

VILLAGE OF CLAYTON, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
AS OF JUNE 30, 2017  
AND FOR THE YEAR THEN ENDED  
WITH  
INDEPENDENT AUDITOR'S REPORT



**SILAS SIMMONS** LLP  
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS



VILLAGE OF CLAYTON, LOUISIANA

Annual Financial Statements  
As of and for the Year Ended June 30, 2017.  
With Supplementary Information Schedules

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VILLAGE OF CLAYTON, LOUISIANA

Annual Financial Statements  
As of and for the Year Ended June 30, 2017  
With Supplementary Information Schedules

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Josephine Washington, Mayor  
and Members of the Board of Aldermen  
Village of Clayton, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Clayton, Louisiana (the Village) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, as listed in the table of contents.

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

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

**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 Village'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 Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of and for the year ended June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 and budgetary comparison schedules on pages 25 and 26 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. Management has omitted the Public Works Fund budgetary comparison schedule that the Governmental Accounting Standards Board require to be presented to supplement the basic financial statements. With the exception of the omitted schedule mentioned in the previous sentence, we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. The auditor's opinion on the basic financial statements is not affected by the missing information. 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 Village's basic financial statements. The Schedule of Compensation, Benefits, and Other payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other payments to Agency Head is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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



Natchez, Mississippi  
December 29, 2017

**SECTION I**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**VILLAGE OF CLAYTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

As management of the Village of Clayton, Louisiana (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal years ended June 30, 2017 and 2016. We encourage readers to consider the information provided here in conjunction with additional information found within the body of the audit.

### **FINANCIAL HIGHLIGHTS**

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2017 and 2016, the Village's net position decreased in 2017, which resulted in ending net position of \$2,797,051, and decreased in 2016, which resulted in ending net position of \$3,092,536 at June 30, 2016.

1. The ending cash balance was \$81,387 at June 30, 2016, and \$265,107 at June 30, 2017.
2. The governmental fund's deficiency increased by \$175,467. In the prior year, the fund performed better mainly due to a cash infusion, in the amount of \$79,000, from land easement sales. There were expenditures of \$510,988 in 2017 and \$513,277 in 2016.
3. The enterprise fund's operating loss decreased by approximately \$14,059 from 2016 to an operating deficit of \$120,018 in the current year mainly due to decreased operational expenses. Expenses decreased by \$39,029 to \$388,289 which was primarily due to decreased materials and supplies costs and insurance costs.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Village's finance, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year.

The government-wide financial statements outline functions of the Village that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 6 through 7 of this report.

**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 basic governmental fund financial statements can be found on pages 8 through 11 of this report.

**VILLAGE OF CLAYTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 15 through 24 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a condensed statement of the Village's net position:

	Governmental Activities	Business-Type Activities	Total	
			2017	2016
Current assets	\$ 240,525	\$ 57,439	\$ 297,964	\$ 169,750
Noncurrent assets	810,601	1,994,069	2,804,670	2,983,293
Total assets	<u>\$ 1,051,126</u>	<u>\$ 2,051,508</u>	<u>\$ 3,102,634</u>	<u>\$ 3,153,043</u>
Current liabilities	\$ 260,244	\$ 1,438	\$ 261,682	\$ 20,652
Noncurrent liabilities	-	43,901	43,901	39,855
Total liabilities	<u>\$ 260,244</u>	<u>\$ 45,339</u>	<u>\$ 305,583</u>	<u>\$ 60,507</u>
Net position				
Investment in capital assets, net of related debt	\$ 810,601	\$ 1,994,069	\$ 2,804,670	\$ 2,983,293
Restricted	76,638	-	76,638	49,646
Unrestricted	(96,357)	12,100	(84,257)	59,597
Total net position	<u>\$ 790,882</u>	<u>\$ 2,006,169</u>	<u>\$ 2,797,051</u>	<u>\$ 3,092,536</u>

The following is a summary of the statement of activities:

	Governmental Activities	Business-Type Activities	Total	
			2017	2016
Revenues				
Program revenues	\$ 187,197	\$ 268,118	\$ 455,315	\$ 473,862
General revenues	144,231	4,245	148,476	224,936
Transfers	4,092	(4,092)	-	-
Total revenues and transfers	<u>\$ 335,520</u>	<u>\$ 268,271</u>	<u>\$ 603,791</u>	<u>\$ 698,798</u>
Expenses				
General and administrative	\$ 270,253	\$ -	\$ 270,253	\$ 251,001
Public safety - police	89,845	-	89,845	91,294
Public safety - fire	2,299	-	2,299	6,503
Street and sanitation	142,965	-	142,965	164,479
Interest on long-term debt	5,625	-	5,625	-
Utility operations	-	388,289	388,289	427,318
Total expenses	<u>\$ 510,987</u>	<u>\$ 388,289</u>	<u>\$ 899,276</u>	<u>\$ 940,595</u>
Increase (decrease) in net position	\$ (175,467)	\$ (120,018)	\$ (295,485)	\$ (241,797)
Net position, beginning of year	966,349	2,126,187	3,092,536	3,334,333
Net position, end of year	<u>\$ 790,882</u>	<u>\$ 2,006,169</u>	<u>\$ 2,797,051</u>	<u>\$ 3,092,536</u>

**VILLAGE OF CLAYTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**Comments on General Fund Comparisons**

The Village's budget was amended once during the year. The general fund budgeted expenditures were \$406,450, and revenues were budgeted at \$253,350. Actual expenditures were \$390,632, and actual revenues were \$267,858.

**CAPITAL ASSETS**

As of June 30, 2017, the Village had \$810,601 invested in net capital assets in the general fund and \$1,994,069 in the proprietary fund. This year, there were \$1,705 in additions in the general fund and \$56,890 in the enterprise fund. The following capital assets were purchased in 2017:

Enterprise fund:		
Construction in progress – sewer system	\$	56,890
General fund:		
Police department vehicle		<u>1,705</u>
Total	\$	<u>58,595</u>

**REQUEST FOR INFORMATION**

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. Any questions about this report or request for additional information may be directed to Sally Lewis, Village Clerk, 101 Shady Lane, Clayton, LA, 71326, (318) 757-8540.

