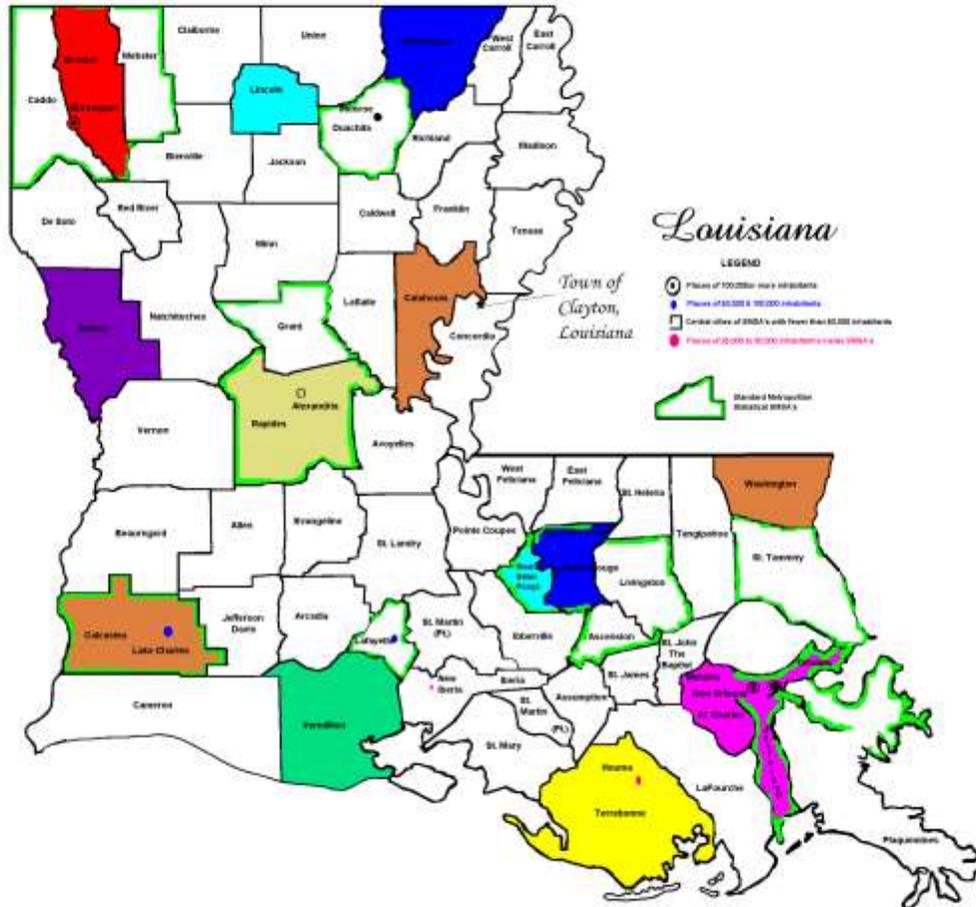


VILLAGE OF CLAYTON, LOUISIANA

Annual Financial Statements

JUNE 30, 2025

VILLAGE OF CLAYTON, LOUISIANA



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

Village of Clayton, Louisiana
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INDEPENDENT AUDITOR'S REPORT

The Honorable Robert James Lee, Mayor
Members of the Board of Aldermen
Clayton, Louisiana

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Village of Clayton, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Village of Clayton’s basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Modified
Business-type Activities	Unmodified
General Fund	Unmodified
Governmental Fund Public Works	Unmodified
Enterprise Fund	Unmodified

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the statements referred to the above present fairly, in all material respects, the financial position of Governmental Activities of the Village of Clayton, as of June 30, 2025, and the changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Business-type Activities, General Fund, Governmental Fund Public Works, Enterprise Funds

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, Public Works, and Enterprise Funds of the Village of Clayton, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Clayton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on Governmental Activities

Management has been withholding Social Security on employees and was informed by Municipal Police Employees Retirement System (MPERS) that the Village is required to participate. At this time Management is researching that claim with their attorney and MPERS is researching how far back the participation should be, how much will need contributing, and will have an actuary calculate amounts to be recorded on the Governmental activities portion of the Government Wide Financial Statements. Accounting principles generally accepted in the United States of America require that pension expense, liability and deferred in and out flows be recorded, which would modify the assets, liabilities, deferred inflows and outflows of resources, expenditures, and net position in the Governmental Activities. The amount by which this departure would affect the assets, liabilities, deferred inflows and outflows of resources, expenditures, and net position of the Governmental Activities has not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Clayton's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements in the aggregate.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 of Clayton's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Clayton's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide 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 of Clayton's basic financial statements. the Schedule of Compensation, Benefits and other Payments to Agency Head or Chief Executive Officer, the Justice System Funding Schedule, LCDBG Grants-Schedule of Assets, Liabilities, and Equity, Schedule of Revenue, Expenditures, and Change in Fund balance are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 or Chief Executive Officer, the Justice System Funding Schedule, LCDBG Grants- Schedule of Assets, Liabilities, and Equity, Schedule of Revenues, Expenditures, and Changes in Fund Balance and are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, on our consideration of the Village of Clayton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Clayton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Clayton's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 18, 2025, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

