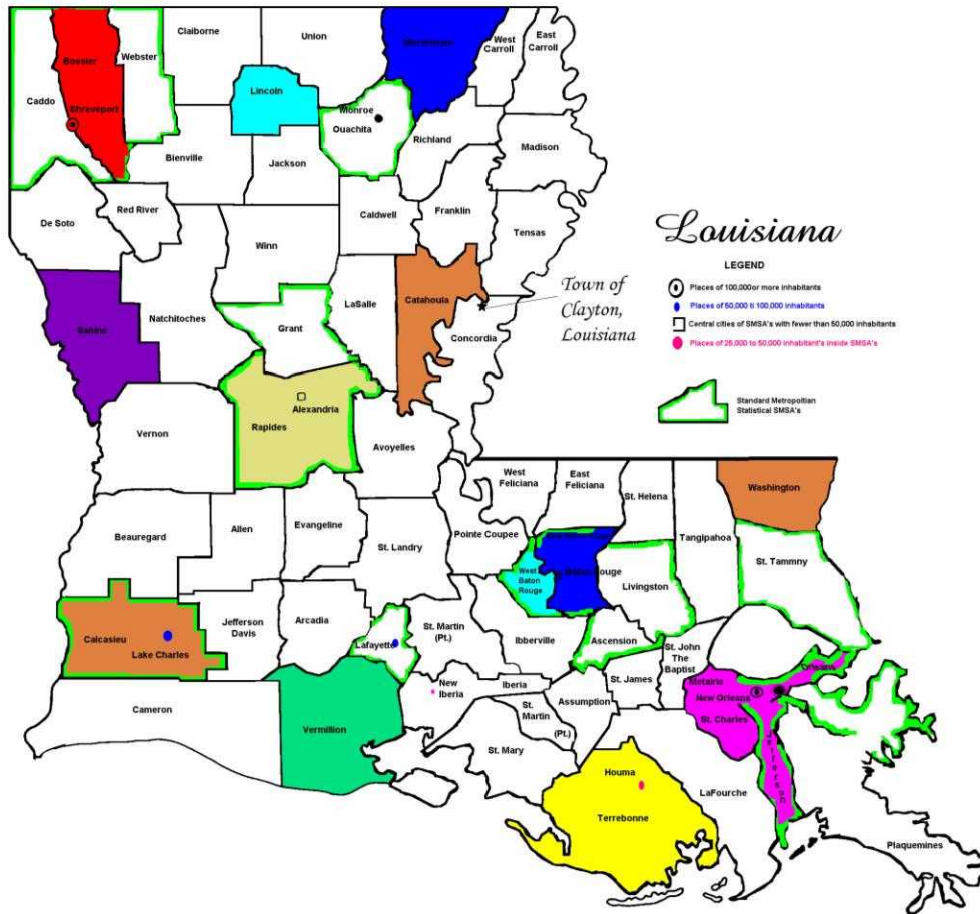


VILLAGE OF CLAYTON, LOUISIANA

Annual Financial Statements

JUNE 30, 2019

VILLAGE OF CLAYTON, LOUISIANA



✓ The Village of Clayton was incorporated under the Lawrason Act, and operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

Village of Clayton, Louisiana
Table of Contents
June 30, 2019

	Schedule	Page
Independent Accountant's Review Report.....		1-2
Management's Discussion and Analysis.....		3-7
Basic Financial Statements		
Statement of Net Position.....	A	9
Statement of Activities.....	B	10
Balance Sheet, Governmental Funds.....	C	11
Reconciliation of The Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Position.....	D	12
Statement of Revenues, Expenditures & Changes in Fund Balances – Governmental Funds.....	E	13
Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	14
Statement of Net Position, Proprietary Funds.....	G	15
Statement of Revenues, Expenses & Changes in Net Position – Proprietary Funds.....	H	16
Statement of Cash Flows – Proprietary Funds.....	I	17
Notes to the Basic Financial Statements.....		19-29
Required Supplemental Information		
Statement of Revenues, Expenditures, & Changes in Fund Balance – Budget & Actual – General Fund.....	1	31
Statement of Revenues, Expenditures, & Changes in Fund Balance – Budget & Actual – Public Works Fund.....	2	32
Supplemental Information		
Schedule of Compensation and Other Payments to Agency Head or Chief Executive Officer.....		34
Other Reports		
Management Letter Comments.....		36-38
Management's Summary of Prior Year Findings.....		39-42
Independent Accountant's Report on Applying Agreed-Upon Procedures.....		43-46

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@gmail.com

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@ymail.com

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Wilbert Washington, Mayor
& Members of the Board of Aldermen
Clayton, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the business-type activities of the Village of Clayton, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village of Clayton, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

The management of the Village of Clayton, Louisiana, is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and Budget to Actual Statement be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Supplemental Information

The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

The Vercher Group

Jena, Louisiana
April 30, 2021

Village of Clayton

101 Shady Lane
Clayton, Louisiana 71326
Tel: (318) 757-8540
Fax: (318) 757-8543

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village, we offer readers of the Village of Clayton's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$429,471 (*net position*). This is a \$116,429 decrease from last year.
- The Village had total revenue of \$187,587. This is a \$141,820 decrease from last year's revenues, mainly due to a decrease in fines and forfeits in the amount of \$112,290.
- The Village had total expenditures of \$324,889, which is a \$146,245 decrease from last year, mainly due a decrease in street and sanitation expense in the amount of \$83,321, and a decrease in capital outlay expense in the amount of \$36,186.