**SECTION II**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**VILLAGE OF CLAYTON, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	Governmental Activities	Business- Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 156,848	\$ 4,211	\$ 161,059
Receivables (net of allowances for uncollectibles)	6,922	20,569	27,491
Restricted assets:			
Cash	71,389	32,659	104,048
Receivables - sales tax	5,366	-	5,366
Capital assets (net)	810,601	1,994,069	2,804,670
Total assets	<u>\$ 1,051,126</u>	<u>\$ 2,051,508</u>	<u>\$ 3,102,634</u>
<b><u>LIABILITIES</u></b>			
Accounts, salaries, and other payables	\$ 4,619	\$ 1,438	\$ 6,057
Interest payable	5,625	-	5,625
Payable from restricted assets	-	43,901	43,901
Bonds payable, due within one year	250,000	-	250,000
Total liabilities	<u>\$ 260,244</u>	<u>\$ 45,339</u>	<u>\$ 305,583</u>
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	\$ 810,601	\$ 1,994,069	\$ 2,804,670
Restricted - roads	76,638	-	76,638
Unrestricted	(96,357)	12,100	(84,257)
Total net position	<u>\$ 790,882</u>	<u>\$ 2,006,169</u>	<u>\$ 2,797,051</u>

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

VILLAGE OF CLAYTON, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

STATEMENT B

	Expenses	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses), Revenues, and Changes		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>								
General government	\$ 270,253	\$ 800	\$ -	\$ -	\$ (269,453)	\$ (269,453)	\$ -	\$ (269,453)
Police	89,845	186,397	-	-	96,552	96,552	-	96,552
Fire	2,299	-	-	-	(2,299)	(2,299)	-	(2,299)
Sanitation	142,965	-	-	-	(142,965)	(142,965)	-	(142,965)
Interest on long-term debt	5,625	-	-	-	(5,625)	(5,625)	-	(5,625)
Total governmental activities	<u>\$ 510,987</u>	<u>\$ 187,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (323,790)</u>	<u>\$ (323,790)</u>	<u>\$ -</u>	<u>\$ (323,790)</u>
<b>Business-Type Activities</b>								
Water and sewer	\$ 331,738	\$ 137,156	\$ 62,327	\$ -	\$ (132,255)	\$ -	\$ (132,255)	\$ (132,255)
Gas	56,551	68,635	-	-	12,084	-	12,084	12,084
Total business-type activities	<u>\$ 388,289</u>	<u>\$ 205,791</u>	<u>\$ 62,327</u>	<u>\$ -</u>	<u>\$ (120,171)</u>	<u>\$ -</u>	<u>\$ (120,171)</u>	<u>\$ (120,171)</u>
Total	<u>\$ 899,276</u>	<u>\$ 392,988</u>	<u>\$ 62,327</u>	<u>\$ -</u>	<u>\$ (443,961)</u>	<u>\$ (323,790)</u>	<u>\$ (120,171)</u>	<u>\$ (443,961)</u>
<b>General Revenue</b>								
Taxes						\$ 136,685	\$ -	\$ 136,685
Licenses and permits						4,160	-	4,160
Investment earnings						4	93	97
Other general revenues						3,382	4,152	7,534
Transfers						4,092	(4,092)	-
Total general revenues and transfers						<u>\$ 148,323</u>	<u>\$ 153</u>	<u>\$ 148,476</u>
Change in net position						<u>\$ (175,467)</u>	<u>\$ (120,018)</u>	<u>\$ (295,485)</u>
Net position - beginning						<u>\$ 966,349</u>	<u>\$ 2,126,187</u>	<u>\$ 3,092,536</u>
Net position - ending						<u>\$ 790,882</u>	<u>\$ 2,006,169</u>	<u>\$ 2,797,051</u>

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

**SECTION III**  
**FUND FINANCIAL STATEMENTS**

VILLAGE OF CLAYTON, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Major Funds		Total Governmental Funds
	General Fund	Public Works Fund	
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 156,848	\$ -	\$ 156,848
Cash - restricted	-	71,389	71,389
Receivables (net of allowances for uncollectibles)	6,922	-	6,922
Sales tax receivable - restricted	-	5,366	5,366
	<hr/>	<hr/>	<hr/>
Total assets	\$ 163,770	\$ 76,755	\$ 240,525
	<hr/>	<hr/>	<hr/>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 4,502	\$ 117	\$ 4,619
	<hr/>	<hr/>	<hr/>
Total liabilities	\$ 4,502	\$ 117	\$ 4,619
	<hr/>	<hr/>	<hr/>
Fund balances:			
Restricted for:			
Roads	\$ -	\$ 76,638	\$ 76,638
Unassigned, reported in:			
General fund	159,268	-	159,268
	<hr/>	<hr/>	<hr/>
Total fund balances	\$ 159,268	\$ 76,638	\$ 235,906
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 163,770	\$ 76,755	\$ 240,525
	<hr/>	<hr/>	<hr/>

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

VILLAGE OF CLAYTON, LOUISIANA  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
 JUNE 30, 2017

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 235,906
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	810,601
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Accrued interest payable	(5,625)
Bonds payable	<u>(250,000)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 790,882</u>

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

VILLAGE OF CLAYTON, LOUISIANA  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Major Funds		Total Governmental Funds
	General Fund	Public Works Fund	
<b><u>REVENUES</u></b>			
Taxes	\$ 73,115	\$ 63,570	\$ 136,685
Licenses and permits	4,160	-	4,160
Charges for services	800	-	800
Fines and forfeitures	186,397	-	186,397
Investment earnings	4	-	4
Other revenues	3,382	-	3,382
	<hr/>	<hr/>	<hr/>
Total revenues	\$ 267,858	\$ 63,570	\$ 331,428
<b><u>EXPENDITURES</u></b>			
General government	\$ 253,650	\$ -	\$ 253,650
Public safety:			
Police	85,431	-	85,431
Fire	548	-	548
Street and sanitation	49,138	37,590	86,728
Recreation	160	-	160
Capital outlay	1,705	-	1,705
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 390,632	\$ 37,590	\$ 428,222
Excess (deficiency) of revenues over (under) expenditures	\$ (122,774)	\$ 25,980	\$ (96,794)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Loan proceeds	\$ 250,000	\$ -	\$ 250,000
Transfers - in	3,080	1,012	4,092
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	\$ 253,080	\$ 1,012	\$ 254,092
Net change in fund balance	\$ 130,306	\$ 26,992	\$ 157,298
Fund balances - beginning	28,962	49,646	78,608
	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ 159,268	\$ 76,638	\$ 235,906
	<hr/>	<hr/>	<hr/>