The Vercher Group

Jena, Louisiana

December 18, 2025

Village of Clayton

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village, we offer readers of the Village of Clayton's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

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

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$462,750 (*net position*). This is a \$121,753 decrease from last year.
- The Village had total revenue of \$437,040. This is a \$118,293 decrease from last year's revenues, mainly due to a decrease in grants in the amount of \$4,171 and a decrease in fines in the amount of \$104,446.
- The Village had total expenditures of \$560,798, which is a \$173,584 decrease from last year, mainly due to a decrease in police expense in the amount of \$104,446 and capital outlay in the amount of \$9,669.

Enterprise Fund

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$3,253,393 (*net position*). This is an \$359,045 increase from last year.
- The Village had total revenue of \$786,356. This is a \$535,657 decrease from last year, mainly due to a decrease in grants in the amount of \$427,168.
- The Village had total expenses of \$427,311. This is a \$35,443 decrease from last year, mainly due to a decrease in administration expense in the amount of \$23,047.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

USING THIS ANNUAL REPORT

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

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

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

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

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

MD&A

Governmental Funds

Comparative Statement of Net Position as of June 30, 2025:

	<u>2024</u>	<u>2025</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 343,904	\$ 265,148	-22.9
Receivables (Net)	26,436	40,928	54.9
Restricted Cash	1,076	2,250	109.1
Restricted Receivables	1,276	1,547	21.3
Capital Assets, Net of Accumulated Depreciation	491,408	424,551	-13.6
Total Assets	<u>864,100</u>	<u>734,424</u>	-15.0
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	98,540	83,973	-14.8
Loan Payable-Current	172,657	153,990	-10.9
Lease Payable-Current	4,835	4,835	0.0
Lease Payable- Noncurrent	8,400	28,876	243.8
Total Liabilities	<u>279,597</u>	<u>271,674</u>	-2.9
Net Position			
Investment in Capital Assets	280,205	236,850	-15.5
Restricted	2,352	3,797	61.5
Unrestricted	301,946	222,103	-26.5
Total Net Position	<u>\$ 584,503</u>	<u>\$ 462,750</u>	-20.9

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2025:

	<u>2024</u>	<u>2025</u>	<u>% Change</u>
Revenues			
Taxes	\$ 34,405	\$ 30,619	-11.0
License & Permits	1,170	5,145	339.8
Charges for Services	62,323	50,069	-19.7
Fines & Forfeits	452,812	348,366	-23.1
Interest Income	221	193	-12.7
Grants	4,171	-0-	-100.0
Other	231	2,648	1046.4
Total Revenues	<u>555,333</u>	<u>437,040</u>	-21.3
Expenditures			
General Government	271,230	308,018	13.6
Public Safety:			
Police	372,423	169,366	-54.6
Street Sanitation	71,625	75,014	4.8
Debt Service	9,435	8,400	-11.0
Capital Outlay	9,669	-0-	-100.0
Total Expenditures	<u>734,382</u>	<u>560,798</u>	-23.7
Excess (Deficiency) of Revenues Over Under Expenditures	<u>(179,049)</u>	<u>(123,758)</u>	169.2
Other Financing Sources (Uses)			
Transfers In/(Out)	(1,368)	45,360	3415.8
Total Other Financing Sources (Uses)	<u>(1,368)</u>	<u>45,360</u>	3415.8
Net Change in Fund Balance	(180,417)	(78,398)	56.6
Fund Balances - Beginning	484,715	304,298	-37.3
Fund Balances - Ending	<u>\$ 304,298</u>	<u>\$ 225,900</u>	-25.8

MD&A

Enterprise Fund

Comparative Statement of Net Position as of June 30, 2025:

Assets	2024	2025	% Change
Cash	\$ 90,103	\$ 386,551	329.1
Receivables (Net)	105,815	110,090	4.1
Restricted Assets	42,425	57,975	36.7
Capital Assets, Net of Accumulated Depreciation	2,756,922	3,028,187	9.9
Total Assets	<u>2,995,265</u>	<u>3,582,803</u>	19.7
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	46,092	271,435	488.9
Total Current Liabilities	<u>46,092</u>	<u>271,435</u>	488.9
Current Liabilities Payable from Restricted Assets			
Customer Deposits	54,825	57,975	5.8
Total Current Liabilities Payable from Restricted Assets	<u>54,825</u>	<u>57,975</u>	5.8
Total Liabilities	<u>100,917</u>	<u>329,410</u>	226.4
Net Position			
Net Investment in Capital Assets	2,756,922	3,028,187	9.7
Restricted	-0-	57,975	100.0
Unrestricted	137,426	167,231	21.7
Total Net Position	<u>\$ 2,894,348</u>	<u>\$ 3,253,393</u>	12.4

Comparative Statement of Revenues, Expenses & Changes in Net Position for the year ended June 30, 2025:

Operating Revenues	2024	2025	% Change
Charges for Services:			
Water Sales	\$ 184,330	\$ 179,052	-2.9
Sewer Charges	81,770	83,158	1.7
Gas Sales	53,955	51,953	-3.8
Other Operating Revenue	111,218	8,573	-92.3
Total Operating Revenues	<u>431,273</u>	<u>322,736</u>	-25.2
Operating Expenses			
Cost of Sales & Services	212,310	187,682	-11.6
Administration	35,617	12,570	-64.7
Depreciation	143,941	181,699	26.3
Total Operating Expenses	<u>391,868</u>	<u>381,951</u>	-2.6
Operating Income (Loss)	<u>39,405</u>	<u>(59,215)</u>	-250.3
Nonoperating Revenue (Expenses)			
Interest Earnings	135	183	35.6
Total Nonoperating Revenue (Expenses)	<u>135</u>	<u>183</u>	35.6
Income Before Contributions & Transfers	<u>39,540</u>	<u>(59,032)</u>	-249.3
Transfers In/(Out)	1,368	(45,360)	-3415.8
Capital Contributions	<u>890,605</u>	<u>463,437</u>	-48.0
Change in Net Position	931,513	359,045	-61.5
Total Net Position - Beginning	<u>1,962,835</u>	<u>2,894,348</u>	47.5
Total Net Position - Ending	<u>\$ 2,894,348</u>	<u>\$ 3,253,393</u>	12.4

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Funds

At June 30, 2025, the Village had \$424,551 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2024</u>	<u>2025</u>
Land (Not Depreciated)	\$ 8,425	\$ 8,425
Capital Assets	1,636,682	1,636,682
Accumulated Depreciation	(1,153,699)	(1,220,556)
Total	<u>\$ 491,408</u>	<u>\$ 424,551</u>

Capital Assets – Enterprise Funds

At June 30, 2025, the Village had \$3,028,187 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2024</u>	<u>2025</u>
Water & Gas System	\$ 2,488,783	\$ 2,764,172
Sewer System	3,239,217	4,371,307
Construction in Progress-Sewer	954,514	-0-
Accumulated Depreciation	(3,925,592)	(4,107,292)
Total	<u>\$ 2,756,922</u>	<u>\$ 3,028,187</u>

CONTACTING THE VILLAGE’S FINANCIAL MANGEMENT:

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

Basic Financial Statements

Village of Clayton, Louisiana
Statement of Net Position
June 30, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
Current Assets			
Cash & Cash Equivalents	\$ 265,148	\$ 386,551	\$ 651,699
Receivables, Net	40,928	110,090	151,018
Restricted Assets:			
Cash	2,250	57,975	60,225
Receivables-Sales Tax	1,547	-0-	1,547
Total Current Assets	<u>309,873</u>	<u>554,616</u>	<u>864,489</u>
Non-Current Assets			
Capital Assets, Net	<u>424,551</u>	<u>3,028,187</u>	<u>3,452,738</u>
Total Non-Current Assets	<u>424,551</u>	<u>3,028,187</u>	<u>3,452,738</u>
Total Assets	<u><u>734,424</u></u>	<u><u>3,582,803</u></u>	<u><u>4,317,227</u></u>
Current Liabilities			
Accounts & Other Payables	83,973	271,435	355,408
Meter Deposits	-0-	57,975	57,975
Loan Payable-Current	153,990	-0-	153,990
Lease Payable-Current	4,835	-0-	4,835
Total Liabilities	<u>242,798</u>	<u>329,410</u>	<u>572,208</u>
Non-Current Liabilities			
Lease Payable	<u>28,876</u>	<u>-0-</u>	<u>28,876</u>
Total Non-Current Liabilities	<u>28,876</u>	<u>-0-</u>	<u>28,876</u>
Net Position			
Net Investment in Capital Assets	236,850	3,028,187	3,265,037
Restricted	3,797	-0-	3,797
Unrestricted	<u>222,103</u>	<u>225,206</u>	<u>447,309</u>
Total Net Position	<u>\$ 462,750</u>	<u>\$ 3,253,393</u>	<u>\$ 3,716,143</u>

The accompanying notes are an integral part of this statement.