Enterprise Fund

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$2,506,330 (*net position*). This is a \$170,600 decrease from last year.
- The Village had total revenue of \$255,880. This is a \$728,062 decrease from last year, mainly due to a decrease in capital contributions in the amount of \$763,812.
- The Village had total expenses of \$327,594. This is a \$52,834 decrease from last year, mainly due to a decrease in administration expense in the amount of \$74,151.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Village is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Village's annual report consists of financial statements that show information about the Village's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

The Village's financial statements provide detailed information about the most significant funds. The Village may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Village's enterprise fund uses the following accounting approach:

All of the Village's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

Governmental Funds

Comparative Statement of Net Position as of June 30, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 56,672	\$ 37,016	-34.7
Receivables (Net)	5,626	2,559	-54.5
Restricted Cash	16,344	5,559	-6.0
Restricted Receivables	5,691	484	-91.5
Capital Assets, Net of Accumulated Depreciation	770,281	692,206	-10.1
Total Assets	<u>854,614</u>	<u>737,824</u>	-13.7
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	58,652	58,353	-0.5
Interest Payable	62	-0-	-100.0
Bonds/Notes Payable	250,000	250,000	0.0
Total Liabilities	<u>308,714</u>	<u>308,353</u>	-0.1
Net Position			
Investment in Capital Assets	810,601	442,206	-45.4
Restricted	22,035	6,043	-72.6
Unrestricted	(286,736)	(18,778)	-93.5
Total Net Position	<u>\$ 545,900</u>	<u>\$ 429,471</u>	-21.3

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
Revenues			
Taxes	\$ 108,078	\$ 21,920	-79.7
License & Permits	3,890	3,160	-18.8
Charges for Services	50	52,582	1,050.6
Fines & Forfeits	217,278	104,988	-51.7
Interest Income	6	9	50.0
Other	105	4,928	4,593.3
Total Revenues	<u>329,407</u>	<u>187,587</u>	-43.1
Expenditures			
General Government	122,134	103,533	-15.2
Public Safety:			
Police	155,591	145,447	-6.5
Fire	1,753	3,836	118.8
Street Sanitation	154,394	71,073	-54.0
Recreation	76	-0-	-100.0
Capital Outlay	37,186	1,000	-97.3
Total Expenditures	<u>471,134</u>	<u>324,889</u>	-31.0
Excess (Deficiency) of Revenues Over Under Expenditures	<u>(141,727)</u>	<u>(137,302)</u>	-3.1
Other Financing Sources (Uses)			
Transfers In/(Out)	(68,498)	98,886	244.4
Total Other Financing Sources (Uses)	<u>(68,498)</u>	<u>98,886</u>	244.4
Net Change in Fund Balance	(210,225)	(38,416)	-87.1
Fund Balances - Beginning	235,906	25,681	-89.1
Fund Balances - Ending	<u>\$ 25,681</u>	<u>\$ (12,735)</u>	-149.6

MD&A

Enterprise Fund

Comparative Statement of Net Position as of June 30, 2019:

Assets	2018	2019	% Change
Cash	\$ 2,413	\$ 9,709	302.4
Receivables (Net)	23,916	36,722	53.5
Restricted Assets	31,182	31,182	0.0
Capital Assets, Net of Accumulated Depreciation	2,695,880	2,520,380	-6.5
Total Assets	2,753,391	2,597,993	-5.6
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	31,809	44,299	39.3
Total Current Liabilities	31,809	44,299	39.3
Current Liabilities Payable from Restricted Assets			
Customer Deposits	44,652	47,364	6.1
Total Current Liabilities Payable from Restricted Assets	44,652	47,364	6.1
Total Liabilities	76,461	91,663	19.9
Net Position			
Net Investment in Capital Assets	2,695,880	2,520,380	-6.5
Restricted	(13,470)	31,182	331.5
Unrestricted	(5,480)	(45,232)	725.4
Total Net Position	\$ 2,676,930	\$ 2,506,330	-6.4

Comparative Statement of Revenues, Expenses & Changes in Net Position for the year ended June 30, 2019:

Operating Revenues	2018	2019	% Change
Charges for Services:			
Water Sales	\$ 86,667	\$ 112,016	29.2
Sewer Charges	46,054	45,167	-1.9
Gas Sales	79,050	74,369	-5.9
Other Operating Revenue	8,356	24,303	190.9
Total Operating Revenues	220,127	255,855	16.2
Operating Expenses			
Cost of Sales & Services	124,877	129,317	3.6
Administration	96,928	22,777	-76.5
Depreciation	158,623	175,500	10.6
Total Operating Expenses	380,428	327,594	-13.9
Operating Income (Loss)	(160,301)	(71,739)	-55.2
Nonoperating Revenue (Expenses)			
Interest Earnings	3	25	733.3
Total Nonoperating Revenue (Expenses)	3	25	733.3
Income Before Contributions & Transfers	(160,298)	(71,714)	-55.3
Transfers In/(Out)	67,247	(98,886)	-247.0
Capital Contributions	763,812	-0-	-100.0
Change in Net Position	670,761	(170,600)	-125.4
Total Net Position - Beginning	2,006,169	2,676,930	33.4
Total Net Position - Ending	\$ 2,676,930	\$ 2,506,330	-6.4

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Funds

At June 30, 2019, the Village had \$692,206 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2018</u>	<u>2019</u>
Land (Not Depreciated)	\$ 8,425	\$ 8,425
Capital Assets	1,531,371	1,532,371
Accumulated Depreciation	(773,147)	(848,590)
Total	<u>\$ 766,649</u>	<u>\$ 692,206</u>

Capital Assets – Enterprise Fund

At June 30, 2019, the Village had \$2,520,380 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2018</u>	<u>2019</u>
Water & Gas System	\$ 2,458,091	\$ 2,458,091
Sewer System	3,205,522	3,205,522
Accumulated Depreciation	(2,967,733)	(3,143,233)
Total	<u>\$ 2,695,880</u>	<u>\$ 2,520,380</u>

CONTACTING THE VILLAGE’S FINANCIAL MANGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village’s finances and to show the Village’s accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Wilbert Washington at the Village Hall, phone number (318) 757-8540.