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

**VILLAGE OF CLAYTON, 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, 2017**

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

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$ 157,298
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 exceeded capital outlays in the current period.	(77,140)
The proceeds of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Issuance of debt	(250,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not required as expenditures in governmental funds. This amount is the net effect of these differences in the treatment of interest paid on debt.	(5,625)
	<hr/>
Change in Net Position of Governmental Activities (Statement B)	<u>\$ (175,467)</u>

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

VILLAGE OF CLAYTON, LOUISIANA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	<u>Enterprise Funds</u>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and cash equivalents	\$ 4,211
Receivables (net of allowances for uncollectibles)	20,569
Total current assets	<u>\$ 24,780</u>
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	\$ 32,659
Capital assets (net of accumulated depreciation)	1,994,069
Total noncurrent assets	<u>\$ 2,026,728</u>
Total assets	<u>\$ 2,051,508</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable and payroll accruals	\$ 1,438
Total current liabilities	<u>\$ 1,438</u>
Current liabilities payable from restricted assets	
Consumer meter deposits	\$ 43,901
Total current liabilities payable from restricted assets	<u>\$ 43,901</u>
Total liabilities	<u>\$ 45,339</u>
<b><u>NET POSITION</u></b>	
Invested in capital assets, net of related debt	\$ 1,994,069
Unrestricted	12,100
Total net position	<u><u>\$ 2,006,169</u></u>

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

VILLAGE OF CLAYTON, LOUISIANA  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Enterprise Funds</u>
<b><u>OPERATING REVENUES</u></b>	
Charges for services:	
Water sales	\$ 91,475
Gas sales	68,635
Sewer charges	45,681
Other operating revenue	<u>4,152</u>
Total operating revenues	<u>\$ 209,943</u>
<b><u>OPERATING EXPENSES</u></b>	
Personal services	\$ 119,532
Purchase of utilities provided	10,286
Materials and supplies	19,493
Repairs and maintenance	22,397
Depreciation	158,372
Utilities and telephone	30,880
Insurance	11,083
Other operating expenses	<u>16,246</u>
Total operating expenses	<u>\$ 388,289</u>
Operating loss	<u>\$ (178,346)</u>
<b>Nonoperating revenues</b>	
Interest earnings	\$ 93
Grant revenues	<u>62,327</u>
Total nonoperating revenues	<u>\$ 62,420</u>
Loss before transfers	\$ (115,926)
Transfers - out	<u>(4,092)</u>
Change in net position	\$ (120,018)
Total net position - beginning	<u>2,126,187</u>
Total net position - ending	<u><u>\$ 2,006,169</u></u>

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

**VILLAGE OF CLAYTON, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Enterprise Funds</u>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 217,933
Payments to suppliers for goods and services	(112,670)
Payments to and on behalf of employees for services	(117,506)
Net cash used for operating activities	<u>\$ (12,243)</u>
<b>Cash flows for noncapital financing activities</b>	
Operating transfers to other funds	\$ (4,092)
Net cash used for noncapital financing activities	<u>\$ (4,092)</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of fixed assets	\$ (56,890)
Receipt of grants for capital purchases	62,327
Net cash provided by capital and related financing activities	<u>\$ 5,437</u>
<b>Cash flows from investing activities</b>	
Interest on temporary investments	\$ 93
Net cash provided by investing activities	<u>\$ 93</u>
Net decrease in cash and cash equivalents	\$ (10,805)
Cash and cash equivalents, beginning of year	47,675
Cash and cash equivalents, end of year	<u><u>\$ 36,870</u></u>
<b>Reconciliation of operating loss to net cash used for operating activities</b>	
Operating loss	<u>\$ (178,346)</u>
<b>Adjustments to reconcile operating loss to net cash used for operating activities</b>	
Depreciation	\$ 158,372
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable - customers	7,990
Increase (decrease) in:	
Accounts payable	(2,285)
Accrued liabilities	2,026
Total adjustments	<u>\$ 166,103</u>
Net cash used for operating activities	<u><u>\$ (12,243)</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**VILLAGE OF CLAYTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**INTRODUCTION**

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

1. The Village of Clayton, Louisiana (the Village) 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), streets, 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 is located in the northeastern portion of Concordia Parish, Louisiana. Concordia Parish is located in northeastern Louisiana.
5. The population of the Village is approximately 884.
6. The Village has two full-time employees and two part-time employee.
7. The Village has approximately 784 utility customers.

GASB Statement 14, *The Reporting Village*, established criteria for determining the governmental reporting Village and component units that should be included within the reporting Village. 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 14, fiscally independent means that the municipality may, without the approval or consent of another governmental Village, determine or modify its own budget, levy its own taxes, set rates or charges, and issue bonded debt.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

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

In the statement of net position, the difference between a government's assets and liabilities is recorded as net position. The three components of net position are as follows:

*Invested in Capital Assets, net of Related Debt* - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgage notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets.

*Restricted* - This category represents net position restricted for a specific future use because their use is limited.

VILLAGE OF CLAYTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. *Government-Wide and Fund Financial Statements* (continued)

*Unrestricted* - This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

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

Separate financial statements are provided for governmental funds and proprietary funds.

B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

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

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

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

The Village reports the following major governmental funds:

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

The Public Works Fund accounts for sales tax funds for construction and maintaining roads and streets in the Village.

**VILLAGE OF CLAYTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

The Village reports the following major proprietary fund:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. 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. Likewise, general revenues include all taxes.

