other	60	55
North Louisiana Criminalistics Laboratory Commission - Criminal Fines - Other	1,362	2,245
State of Louisiana Treasurer - CMIS - Criminal Fines - Other	201	393
Louisiana Supreme Court - Criminal Fines - Other	34	61
Louisiana Commission on Law Enforcement - Criminal Fines - Other	644	1,244
Less: Amounts Retained by Collecting Agency		
Amounts Self-Disbursed to Collecting Agency - Criminal Fines - Other	17,658	34,944
Subtotal Disbursements/Retainage	<u>19,959</u>	<u>38,942</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>-</u>	<u>-</u>
Ending Balance of "Partial Payments" Collected but not Disbursed	<u>-</u>	<u>-</u>

Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)		-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)		-

COOK & MOREHART

Certified Public Accountants

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AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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*

Independent Auditor's Report

Honorable Mayor and Board of Aldermen
Town of Vivian
Vivian, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Town of Vivian as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Vivian's basic financial statements, and have issued our report thereon dated December 31, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Vivian's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Vivian's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Vivian'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 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 the 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Summary Schedule of Current Year Audit Findings as items 2021-002 and 2021-003, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Vivian'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 financial statements. 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 disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Summary Schedule of Current Year Audit Findings as item 2021-001.

Town of Vivian's Response to Findings

Town of Vivian's response to the findings identified in our audit is described in the accompanying Summary Schedule of Current Year Audit Findings. Town of Vivian'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.



Cook & Morehart
Certified Public Accountants
December 31, 2021

Town of Vivian
Vivian, Louisiana
Summary Schedule of Prior Year Audit Findings.
June 30, 2021

There were two findings for the prior year audit for the year ended June 30, 2020.

2020-001 Finding - Budget

Condition: Actual revenues and other financing sources for the General Fund and Sales Tax Fund were less than budgeted amounts by more than 5%. Actual expenditures and other financing uses for the Industrial Development Fund exceeded budgeted expenditures by more than 5%.

Recommendation: We recommend a proper monitoring of budget to actual comparisons throughout the year and that budgets be appropriately amended when actual plus projected revenues fail to meet budgeted revenues by more than 5%, and when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%.

Current Status: See finding in current year audit

2020-002 Significant Deficiency – Accounting Records

Condition: Balances in certain general ledger accounts, including interagency accounts, utility fund accounts receivable, utility fund revenue, utility fund allowance for doubtful accounts, and utility fund customer deposit liability, were not appropriately reconciled to subsidiary ledgers and underlying supporting documentation during the year. Significant adjusting entries were required to correct balances in those accounts.

Recommendation: We recommend that balances in certain general ledger accounts, including interagency accounts, utility fund accounts receivable, utility fund revenue, utility fund allowance for doubtful accounts, and utility fund customer deposit liability, be appropriately reconciled to subsidiary ledgers and underlying supporting documentation on a periodic basis throughout the year.

Current Status: Some improvement noted. See significant deficiency in current year audit

Town of Vivian
Vivian, Louisiana
Summary Schedule of Current Year Audit Findings
June 30, 2021

There are three findings for the current year audit, as described below.

2021-001 Finding - Budget

Condition: Actual expenses and other financing uses for the General Fund, Vivian Industrial Development Fund, and Sales Tax Fund were more than budgeted amounts by more than 5%.

Criteria: The Local Government Budget Act requires the annual budgets be amended when actual plus projected expenditures exceed budgeted amounts by more than 5%.

Cause: The Town did not use correct financial information when amending the 2021 budget.

Effect: The Town was not in compliance with the Local Government Budget Act.

Recommendation: We recommend a proper monitoring of budget to actual comparisons throughout the year and that budgets be appropriately amended when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%.

Views of Responsible Officials and Planned Corrective Actions: The Town will monitor the budgets and will amend as needed when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%.

2021-002 Significant Deficiency – Accounting Records

Condition: Balances in certain cash accounts and interagency accounts were not reconciled as of June 30, 2021. Significant adjusting entries were required to correct balances in those accounts.

Criteria: Controls should be in place to ensure that activity is posted correctly to the general ledgers.

Cause: Certain account balances were not reviewed/reconciled during the year.

Effect: Significant time was required to analyze various general ledger postings and account balances. Significant adjusting entries were required to correct postings for several cash accounts and interagency account balances.

Recommendation: We recommend that balances in certain general ledger accounts, including cash and interagency accounts, be appropriately reconciled on a periodic basis throughout the year.

Views of Responsible Officials and Planned Corrective Actions: Controls will be implemented to ensure that balances in general ledger accounts are appropriately reconciled on a periodic basis throughout the year.

(Continued)

Town of Vivian
Vivian, Louisiana
Summary Schedule of Current Year Audit Findings
June 30, 2021
(Continued)

2021-003 Significant Deficiency – Utility Fund Accounts Receivable

Condition: During our audit, we noted that daily work for utility fund receipts was not always initialed by someone independent of the collection process to indicate their review and approval. In addition, a report of all billing adjustments posted to utility fund accounts receivable was not reviewed to ensure all adjustments posted had been previously approved. However, all billing adjustments we examined did contain documented approval of the Mayor or Town Clerk.

Criteria: Controls should be in place to ensure that daily work for utility fund receipts is approved by someone independent of the collection process and that such review is documented. In addition, controls should be in place to ensure that all billing adjustments which were posted to the utility fund accounts receivable were properly approved.

Cause: Reviews of daily work were not always documented. In addition, although the Town has an established approval process for approving utility fund billing adjustments, a report of all posted adjustments was not reviewed to ensure all adjustments had been previously approved.

Effect: Errors could occur and not be detected with regards to utility fund accounts receivable.

Recommendation: We recommend that the daily work for utility fund receipts be reviewed and approved by someone independent of the collection process and that such review be appropriately documented. We also recommend that a report of all billing adjustments posted to utility fund accounts receivable be reviewed on a periodic basis to ensure all adjustments were approved.

Views of Responsible Officials and Planned Corrective Actions: Controls will be implemented to ensure that reviews of daily work are appropriately documented and that all billing adjustments posted to utility fund accounts receivable are approved.