Basic Financial Statements

Village of Clayton, Louisiana
Statement of Net Position
June 30, 2019

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
Assets			
Cash & Cash Equivalents	\$ 37,016	\$ 9,709	\$ 46,725
Receivables, Net	2,559	36,722	39,281
Restricted Assets:			
Cash	5,559	31,182	36,741
Receivables – Sales Tax	484	-0-	484
Capital Assets, Net	692,206	2,520,380	3,212,586
Total Assets	737,824	2,597,993	3,335,817
Current Liabilities			
Accounts & Other Payables	58,353	44,299	102,652
Meter Deposits	-0-	47,364	47,364
Loans Payable	250,000	-0-	250,000
Total Liabilities	308,353	91,663	400,016
Net Position			
Net Investment in Capital Assets	442,206	2,520,380	2,962,586
Restricted	6,043	31,182	37,225
Unrestricted	(18,778)	(45,232)	(64,010)
Total Net Position	\$ 429,471	\$ 2,506,330	\$ 2,935,801

See accompanying notes and independent accountant's review report.

Statement B

Village of Clayton, Louisiana
Statement of Activities
For the Year Ended June 30, 2019

	PROGRAM REVENUES				NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Capital Grants	Net (Expenses) Revenue	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ (110,431)	\$ -0-	\$ -0-	\$ (110,431)	\$ (110,431)		\$ (110,431)
Public Safety:							
Police	(149,043)	104,988	-0-	(44,055)	(44,055)		(44,055)
Fire	(5,589)	-0-	-0-	(5,589)	(5,589)		(5,589)
Street and Sanitation	(128,269)	52,582	-0-	(75,687)	(75,687)		(75,687)
Interest Expense	(6,000)	-0-	-0-	(6,000)	(6,000)		(6,000)
Total Governmental Activities	<u>(399,332)</u>	<u>157,570</u>	<u>-0-</u>	<u>(241,762)</u>	<u>(241,762)</u>		<u>(241,762)</u>
Business Type Activities							
Water, Sewer, Gas	(327,594)	231,552	-0-	(96,042)		\$ (96,042)	(96,042)
Total Business Type Activities	<u>(327,594)</u>	<u>231,552</u>	<u>-0-</u>	<u>(96,042)</u>		<u>(96,042)</u>	<u>(96,042)</u>
Total Primary Government	<u>\$ (726,926)</u>	<u>\$ 389,122</u>	<u>\$ -0-</u>	<u>\$ (337,804)</u>			<u>\$ (337,804)</u>
General Revenues							
Taxes:							
					5,287	-0-	5,287
					5,924	-0-	5,924
					9,863	-0-	9,863
					846	-0-	846
					3,160	-0-	3,160
					9	25	34
					4,928	24,303	29,231
					98,886	(98,886)	-0-
					<u>128,903</u>	<u>(74,558)</u>	<u>54,345</u>
					(112,859)	(170,600)	(283,459)
					(3,570)	-0-	(3,570)
					545,900	2,676,930	3,222,830
					<u>\$ 429,471</u>	<u>\$ 2,506,330</u>	<u>\$ 2,935,801</u>

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Balance Sheet, Governmental Funds
June 30, 2019

	<u>GENERAL</u>	<u>PUBLIC WORKS FUND</u>	<u>TOTAL</u>
Assets			
Cash	\$ 37,016	\$ -0-	\$ 37,016
Cash, Restricted	-0-	5,559	5,559
Receivables:			
Accounts Receivable	2,559	-0-	2,559
Sales Tax, Restricted	-0-	484	484
Total Assets	<u>39,575</u>	<u>6,043</u>	<u>45,618</u>
Liabilities			
Accounts & Other Payables	<u>58,353</u>	<u>-0-</u>	<u>58,353</u>
Fund Balance			
Restricted For Roads	-0-	6,043	6,043
Unassigned	(18,778)	-0-	(18,778)
Total Fund Balance	<u>(18,778)</u>	<u>6,043</u>	<u>(12,735)</u>
Total Liabilities & Fund Balance	<u>\$ 39,575</u>	<u>\$ 6,043</u>	<u>\$ 45,618</u>

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2019

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

Fund Balance, Total Governmental Funds (Statement C)	\$ (12,735)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	692,206
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Other	<u>(250,000)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 429,471</u>

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>GENERAL</u>	<u>PUBLIC WORKS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues			
Taxes:			
Ad Valorem Taxes	\$ 5,287	\$ -0-	\$ 5,287
Franchise Taxes	5,924	-0-	5,924
Road Taxes	-0-	9,863	9,863
Other Taxes	846	-0-	846
Licenses & Permits	3,160	-0-	3,160
Garbage-Police Jury	52,582	-0-	52,582
Fines & Forfeits	104,988	-0-	104,988
Interest Income	9	-0-	9
Other	4,928	-0-	4,928
Total Revenues	<u>177,724</u>	<u>9,863</u>	<u>187,587</u>
Expenditures			
General Government	103,533	-0-	103,533
Public Safety:			
Police	145,447	-0-	145,447
Fire	3,836	-0-	3,836
Street & Sanitation	46,440	24,633	71,073
Recreation	-0-	-0-	-0-
Capital Outlay	1,000	-0-	1,000
Total Expenditures	<u>300,256</u>	<u>24,633</u>	<u>324,889</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(122,532)</u>	<u>(14,770)</u>	<u>(137,302)</u>
Other Financing Sources (Uses)			
Transfers In/(Out)	100,108	(1,222)	98,886
Total Other Financing Sources (Uses)	<u>100,108</u>	<u>(1,222)</u>	<u>98,886</u>
Net Change in Fund Balance	(22,424)	(15,992)	(38,416)
Fund Balances - Beginning	3,646	22,035	25,681
Fund Balances - Ending	<u>\$ (18,778)</u>	<u>\$ 6,043</u>	<u>\$ (12,735)</u>