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

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

**C. *Deposits***

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

**D. *Receivables and Revenues***

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

**VILLAGE OF CLAYTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. *Receivables and Revenues* (continued)**

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

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

For the year ended June 30, 2017, taxes of 3.60 mills were levied on property with assessed valuations totaling \$1,442,110, after abatements and exemptions, and were dedicated as follows:

General corporate purposes	3.60 mills
Total taxes levied	\$ 5,192

**E. *Inventories***

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending June 30, 2017, these amounts were considered to be immaterial.

**F. *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, 2017:

Utility fund:	
Customer deposits	\$ 32,659
Governmental fund:	
Road - Sales tax receivable	\$ 5,366
Road maintenance - cash	71,389
	<u>\$ 76,755</u>
Total	<u>\$ 109,414</u>

**G. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets.

**VILLAGE OF CLAYTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Capital Assets (continued)**

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
<b>Governmental activities:</b>	
Streets	20 years
Buildings	40 years
Vehicles	5-15 years
Machinery and equipment	5-15 years
<u>Description</u>	<u>Estimated Lives</u>
<b>Business-type activities/Enterprise Fund:</b>	
Buildings	25 years
Infrastructure	20-50 years
Machinery and equipment	10-20 years
Vehicles	5 years

**H. 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 10 days per anniversary date. In accordance with GASB Statement 16, the Village had no accrued compensated absences as of June 30, 2017.

**I. Long-Term Obligations**

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

VILLAGE OF CLAYTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. *Fund Equity*

Beginning with fiscal year 2011, the Village implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

In the general fund, the Village strives to maintain an unassigned fund balance to be used for unanticipated emergencies.

VILLAGE OF CLAYTON, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. *Estimates*

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

NOTE 2 - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at June 30, 2017:

	Governmental Funds	Business Type Funds	Total
Demand deposits	\$ 228,237	\$ 34,738	\$ 262,975
Time deposits	-	2,132	2,132
Total	<u>\$ 228,237</u>	<u>\$ 36,870</u>	<u>\$ 265,107</u>

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

At June 30, 2017, the primary government has \$272,477 in deposits (collected bank balances). These deposits are secured from risk by \$272,477 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

NOTE 3 - RECEIVABLES

The following is a summary of receivables for June 30, 2017:

Class of Receivables	Governmental Activities	Business-Type Activities	Total
Sales taxes	\$ 9,560	\$ -	\$ 9,560
Franchise and beer taxes	2,728	-	2,728
Utilities	-	29,705	29,705
Less allowance for bad debts	-	(9,136)	(9,136)
Total	<u>\$ 12,288</u>	<u>\$ 20,569</u>	<u>\$ 32,857</u>

VILLAGE OF CLAYTON, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017, are as follows:

	<u>Balance</u> <u>6/30/2016</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>6/30/2017</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated				
Land	\$ 8,425	\$ -	\$ -	\$ 8,425
Capital assets being depreciated				
Buildings and other improvements	\$ 167,347	\$ -	\$ -	\$ 167,347
Streets	682,300	-	-	682,300
Equipment	<u>642,833</u>	<u>1,705</u>	<u>-</u>	<u>644,538</u>
Total capital assets being depreciated	\$ 1,492,480	\$ 1,705	\$ -	\$ 1,494,185
Less accumulated depreciation for:				
Buildings and other improvements	\$ (68,752)	\$ (8,831)	\$ -	\$ (77,583)
Streets	(280,313)	(36,003)	-	(316,316)
Equipment	<u>(264,099)</u>	<u>(34,011)</u>	<u>-</u>	<u>(298,110)</u>
Total accumulated depreciation	\$ (613,164)	\$ (78,845)	\$ -	\$ (692,009)
Total capital assets being depreciated, net	\$ 879,316	\$ (77,140)	\$ -	\$ 802,176
Governmental activities capital assets, net	<u>\$ 887,741</u>	<u>\$ (77,140)</u>	<u>\$ -</u>	<u>\$ 810,601</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 16,441
Police	4,414
Fire	1,753
Streets	<u>56,237</u>
Total	<u>\$ 78,845</u>

VILLAGE OF CLAYTON, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS (continued)

	<u>Balance</u> <u>6/30/2016</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>6/30/2017</u>
<u>Business-type activities:</u>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 56,890	\$ -	\$ 56,890
Capital assets being depreciated				
Equipment	\$ 4,746,289	\$ -	\$ -	\$ 4,746,289
Less accumulated depreciation for:				
Equipment	(2,650,738)	(158,372)	-	(2,809,110)
Total capital assets being depreciated, net	\$ 2,095,552	\$ (158,372)	\$ -	\$ 1,937,180
Business-type activities capital assets, net	<u>\$ 2,095,551</u>	<u>\$ (101,482)</u>	<u>\$ -</u>	<u>\$ 1,994,069</u>

NOTE 5 - SHORT-TERM OBLIGATIONS

The following is a summary of short-term obligation transactions for the year ended June 30, 2017:

	<u>Notes Payable</u>
Payable at June 30, 2016	\$ -
Issuance of debt	250,000
Principal retired/released	-
Payable at June 30, 2017	<u>\$ 250,000</u>

Certificates of Indebtedness Series 2017 dated March 1, 2017, in the amount of \$250,000  
 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.

\$ 250,000

\$ 250,000

NOTE 6 - RETIREMENT COMMITMENTS

The Village 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.

**VILLAGE OF CLAYTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 7- 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.

**NOTE 8 - COMPENSATION OF THE GOVERNING BOARD**

The Governing Board of the Village consists of a Mayor and five Aldermen. For the year ended June 30, 2017, their compensation was as follows:

Josephine Washinton, Mayor	\$	25,200
Shannon Madison		3,900
Floyd L. Barber		3,900
Willie Evans		1,800
Houston Holmes		3,900
Irene Jefferson		3,900
Total		<u><u>42,600</u></u>

**NOTE 9 - TRANSFERS BETWEEN FUNDS**

	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
General fund	\$ 4,092	\$ -
Enterprise fund	-	4,092
Totals	<u><u>\$ 4,092</u></u>	<u><u>\$ 4,092</u></u>

Transfers are primarily for operational expenditures.

**SECTION IV**  
**ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF CLAYTON, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 77,900	\$ 62,800	\$ 73,115	\$ 10,315
Licenses and permits	2,800	6,600	4,160	(2,440)
Charges for services	350	350	800	450
Fines and forfeitures	265,000	180,000	186,397	6,397
Investment earnings	-	-	4	4
Other	6,400	3,600	3,382	(218)
Total revenues	<u>\$ 352,450</u>	<u>\$ 253,350</u>	<u>\$ 267,858</u>	<u>\$ 14,508</u>
<b>Expenditures</b>				
Current:				
General government	\$ 285,010	\$ 339,600	\$ 253,650	\$ 85,950
Public safety:				
Police	450	21,000	85,431	(64,431)
Fire	-	-	548	(548)
Street and sanitation	51,700	44,000	49,138	(5,138)
Recreation	200	150	160	(10)
Capital outlay	-	1,700	1,705	(5)
Total expenditures	<u>\$ 337,360</u>	<u>\$ 406,450</u>	<u>\$ 390,632</u>	<u>\$ 15,818</u>
<b>Excess of revenues over expenditures before operating transfers</b>	<u>\$ 15,090</u>	<u>\$ (153,100)</u>	<u>\$ (122,774)</u>	<u>\$ 30,326</u>
<b>Other financing sources</b>				
Loan proceeds	\$ -	\$ 250,000	\$ 250,000	\$ -
Operating transfers - in	-	(11,000)	3,080	14,080
Total other financing sources	<u>\$ -</u>	<u>\$ 239,000</u>	<u>\$ 253,080</u>	<u>\$ 14,080</u>
<b>Net change in fund balance</b>	<u>\$ 15,090</u>	<u>\$ 85,900</u>	<u>\$ 130,306</u>	<u>\$ 44,406</u>
<b>Fund balance - beginning of year</b>	<u>\$ 28,962</u>	<u>\$ 28,962</u>	<u>\$ 28,962</u>	<u>\$ -</u>
<b>Fund balance - end of year</b>	<u><u>\$ 44,052</u></u>	<u><u>\$ 114,862</u></u>	<u><u>\$ 159,268</u></u>	<u><u>\$ 44,406</u></u>

See Independent Auditor's Report.

VILLAGE OF CLAYTON, LOUISIANA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

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

2. Budget Amendments and Revisions

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for the general fund consistent with accounting principles generally accepted in the United States of America. There were no nonmajor funds.

**SECTION V  
OTHER INFORMATION**

VILLAGE OF CLAYTON, LOUISIANA  
 SCHEDULE OF COMPENSATION, BENEFITS, AND  
 OTHER PAYMENTS TO AGENCY HEAD  
 FOR THE YEAR ENDED JUNE 30, 2017

Agency Head: The Honorable Josephine Washington, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 25,200
Reimbursements	870
Benefits - retirement	-
Vehicle allowance	-
Cell phone	-
Travel - general	-
	<hr/>
Total	<u>\$ 26,070</u>

See Independent Auditor's Report.

**SECTION VI  
OTHER REPORTS**



209 N. Commerce Street  
 P.O. Box 1027  
 Natchez, Mississippi 39121-1027  
 Telephone: 601.442.7411  
 Fax: 601.442.8551

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

Mayor and Members of the Board of Aldermen  
 Village of Clayton  
 Clayton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Clayton, Louisiana (the Village), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 29, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. They are described as items 2017-1, 2017-3, and 2017-4.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-2 and 2017-5.

### Village of Clayton, Louisiana's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village'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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Natchez, Mississippi  
December 29, 2017

**SECTION VII  
SCHEDULE OF FINDINGS**

**VILLAGE OF CLAYTON, LOUISIANA  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2017**

**Section I: Summary of Auditor's Reports**

**Financial Statements:**

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

VILLAGE OF CLAYTON, LOUISIANA  
SCHEDULE OF CURRENT AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements (continued):

2017-1                    Small Size of Village-Segregation of Duties (Internal Control Finding)

Condition:                Because of the small size of the Village and the 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.

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.

2017-2                    Public Works Fund Budget Omitted (Compliance Finding)

Condition:                The Village did not prepare or amend a budget for the Public Works Fund.

Criteria:                 The Budget Act requires municipalities to prepare a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund.

Cause of Condition:    Not creating and amending the budget for the Public Works Fund.

Effect of Condition:    Violation of the Budget Act.

Recommendation:     We recommend that management create and amend the budget for the Public Works Fund according to the Local Government Budget Act.

Response:                Management will work on this for fiscal year 2018.

VILLAGE OF CLAYTON, LOUISIANA  
SCHEDULE OF CURRENT AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Internal Control and Compliance Material to the Financial Statements (continued):

2017-3                    Fines Accounts Receivable not Reconciled (Internal Control Finding)

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

Criteria:             The fines 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. Likewise, this reconciliation should include amounts payable to the state also.

Response:            Management will work on this for fiscal year 2018.

2017-4                    Utility Billings & Accounts Receivable not Being Reconciled to Financials (Internal Control Finding)

Condition:            The utility billing subsidiary ledger is not being reconciled with the general ledger. Also, the year end accounts receivable subsidiary ledger is not being reconciled with the general ledger.

Criteria:             The utility billings subsidiary ledger should be reconciled to the general ledger no less than monthly, and the accounts receivable subsidiary ledger should be reconciled to the year end trial balance with adjustments being made for aged accounts.

Cause of Condition: Prior management failed to perform these processes 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 utility revenues billing cycle on a monthly basis and reconcile the billing summaries to the general ledger, and make adjustments when necessary. Additionally, management should ensure that the year end accounts receivable balance is properly stated and agrees with the subsidiary ledger.

Response:            Management will work on this for fiscal year 2018.