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2019

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	(38,416)
--	----	----------

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

	Capital Purchases	1,000	
	Depreciation Expense	<u>(75,443)</u>	(74,443)

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

	Debt Issued	-0-	
	Principal Paid	<u>-0-</u>	<u>-0-</u>

Changes in Net Position of Governmental Activities, Statement B	\$	<u>(112,859)</u>
---	----	------------------

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2019

	<u>Enterprise Fund</u>
Current Assets	
Cash & Cash Equivalents	\$ 9,709
Receivables (Net of Allowances For Uncollectibles)	36,722
Total Current Assets	<u>46,431</u>
Non-Current Assets	
Restricted Cash – Customer Deposits	31,182
Capital Assets (Net of Accumulated Depreciation)	2,520,380
Total Non-Current Assets	<u>2,551,562</u>
Total Assets	<u>2,597,993</u>
Current Liabilities	
Accounts, Salaries, & Other Payables	44,299
Total Current Liabilities	<u>44,299</u>
Current Liabilities Payable From Restricted Assets	
Customer Deposits	47,364
Total Current Liabilities Payable From Restricted Assets	<u>47,364</u>
Total Current Liabilities	<u>91,663</u>
Total Liabilities	<u>91,663</u>
Net Position	
Net Investment in Capital Assets	2,520,380
Restricted	31,182
Unrestricted	(45,232)
Total Net Position	<u>\$ 2,506,330</u>

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2019

		Enterprise Fund
Operating Revenues		
Charges for Services:		
Water Sales	\$	112,016
Sewer Charges		45,167
Gas Sales		74,369
Other Operating Revenue		24,303
Total Operating Revenues		255,855
 Operating Expenses		
Cost of Sales & Services		129,317
Administration		22,777
Depreciation		175,500
Total Operating Expenses		327,594
 Operating Income (Loss)		(71,739)
 Nonoperating Revenues (Expenses)		
Interest Earnings		25
Total Nonoperating Revenues (Expenses)		25
 Income Before Contributions & Transfers		(71,714)
Transfers In/(Out)		(98,886)
Capital Contributions		-0-
 Change in Net Position		(170,600)
 Total Net Position - Beginning		2,676,930
Total Net Position - Ending	\$	2,506,330

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Statement of Cash Flows
Proprietary Funds
June 30, 2019

	Enterprise Fund
Cash Flows From Operating Activities	
Receipts From Customers & Users	\$ 245,761
Payments to Suppliers	(116,827)
Payments to Employees	(22,777)
Net Cash Provided (Used) by Operating Activities	106,157
Cash Flows From NonCapital Financing Activities	
Transfers to Other Funds	(98,886)
Net Cash Provided (Used) by NonCapital Financing Activities	(98,886)
Cash Flows From Capital & Related Financing Activities	
Capital Grants	-0-
Acquisition and Construction of Capital Assets	-0-
Net Cash Provided (Used) by Capital & Related Financing Activities	-0-
Cash Flows From Investing Activities	
Interest and Dividends Received	25
Net Cash Provided (Used) by Investing Activities	25
Net Increase (Decrease) in Cash & Cash Equivalents	7,296
Cash & Cash Equivalents, Beginning of Year	33,595
Cash & Cash Equivalents, End of Year	40,891
Reconciliation to Balance Sheet	
Cash & Cash Equivalents	9,709
Restricted Cash – Customer Deposits	31,182
Total Cash and Cash Equivalents	40,891
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(71,739)
Depreciation Expense	175,500
(Increase) Decrease in Accounts Receivable	(12,806)
Increase (Decrease) in Accounts Payables	12,490
Increase (Decrease) in Customer Deposits	2,712
Total Adjustments	177,896
Net Cash Provided (Used) by Operating Activities	\$ 106,157

See accompanying notes and independent accountant's review report.

**Notes To The Basic
Financial Statements**

VILLAGE OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Clayton is a municipal corporation governed by an elected mayor.

1. The Village of Clayton, Louisiana was incorporated under provisions of the Lawrason Act as a Village in 1962.
2. The purpose of a municipality is to provide utility services, public safety (police and fire), street sanitation, and general administrative services.
3. The Board of Aldermen consists of five elected members; four members are paid \$325 per month, and one is paid \$150 per month.
4. The Village of Clayton is located in the northeastern portion of Concordia Parish, Louisiana. Concordia Parish is located in northeastern Louisiana.
5. The population of Clayton is approximately 884.
6. The Village of Clayton has two full time employees and two part time employees.
7. The Village of Clayton has approximately 810 utility customers.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes, set rates or charges, and issue bonded debt.

The accounting and reporting policies of the Village of Clayton conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

TOWN OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

VILLAGE OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

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

The municipality reports the following major governmental funds:

- **General Fund:**
The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Public Works Fund:**
The Public Works Fund is a Special Revenue (sales tax) dedicated for constructing, hard surfacing, improving and/or maintaining public roads and streets in the district, including acquiring, maintaining and operating equipment for such purposes and providing incidental drainage.