VILLAGE OF CLAYTON, LOUISIANA  
SCHEDULE OF CURRENT AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements:

2017-5                    Investigative Audit (Compliance Finding)

Condition:            The Louisiana Legislative Auditor performed procedures during the year relating to certain activities of the Village and issued a report on January 25, 2017.

Criteria:              The Village is subject to compliance with state and local laws. The Louisiana Legislative Auditor reported on the Village’s compliance on the following activities: prohibited transactions with Village employee, employees paid for sick leave not accrued, Board of Aldermen improperly fixed salaries of municipal officers, personal use of Village equipment, municipality improperly classified as a Village.

Cause of Condition:    During the year, the Louisiana Legislative Auditor was asked to assess certain matters and questions submitted to their office. As a result, a report was issued dated January 25, 2017, that included five findings where improvement was needed.

Effect of Condition:    The Louisiana Legislative Auditor issued a report on January 25, 2017, with recommendations for areas of improvement in the areas mentioned above.

Recommendation:    We recommend that the Village review the report issued by the Louisiana Legislative Auditor and implement as applicable the recommendations included within the report.

Response:             In a letter attached to the report issued dated January 25, 2017, management detailed their response to the five findings. Regarding prohibited transactions with Village employees, management plans to acquire training from the Louisiana Municipal Association. Regarding employees paid for sick leave not accrued, management will update the policy and procedure manual to address this issue. Regarding the Board of Aldermen improperly fixed salaries of municipal officers finding, management plans to pass an ordinance when or if salary increases are discussed in the future. Regarding the personal use of Village equipment finding, management plans to update the policy and procedure manual to address this issue. Management has made an equipment list and now keeps equipment locked away, with access granted to assigned staff. Regarding the municipality improperly classified as a Village finding, management plans to adopt an ordinance to address this issue.

VILLAGE OF CLAYTON, LOUISIANA  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements:

- 2016-1                    Small Size of Village-Segregation of Duties (Internal Control Finding) *Unresolved - See finding 2017-1.*
- Condition:            The small size of the Village prevents it from employing enough individuals to properly segregate duties over the receipts and disbursement functions.
- Criteria:              There should be at least two to three individuals present for each major process (i.e., collections, billing and check writing).
- Cause of Condition:   Village lacks the financial resources.
- Effect of Condition:   Material weakness in internal controls.
- Recommendation:    We recommend that management and the governing board continue to implement alternative procedures to ensure its processes are working effectively.
- Response:             Management will work on this for fiscal year 2017.
- 2016-2                    General Fund Expenditures Over Budget (Compliance Finding) *Resolved.*
- Condition:            The Village’s General Fund’s expenditures exceeded its budgeted amount by 50.37%. The budgeted amount of expenditures was \$253,783, and the actual expenditures were \$381,609. Louisiana Revised Statute 39:1311 requires that expenditures not exceed the budget by more than 5%.
- Criteria:              Louisiana statute says that governments’ expenditures must not surpass the budgeted amounts by 5% or more.
- Cause of Condition:   There were unanticipated capital outlays and increases in general operational expenses that the Village was not able to make adjustments in time for.
- Effect of Condition:   Material weakness in internal controls over compliance.
- Recommendation:    We recommend that management review the budget to actual regularly during the year and ensure that the 5% threshold is not surpassed.
- Response:             Management will work on this for fiscal year 2017.

VILLAGE OF CLAYTON, LOUISIANA  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements (continued):

2016-3	<u>Failing to Cut Off Past Due Accounts (Internal Control Finding) Resolved.</u>
Condition:	As of June 30, 2016, 50 utility fund customers were in violation of the cut-off policy. All of the noted accounts were beyond 120 days due.
Criteria:	The utility cut-off policy requires the Village to terminate services to customers who have not paid by the 5 <sup>th</sup> day of the month following the month the bills were mailed.
Cause of Condition:	Prior management failed to enforce the cut-off policy with its customers.
Effect of Condition:	Material weakness in internal controls.
Recommendation:	We recommend that management reviews the accounts receivable ageing schedule on a monthly basis and follow up on all significantly past due accounts and make adjustments when necessary.
Response:	Management will work on this for fiscal year 2017.
2016-4	<u>Financial Statement Submission to the Louisiana Legislative Auditor (Compliance Finding) Resolved.</u>
Condition:	The Village's audited financial statements were not completed and submitted to the Louisiana Legislative Auditor's office by the statutory date of December 31, 2016.
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.
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.

VILLAGE OF CLAYTON, LOUISIANA  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements (continued):

2016-5	<u>Fines Accounts Receivable not Reconciled (Internal Control Finding)</u> <i>Unresolved - See finding 2017-3.</i>
Condition:	The police fines accounts receivable subsidiary ledger is not being reconciled with the general ledger.
Criteria:	The fines 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. Likewise, this reconciliation should include amounts payable to the state also.
Response:	Management will work on this for fiscal year 2017.
2016-6	<u>Utility Billings &amp; Accounts Receivable not Being Reconciled to Financials (Internal Control Finding)</u> <i>Unresolved - See finding 2017-4.</i>
Condition:	The utility billing subsidiary ledger is not being reconciled with the general ledger. Also, the year end accounts receivable subsidiary ledger is not being reconciled with the general ledger.
Criteria:	The utility billings subsidiary ledger should be reconciled to the general ledger no less than monthly, and the accounts receivable subsidiary ledger should be reconciled to the year end trial balance with adjustments being made for aged accounts.
Cause of Condition:	Prior management failed to perform these processes 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 utility revenues billing cycle on a monthly basis and reconciles the billing summaries to the general ledger and make adjustments when necessary. Additionally, management should ensure that the year end accounts receivable balance is properly stated and agrees with the subsidiary ledger.
Response:	Management will work on this for fiscal year 2017.

VILLAGE OF CLAYTON, LOUISIANA  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

Section II - Internal Control and Compliance Material to Federal Awards:

None

Section III - Management Letter:

None

**SECTION VIII  
VILLAGE OF CLAYTON, LOUISIANA  
AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2017**



209 N. Commerce Street  
P.O. Box 1027  
Natchez, Mississippi 39121-1027  
Telephone: 601.442.7411  
Fax: 601.442.8551

[www.silassimmons.com](http://www.silassimmons.com)

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

To the Village of Clayton, Louisiana  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Village of Clayton, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2017. The Village's management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures and associated findings are included in the attachment following this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Silas Simmons, LLP*

Natchez, Mississippi  
December 29, 2017

VILLAGE OF CLAYTON, LOUISIANA  
 SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS  
 FOR THE YEAR ENDED JUNE 30, 2017

*Written Policies and Procedures*

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1. Procedures: Obtain the Village's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Village does not have any written policies and procedures), as applicable:
  - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
  - b) *Purchasing*, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law, and (5) documentation required to be maintained for all bids and price quotes.
  - c) *Disbursements*, including processing, reviewing, and approving.
  - d) *Receipts*, including receiving, recording, and preparing deposits.
  - e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
  - h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Village's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
  - j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: We reviewed the written policies and procedures for the related functions listed above in the procedures. Through our review, we were able to determine that the Village does not have appropriate written policies and procedures for the related topics.

There were no disbursement, credit card, ethics, or debt service policies and procedures noted during our testing.

*Board (or Finance Committee, if applicable)*

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2. Procedures: Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Village's prior audit (GAAP-basis).
  - c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Findings: We obtained a copy of the Village's board/committee minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the board's enabling legislation, charter, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly budget-to-actual comparisons on the General Fund and non-budgetary financial information for at least one meeting during the fiscal period.

During our review of the board minutes, we noted that the Village did not present budget to actual comparisons on a monthly basis during the fiscal year.

*Bank Reconciliations*

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3. Procedures: Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Findings: We reviewed a listing of the Village's bank accounts with Concordia Bank & Trust and Delta Bank and compared them to the general ledger provided by management to verify that management's listing is complete.

No exceptions were noted during the above procedures.

4. Procedures: Using the listing provided by management, select all of the Village's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
- a) Bank reconciliations have been prepared;
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Findings: We randomly selected five of the bank accounts on a three-year rotating basis and obtained the related bank statements and reconciliations for all months in the fiscal period. We reviewed the bank reconciliations to report whether they were prepared, included evidence that management or a board member had reviewed each statement, and included documentation that management has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

During our review of the bank reconciliations, we noted that none of accounts selected had evidence of being reviewed by a member of management or a board member. We also noted that four of the five accounts selected were missing documentation reflecting that management had researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

### *Collections*

---

5. Procedures: Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Findings: We reviewed a listing of cash/check/money order collection locations and management's representation to determine that the listing is complete. There were two listed, including Town Hall for utilities and the police department (also located in Town Hall) for citations.

No exceptions were noted during the above procedures.

6. Procedures: Using the listing provided by management, select all of the Village's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). For each cash collection location selected:
- a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded; (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party); and (3) not required to share the same cash register or drawer with another employee.
  - b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Village has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
  - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period.
  - d) Using Village collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - e) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Findings: We performed testing for both locations. Locations included in testing were Village Hall and the Police Department. During testing, we obtained written documentation verifying whether each person responsible for collecting cash was bonded, had no responsibilities for depositing cash in the bank, recording related transactions or reconciling bank statements, and had a separate cash register or drawer from other employees.

We obtained written documentation to determine whether the Village has a formal process to reconcile cash collections to the general ledger and subsidiary ledgers by a person that was not responsible for cash collections at the location. We selected the highest week of collections from the general ledger and traced daily collections to the deposit date on the bank statement to determine that the deposits were made within one day of collection. We also used sequentially numbered receipts to verify that cash collections were completely supported by documents.

During testing, we noted that proper segregation of duties is not exercised. The collection of utility payments and traffic citations are separate but those individuals responsible for collecting are also responsible for recording the transactions. Both individuals are also permitted to deposit the collections. The collections policy provided does not address segregation of duties nor does it include a formal process to reconcile cash collections to general ledger or subsidiary ledger.

7. Procedures: Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the Village has a process specifically defined (identified as such by the Village) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Findings: We reviewed written documentation to determine that the Village has a process specifically defined to determine completeness of collections for each revenue source by a person who is not responsible for collections.

During testing, we noted that the Village's collection policy does not specifically define procedures that determine the completeness of all collections by a person who is not responsible for collection.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Procedures: Obtain a listing of Village disbursements from management or, alternately, obtain the general ledger and sort/filter for Village disbursements. Obtain management's representation that the listing or general ledger population is complete.

Findings: We reviewed a management listing of Village disbursements from the general ledger and obtained management's representation that the listing was complete.

No exceptions were noted during the above procedures.

9. Procedures: Using the disbursement population from procedure #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Village had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-Card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Findings: We randomly selected 25 disbursement transactions during the fiscal period. We obtained and reviewed documentation to determine that the Village utilizes a requisition/purchase order system or an equivalent electronic system for purchases. We reviewed purchase orders or equivalent documentation to determine whether they were approved by a person who did not initiate the purchase. We reviewed documentation to determine whether payments for purchases were processed without an approved requisition, purchase order, or invoice.

During our procedures, we noted that the Village did not utilize a purchase order system requiring requisitions, purchase orders, or invoices to be signed before disbursements were processed.

10. Procedures: Using Village documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Village's purchasing/disbursement system.

Findings: We reviewed Village documentation to determine whether the party responsible for processing payment is prohibited from adding vendors to the Village's purchasing/disbursement system. We noted no written policy related to this matter. The Village does not manually input vendors. Inputting new vendors is outsourced to Software & Services

There was no written policy noted that prohibits the individual responsible for processing payment from adding new vendors.

11. Procedures: Using Village documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Findings: We inquired of management regarding their practices in approving disbursements for the Village to determine that the Mayor approves all purchases.

No exceptions were noted during the above procedures.

12. Procedures: Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Village documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Findings: We observed the supply of unused checks locked in a filing cabinet with access only granted to the Mayor.

During our procedures, we noted improper segregation of duties. The Mayor has signatory authority and also has access to unused checks.

13. Procedures: If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Findings: We inquired of management to determine whether a signature stamp or signature machine was used. The Village does not utilize a signature stamp.