The municipality reports the following major proprietary funds:

- Water Activities
- Sewer Activities
- Gas Activities

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

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

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

The Village has a policy of applying expenses to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

VILLAGE OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets- Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position- Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position- All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The District has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

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

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

D. CASH, CASH EQUIVALENTS, & INVESTMENTS – (C.D.’S IN EXCESS OF 90 DAYS)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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 Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity’s name.

Deposits

It is the Village’s policy for deposits (demand checking accounts, savings accounts, and certificate of deposits) to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village’s deposits are categorized to give an indication of the level of risk assumed by the Village at year end. The categories are described as follows:

- ***Category 1*** – Insured or collateralized with securities held by the Village or by its agent in the Village’s name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Village’s name.
- ***Category 3*** – Uncollateralized.

	Delta Bank	Concordia Bank	Total
Bank Balances	\$ 19,003	\$ 40,522	\$ 59,525
<i>Secured As Follows</i>			
FDIC (<i>Category 1</i>)	19,003	40,522	59,525
Securities (<i>Category 2</i>)	-0-	-0-	-0-
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-
Total	\$ 19,003	\$ 40,522	\$ 59,525

All deposits were fully secured as of June 30, 2019.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

E. INVENTORIES

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

F. ACCOUNTS RECEIVABLE & ALLOWANCES FOR BAD DEBTS

Uncollectable amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectables of the receivable. Below is a summary of accounts receivable and allowance for bad debts by funds:

	General Fund	Enterprise Fund	Total
Accounts Receivable	\$ 2,559	\$ 45,771	\$ 48,330
Accounts Receivable - Restricted	484	-0-	484
Allowances for Bad Debt	-0-	(9,049)	(9,049)
Total	\$ 3,043	\$ 36,722	\$ 39,765

G. FIXED ASSETS

For the year ended June 30, 2019, no interest costs were capitalized for construction of fixed assets. The Village of Clayton has a capitalization policy of \$1,000.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles and Equipment	5-10 years
Streets	20 years
Buildings	40 years

2. AD VALOREM TAXES

For the year ended June 30, 2019, taxes of 3.60 mills were levied on property with assessed valuations totaling \$1,357,530, after abatements and exemptions, and were dedicated as follows:

General Alimony	Mills 3.60
-----------------	---------------

Total taxes levied were \$4,887. Taxes are due October 15 of each year and become delinquent January 1.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

3. RESTRICTED ASSETS

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Village typically depletes the available restricted resources before consuming unrestricted resources. Restricted assets were applicable to the following at June 30, 2019:

Proprietary Fund:	
Customer Deposits	\$ 31,182
Governmental Fund:	
Road Maintenance – Cash	5,559
Road – Sales Tax Receivables	484
Total	\$ 37,225

4. CHANGES IN FIXED ASSETS – PROPRIETARY FUNDS

A summary of enterprise fund plant and equipment at June 30, 2019, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Water & Gas System	\$ 2,458,091	\$ -0-	\$ -0-	\$ 2,458,091
Sewer System	3,205,522	-0-	-0-	3,205,522
Total Fixed Assets	5,663,613	-0-	-0-	5,663,613
Less: Accumulated Depreciation	(2,967,733)	(175,500)	-0-	(3,143,233)
Net Fixed Assets	\$ 2,695,880	\$ (175,500)	\$ -0-	\$ 2,520,380

5. CHANGES IN GENERAL FIXED ASSETS – GOVERNMENTAL FUNDS

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets*	\$ 1,539,796	\$ 1,000	\$ -0-	\$ 1,540,796
Accumulated Depreciation	(773,147)	(75,443)	-0-	(848,590)
Net Fixed Assets	\$ 766,649	\$ (74,443)	\$ -0-	\$ 692,206

*Land in the amount of \$8,425 is included in the fixed assets and is not being depreciated.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

Depreciation expense of \$75,443 for the year ended June 30, 2019, was charged to the following governmental functions:

General Government	\$	12,898
Public Safety:		
Police		3,596
Fire		1,753
Public Works:		
Streets		57,196
Total Depreciation	\$	<u><u>75,443</u></u>

6. CHANGES IN SHORT-TERM DEBT

The following is a summary of short-term obligation transactions of the Village of Clayton for the year ended June 30, 2019.

	<u>Notes Payable</u>		<u>Total</u>
Bonds & Notes Payable - Beginning	\$ 250,000	\$	250,000
Additions	-0-		-0-
Principal Retirements	-0-		-0-
Total	<u><u>\$ 250,000</u></u>	<u><u>\$</u></u>	<u><u>250,000</u></u>

Notes payable at June 30, 2019, are comprised of the following issues:

Certificate of Indebtedness Series 2017

Financing obtained through the State Bond Commission and Concordia Bank & Trust for general operating expenses with one principal and interest payment of \$255,625 in March of 2018.	\$ <u>250,000</u>
Total	<u><u>\$ 250,000</u></u>

7. COMPENSATED ABSENCES

Each full-time employee is credited with one day of vacation leave for each month worked. The employee's vacation leave will begin to accumulate upon finishing a six-month probation period. Employees are allowed five days of sick leave up until his or her first anniversary date arrives. After his or her first anniversary, the employee shall earn sick leave at the rate of ten days per anniversary date. In accordance with GASB Statement No. 16, the Village had no accrued compensated absences as of June 30, 2019.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

8. USE OF ESTIMATES

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

9. RISK MANAGEMENT

The Village is exposed to certain risks of losses such as property damage, liability issues, and other potential losses that may occur. The Village minimizes its losses by purchase of commercial insurance. The Village's exposure over the amount of insurance is considered to be immaterial.

10. RETIREMENT COMMITMENTS

The Village of Clayton employees are all members of the social security system and are members of no other retirement plan. The expense of the social security is reflected in payroll taxes in the various statements of income.

11. TRANSFERS BETWEEN FUNDS

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>
Transfers In (Out)	\$ <u>98,886</u>	\$ <u>(98,886)</u>

Transfers were made for operational purposes.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

12. ELECTED OFFICIAL'S

<u>Name</u>	<u>Term</u>	<u>Title</u>
Josephine Washington	2016 – 2020	Mayor
Floyd L. Barber	2016 – 2020	Alderman
Houston Holmes	2016 – 2020	Alderman
Shannon B. Madison	2016 – 2020	Alderman
Wilbert S. Washington	2016 – 2020	Alderman
Willie Evans	2016 – 2020	Alderman

13. WATER, SEWER, & GAS RATES

<u>Water:</u>	<u>Minimum Charge</u>	<u>Next</u>
Commercial	\$ 50.00 for 1 st 2,000 gals. water used	\$9.00 per thousand all other
Residential	\$ 36.00 for 1 st 2,000 gals. water used	\$8.00 per thousand all other
Sewer:		
Residential	\$ 15.00 for 1 st 2,000 gals. water used	
Gas:		
Flexible		
Commercial	\$ 53.44 for 1 st 1,000 used	\$16.09 per next 1,000 cu. ft. \$15.96 per next 1,000 cu. ft. \$15.82 over 2,000 cu. ft.
Residential	\$ 22.80 for 1 st 1,000 used	\$19.26 per next 1,000 cu. ft. \$18.98 per next 2,000 cu. ft. \$18.08 per next 3,000 cu. ft. \$17.58 per next 3,000 cu. ft. \$17.30 over 10,000 cu. ft. \$16.04 over 25,000 cu. ft.

VILLAGE OF CLAYTON, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED

14. ENCUMBRANCES

The entity does not utilize encumbrance accounting.

15. DEFICIET FUND BALANCE

The General Fund has a negative fund balance of \$18,778 as of June 30, 2019.

16. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$3,570 was made to the governmental fund to correct depreciation expense.

Required Supplemental Information

Village of Clayton, Louisiana
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General Fund
For the Year Ended June 30, 2019

	Budget Amounts		Actual Amounts Budgetary Basis	Differences Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 20,900	\$ 20,900	\$ 12,057	\$ (8,843)
License & Permits	4,000	4,000	3,160	(840)
Garbage – Police Jury	24,000	24,000	52,582	28,582
Fines & Forfeits	260,000	260,000	104,988	(155,012)
Grants	-0-	-0-	-0-	-0-
Interest Income	-0-	-0-	9	9
Other	150	150	4,928	4,778
Total Revenues	309,050	309,050	177,724	(131,326)
Expenditures				
General Government	82,875	82,875	103,533	(20,658)
Public Safety:				
Police	239,300	239,300	145,447	93,853
Fire	1,800	1,800	3,836	(2,036)
Street Sanitation	46,815	46,815	46,440	375
Recreation	60	60	-0-	60
Capital Outlay	-0-	-0-	1,000	(1,000)
Total Expenditures	370,850	370,850	300,256	70,594
Excess (Deficiency) of Revenues Over Under Expenditures	(61,800)	(61,800)	(122,532)	(60,732)
Other Financing Sources (Uses)				
Transfers In/(Out)	62,000	62,000	100,108	38,108
Total Other Financing Sources (Uses)	62,000	62,000	100,108	38,108
Net Change in Fund Balance	\$ 200	\$ 200	(22,424)	\$ (22,624)
Fund Balances - Beginning			3,646	
Fund Balances - Ending			\$ (18,778)	

See independent accountant's review report.

Village of Clayton, Louisiana
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
Public Works
For the Year Ended June 30, 2019

	Budget Amounts		Actual Amounts Budgetary Basis	Differences Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 18,000	\$ 18,000	\$ 9,863	\$ (8,137)
Other Income	-0-	-0-	-0-	-0-
Total Revenues	18,000	18,000	9,863	(8,137)
Expenditures				
General Government	-0-	-0-	-0-	-0-
Street & Sanitation	30,000	30,000	24,633	5,367
Capital Outlay	-0-	-0-	-0-	-0-
Total Expenditures	30,000	30,000	24,633	5,367
Excess (Deficiency) of Revenues Over Under Expenditures	(12,000)	(12,000)	(14,770)	(2,770)
Other Financing Sources (Uses)				
Transfers In/(Out)	-0-	-0-	(1,222)	(1,222)
Total Other Financing Sources (Uses)	-0-	-0-	(1,222)	(1,222)
Net Change in Fund Balance	\$ (12,000)	\$ (12,000)	(15,992)	\$ (3,992)
Fund Balances - Beginning			22,035	
Fund Balances - Ending			\$ 6,043	

See independent accountant's review report.

Supplemental Information

Village of Clayton, Louisiana
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2019

Honorable Josephine Washington, Mayor

Purpose	Amount
Salary	\$ 25,200
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	571
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent accountant's review report.

Other Reports

VILLAGE OF CLAYTON, LOUISIANA

MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2019-1 Budget Variances

Condition: The Village had an unfavorable revenue variance of \$131,326 or 42.5% in the general fund during the year. The Village also had an unfavorable revenue variance of \$8,137 or 45.2% in the public works fund during the year.

Criteria: The Budget Act requires governments to amend their budgets when revenues fall below budgeted amounts by more than 5% or when expenditures exceed 5% of appropriations.

Cause of Condition: Not amending the budget.

Effect of Condition: Violation of the Budget Act.