No exceptions were noted during the above procedures.

#### *Credit Cards/Debit Cards/Fuel Cards/P-Cards*

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14. Procedures: Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Findings: We inquired of management and received a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards, including the card numbers and the names of the persons who maintained possession of the cards. We also received representation from management that the listing was complete.

No exceptions were noted during the above procedures.

15. Procedures: Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Village has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Findings: We obtained the monthly statements for the fuel cards used by the Village and selected the month with the largest dollar activity. We reviewed the statement to determine whether there was evidence that it was reviewed and approved, in writing, by someone other than the authorized card holder. We also reviewed the statement to determine whether finance charges and/or late fees were assessed on the statement.

No exceptions were noted during the above procedures.

16. Procedures: Using the monthly statements or combined statements selected under procedure #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased).
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Village's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the Village's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Findings: Using the monthly statements from procedure #15, we obtained supporting documentation for all transactions to determine whether there was an original itemized receipt, documentation of the business/public purpose, and other required written documentation. We reviewed the monthly statement to compare the transaction's detail to the Louisiana Public Bid Law. We also compared the Village's documentation of business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution.

No exceptions were noted during the above procedures.

### Travel and Expense Reimbursement

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17. Procedures: Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Findings: We inquired of management to obtain records of all travel and related expense reimbursements by person during the fiscal period.

No exceptions were noted during the above procedures.

18. Procedures: Obtain the Village's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

Findings: We obtained the Village's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration.

No exceptions were noted during the above procedures.

19. Procedures: Using the listing or general ledger from procedure #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Village does not have written policies, compare to the GSA rates (procedure #18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
  - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating.)
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

- c) Compare the Village's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: Using the listing from procedure #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We reviewed the expense report to compare the documentation to written policies. The Village pays each payee 54 cents per mile. We obtained the supporting documentation for each expense to determine the business purpose. We also determined that the Mayor reviews and signs off on each expense report and a board member signs the Mayor's expense reimbursement report.

No exceptions were noted during the above procedures.

### Contracts

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20. Procedures: Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Findings: We obtained a listing of all contracts in effect during the fiscal period and management's representation that the listing was complete.

No exceptions were noted during the above procedures.

21. Procedures: Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
  - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
  - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
    - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Village complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
    - If no, obtain supporting contract documentation and report whether the Village solicited quotes as a best practice.
  - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
  - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Findings: We reviewed the one and only contract to determine whether it supports the service arrangement and amount paid, as compared the contract's detail with Louisiana Public Bid Law. We also reviewed the contract and related documentation to determine if the contract was amended and whether or not the largest payment complied with the terms and conditions of the contract. We also reviewed contract documentation and board minutes to determine whether there was documentation of board approval.

No exceptions were noted during the above procedures.

### *Payroll and Personnel*

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22. Procedures: Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Findings: We obtained a listing of employees with their related salaries and randomly selected five employees to determine if compensation paid to them was in compliance with the terms of their employment contract. We also checked for any changes made to hourly pay rates/salaries during the fiscal period. None of the five employees selected were given pay raises during the fiscal year.

No exceptions were noted during the above procedures.

23. Procedures: Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Village had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory time). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Report whether there is written documentation that the Village maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Findings: We selected five employees to determine if each selected employee documented their daily attendance and leave, whether there was written documentation that supervisors approved the attendance and leave of the selected employees/officials, and whether there is written documentation that the Village maintained written leave record on the selected employees.

During the procedures, we noted that there was not any written documentation that supervisors approved the attendance and leave of the selected employees..

24. Procedures: Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Findings: We inquired with management as to whether any employees/officials were terminated during the fiscal period. The Village's employees do not accumulate sick or vacation leave so no payouts would occur at termination.

No exceptions were noted during the above procedures.

25. Procedures: Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Findings: We inquired with management as to whether the Village participates in retirement plans. We reviewed remittances and cancelled checks to verify payroll taxes were remitted timely to appropriate agencies.

No exceptions were noted during the above procedures.

#### *Ethics (excluding nonprofits)*

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26. Procedures: Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel," obtain ethics compliance documentation from management and report whether the Village maintained documentation to demonstrate that required ethics training was completed.

Findings: We obtained the personnel files on the five employees selected in procedure #22 from management to determine whether ethics training/compliance documentation was completed.

No exceptions were noted during the above procedures.

27. Procedures: Inquire of management whether any alleged ethics violations were reported to the Village during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Village's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Findings: We inquired with management whether any alleged ethics violations were reported to the Village during the fiscal year.

No exceptions were noted during the above procedures.

#### *Debt Service (excluding nonprofits)*

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28. Procedures: If debt was issued during the fiscal period, obtain supporting documentation from the Village and report whether State Bond Commission approval was obtained.

Findings: We obtained supporting documentation for the debt issued during the fiscal period. We also obtained supporting documentation for the approval of the State Bond Commission.

No exceptions were noted during the above procedures.

29. Procedures: If the Village had outstanding debt during the fiscal period, obtain supporting documentation from the Village and report whether the Village made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Findings: We obtained supporting documentation in relation to the outstanding debt during the fiscal period to determine that the Board made scheduled debt service payments.

No exceptions were noted during the above procedures.

30. Procedures: If the Village had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Findings: The Village did not have tax millages related to debt service. Therefore, this procedure was not applicable.

No exceptions were noted during the above procedures.

#### *Other*

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31. Procedures: Inquire of management whether the Village had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Village reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Village is domiciled.

Findings: We inquired with management whether the Village had any misappropriations of public funds or assets. Per management, the Village was not aware of any misappropriations.

No exceptions were noted during the above procedures.

32. Procedures: Observe and report whether the Village has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.lla.la.gov/hotline](http://www.lla.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: We observed whether the Village had posted on its premises and website the notice required by R.S. 24:53:1.

No exceptions were noted during the above procedures.

33. Procedures: If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings: We did not observe or otherwise identify any exceptions regarding management's representations.

No exceptions were noted during the above procedures.

#### *Management's Response:*

Management will work to correct the above exceptions during the next fiscal year.