Recommendation: Revenues and expenditures should be monitored to determine if the budget should be amended before year end.

Client Response and Corrective Action: The Village will begin monitoring revenues and expenditures to determine if the budget should be amended.

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2019-2 Annual Filing of Financial Statements

Condition: The Village did not timely file their financial statements with the legislative auditor.

Criteria: LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable, require that governmental units file their financial statements annually with the Legislative Auditor's Office within six months of the entity's year end closing.

Cause of Condition: Insufficient funds to pay auditor.

Effect of Condition: Compliance Violation

VILLAGE OF CLAYTON, LOUISIANA

MANAGEMENT LETTER COMMENTS

CURRENT YEAR MANAGEMENT LETTER COMMENTS (CONTINUED)

Recommendation: We recommend the Village file their audited financial statements with the Legislative Auditor's Office within six months of year end closing.

Client Response and Corrective Action: The Village will file their audited financial statements with the Legislative Auditor's Office within six months of closing.

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2019-3 Insufficient Restricted Assets

Condition: The Village's customer meter deposit liability exceeded the amount of related restricted cash and cash equivalents.

Criteria: Restricted assets should always equal or exceed their related liability.

Cause of Condition: Insufficient funds in the restricted cash account.

Effect of Condition: Spending of restricted cash.

Recommendation: We recommend that management monitor the customer meter deposit balance and restricted cash balance. We recommend that management ensure that the restricted cash balance always equals or exceeds the customer meter deposit balance.

Client Response & Corrective Action: Management will work on this for fiscal year 2021.

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2019-4 Unremitted Traffic Ticket Fees

Condition: During the prior year audit, it was noted that the Village had not remitted certain fees collected for traffic tickets on behalf of different state agencies for several months.

Criteria: The Louisiana Legislature imposes additional fees on traffic violations which are collected by municipalities and then remitted to the appropriate State agencies.

VILLAGE OF CLAYTON, LOUISIANA

MANAGEMENT LETTER COMMENTS

CURRENT YEAR MANAGEMENT LETTER COMMENTS (CONTINUED)

Cause of Condition: Nonpayment of fees collected on behalf of various State agencies.

Effect of Condition: Before adjusting entries were made, fines and forfeitures were overstated and accounts payable was understated.

Recommendation: We recommend that the Village report and remit traffic fees in a timely manner.

Client Response: Management will work on this for fiscal year 2021.

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2019-5 Deficit Fund Balance

Condition: The Village ended the year with a \$18,778 deficit fund balance in the general fund.

Criteria: A deficit fund balance in a governmental fund indicates that the Village has more short-term debt than the Village can service.

Cause of Condition: Lack of revenue streams and overspending.

Effect of Condition: Inability to pay current obligations.

Recommendation: The Village should budget revenue and expenditures to ensure the Village can meet current obligations and not cause financial hardship.

Client Response and Corrective Action: The Village will budget revenue and expenditures to ensure the Village can meet current obligations and not cause financial hardship.

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

VILLAGE OF CLAYTON
CLAYTON, LOUISIANA
JUNE 30, 2019

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Village of Clayton, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2018.

Prior Year Findings:

2018-1 Segregation of Duties

Condition: Because of the small size of the Village and lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, billing, receiving, and check writing.

Cause of Condition: Small size of Village and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing funds collected, and review of checks written.

2018-2 Lawrason Act Municipality Budget Requirements

Condition: The Village did not prepare a capital improvements budget. The Village did not amend the annual operations budget (the General Fund budget).

Criteria: Louisiana Statute RS 33:404(A)(5) requires Lawrason Act municipalities "to prepare an annual operations budget and a capital improvements budget for the municipality to the board of aldermen in accordance with the provisions of R.S. 39:1301 et seq. and any other supplementary laws or ordinances". Additionally, Louisiana Statute R.S. 39:1311 requires amendment to the municipality's budget if total revenue and other sources fail to meet budgeted revenue and other sources by five percent or more or if total expenditures and other uses exceeds budgeted expenditures and other uses by five percent.

**VILLAGE OF CLAYTON
CLAYTON, LOUISIANA
JUNE 30, 2019**

MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS

Prior Year Findings (Continued):

Cause of Condition: Not creating the budget for capital improvements. Not amending the annual operations budget.

Effect of Condition: Violation of the Budget Act.

Recommendation: We recommend that management create a budget for capital improvements. We recommend that management amend the annual operations budget as necessary.

Client Response: Management will work on this for fiscal year 2019.

2018-3 Fines Accounts Receivable Not Reconciled

Condition: The police fines accounts receivable subsidiary ledger is not being reconciled with the general ledger.

Criteria: The fines accounts receivable subsidiary ledger should be reconciled to the general ledger no less than annually.

Cause of Condition: Prior management failed to perform this process before year-end or before the previous management’s departure from office.

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that management reviews the fines receivable account no less than annually and follow up on all significantly past due accounts, and make adjustments when necessary.

Client Response: Management will work on this for fiscal year 2019.

2018-4 Transfers

Condition: Transfers between funds are not being reconciled appropriately.

Criteria: Proper recording and reconciliation of general ledger accounts is necessary for proper internal control.

Cause of Condition: Transfers between funds are not being reconciled to the general ledger on a regular basis.

Effect of Condition: Significant deficiency in internal controls.

VILLAGE OF CLAYTON
CLAYTON, LOUISIANA
JUNE 30, 2019

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Prior Year Findings (Continued):

Recommendation: We recommend that all transfers be reconciled to the general ledger on a regular basis and that any differences be investigated and solved at that time.

Client Response: Management will work on this for fiscal year 2019.

2018-5 Unremitted Traffic Ticket Fees

Condition: During our audit we noted that the Village had not remitted certain fees collected for traffic tickets on behalf of different state agencies for several months.

Criteria: The Louisiana Legislature imposes additional fees on traffic violations which are collected by municipalities and then remitted to the appropriate State agencies.

Cause of Condition: Nonpayment of fees collected on behalf of various State agencies from October 2017 to June 2018.

Effect of Condition: Before adjusting entries were made, fines and forfeitures were overstated and accounts payable was understated.

Recommendation: We recommend that the Village report and remit traffic fees in a timely manner.

Client Response: Management will work on this for fiscal year 2019.

2018-6 Recordkeeping

Condition: During our audit, we noted several issues related to the Police Department's record keeping process as they were not properly maintaining and securing a record of the ticket books.

Criteria: Accounting for the numerical sequence of traffic tickets/citations in a key internal control. Without accounting for the numerical sequence of tickets, there is no way to determine whether citations were issued or tickets were lost or voided.

Cause of Condition: There was no ticket book log or record available for review and testing.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that the Village review and implement the Best Practices for Traffic Tickets supplement issued by the Louisiana Legislative Auditor.

Client Response: Management will work on this for fiscal year 2019.

VILLAGE OF CLAYTON
CLAYTON, LOUISIANA
JUNE 30, 2019

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Prior Year Findings (Continued):

2018-7 Financial Statement Submission to the Louisiana Legislative Auditor

Condition: The Village's audited financial statements were not completed and submitted to the Louisiana Auditor's Office by the statutory date of December 31, 2018.

Criteria: To be considered in good standing with the Legislative Auditor, the audited financial statements should be completed and submitted to their office by December 31.

Cause of Condition: Management was unable to provide a complete set of books on the modified accrual and accrual basis of accounting for governmental and proprietary funds in time for the external auditor to complete the audit by its due date.

Effect of Condition: Material noncompliance relating to the financial statements.

Recommendation: We recommend that management prepare and submit a complete set of books to the external auditor as soon as possible after year-end.

Client Response: Management will work closely with the external auditors to ensure that the audited financial statements are submitted to the Legislative Auditor by the statutory due date.

2018-8 Insufficient Restricted Assets

Condition: The Village's customer meter deposit liability exceeded the amount of related restricted cash and cash equivalents.

Criteria: Restricted assets should always equal or exceed their related liability.

Cause of Condition: Insufficient funds in the restricted cash account.

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that management monitor the customer meter deposit balance and restricted cash balance. We recommend that management ensure that the restricted cash balance always equals or exceeds the customer meter deposit balance.

Client Response: Management will work on this for fiscal year 2019.

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374**

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Village of Clayton, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Clayton, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Clayton, Louisiana's compliance with certain laws and regulations during the year ended June 30, 2019, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below whether for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

*During our review of expenditures, we found no such expenditures.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

*Management provided us with the requested information.

3. Obtain a list of all employees paid during the fiscal year.

*Management provided us with the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

*None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

*Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

*We obtained a copy of the budget and the amended budget.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

*Adoption of the budget and approval of an amended budget were documented in the minute book.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures, and report whether actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total).

***The Village had an unfavorable revenue variance of 42.5% and a favorable expenditure variance in the general fund. The Village had an unfavorable revenue variance of 45.2% and a favorable expenditure variance in the public works fund.**

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

(a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

*We examined supporting documentation for the six selected documents and they all agreed.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

*All of the payments were properly coded to the correct fund and correct general ledger account.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

*The selected disbursements were approved by the proper authorities.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

*I verified meetings were posted or advertised.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

*The Village did not enter into any long-term debt this fiscal year.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

*We inspected payroll records and minutes for the year and noted no instances which indicated payments to employees which would constitute bonuses, advances, and gifts.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

***The Village's report was due on December 31, 2019, and was not submitted timely.**

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

*The Village did not enter into any new contracts this fiscal year.

Prior-Year Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

***The prior year report, dated February 21, 2020, contained the following findings:**

2018-1 Segregation of Duties (Internal Control)

2018-2 Lawrason Act Municipality Budget Requirements (Compliance)

2018-3 Fines Accounts Receivable Not Reconciled (Internal Control)

2018-4 Transfers (Internal Control)

2018-5 Unremitted Traffic Fees (Compliance)

2018-6 Recordkeeping (Internal Control)

2018-7 Financial Statement Submission to the Louisiana Legislative Auditor (Compliance)

2018-8 Insufficient Restricted Assets (Internal Control Finding)

Internal Control findings listed above are outside the scope of our engagement and we did not determine if the findings have been resolved except for 2018-8 Insufficient Restricted Assets.

Compliance Findings:

2018-2 Lawrason Act Municipality Budget Requirements (Compliance)

2018-5 Unremitted Traffic Fees (Compliance)

2018-7 Financial Statement Submission to the Louisiana Legislative Auditor (Compliance)

All compliance findings listed above have not been resolved.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Clayton, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

The Vercher Group

Jena, Louisiana

April 30, 2021

LOUISIANA ATTESTATION QUESTIONNAIRE

THE VERCHER GROUP

A Professional Corporation of

Certified Public Accountants

P.O. Box 1608

Jena, Louisiana 71342

Tel: (318) 992-6348

Fax: (318) 992-4374

In connection with your engagement to apply agreed-upon procedures to the control and compliance matter identified below as of June 30, 2020 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

These representations are based on the information available to us as of May 5, 2021.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [X]

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No [X]

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of our report.

Yes [X] No []

The previous responses have been made to the best of our belief and knowledge.

Signed: Walter H. Wolf

Title: Mayor

Signed: Sally D. Lewis

Title: Clerk