**Village of Clayton, Louisiana
Statement of Activities
For the Year Ended June 30, 2025**

	PROGRAM REVENUES				NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Capital Grants	Net (Expenses) Revenue	Governmental Activities	Business Type Activities	Total
Governmental Activities							
General Government	\$ (296,473)	\$ -0-	\$ -0-	\$ (296,473)	\$ (296,473)		\$ (296,473)
Public Safety:							
Police	(197,137)	-0-	-0-	(197,137)	(197,137)		(197,137)
Street and Sanitation	(90,543)	50,069	-0-	(40,474)	(40,474)		(40,474)
Interest Expense	(20,000)	-0-	-0-	(20,000)	(20,000)		(20,000)
Total Governmental Activities	(604,153)	50,069	-0-	(554,084)	(554,084)		(554,084)
Business Type Activities							
Water, Sewer, Gas	(382,134)	322,919	463,437	404,222		404,222	404,222
Total Business Type Activities	(382,134)	322,919	463,437	404,222		404,222	404,222
Total Primary Government	\$ (986,287)	\$ 372,988	\$ 463,437	\$ (149,862)			(149,862)
			General Revenues				
			Fines		348,366	-0-	348,366
			Taxes:				
			Ad Valorem Taxes		5,801	-0-	5,801
			Franchise Taxes		11,396	-0-	11,396
			Road Taxes		12,788	-0-	12,788
			Other Taxes		634	-0-	634
			License and Permits		5,145	-0-	5,145
			Interest Income		193	-0-	193
			Miscellaneous		2,648	183	2,831
			Transfers		45,360	(45,360)	-0-
			Total General Revenues		432,331	(45,177)	387,154
			Change in Net Position		(121,753)	359,045	237,292
			Net Position - Beginning		584,503	2,894,348	3,478,851
			Net Position - Ending		\$ 462,750	\$ 3,253,393	\$ 3,716,143

The accompanying notes are an integral part of this statement.

Village of Clayton, Louisiana
Balance Sheet, Governmental Funds
June 30, 2025

	GENERAL	PUBLIC WORKS FUND	TOTAL
Assets			
Cash	\$ 265,148	\$ -0-	\$ 265,148
Cash, Restricted	-0-	2,250	2,250
Receivables:			
Accounts Receivable	40,928	-0-	40,928
Sales Tax, Restricted	-0-	1,547	1,547
Total Assets	306,076	3,797	309,873
 Liabilities			
Accounts & Other Payables	83,973	-0-	83,973
 Fund Balance			
Restricted For Roads	-0-	3,797	3,797
Unassigned	222,103	-0-	222,103
Total Fund Balance	222,103	3,797	225,900
 Total Liabilities & Fund Balance	\$ 306,076	\$ 3,797	\$ 309,873

The accompanying notes are an integral part of this statement.

Village of Clayton, Louisiana
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2025

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 225,900
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	424,551
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(187,701)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 462,750</u>

The accompanying notes are an integral part of this statement.

Village of Clayton, Louisiana
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	<u>GENERAL</u>	<u>PUBLIC WORKS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues			
Taxes:			
Ad Valorem Taxes	\$ 5,801	\$ -0-	\$ 5,801
Franchise Taxes	11,396	-0-	11,396
Road Taxes	-0-	12,788	12,788
Other Taxes	634	-0-	634
Licenses & Permits	5,145	-0-	5,145
Garbage-Police Jury	50,069	-0-	50,069
Fines & Forfeits	348,366	-0-	348,366
Interest Income	193	-0-	193
Intergovernmental – Capital Grants	-0-	-0-	-0-
Other	2,648	-0-	2,648
Total Revenues	<u>424,252</u>	<u>12,788</u>	<u>437,040</u>
Expenditures			
General Government	308,018	-0-	308,018
Public Safety:			
Police	169,366	-0-	169,366
Street & Sanitation	53,222	21,792	75,014
Debt Service	8,400	-0-	8,400
Total Expenditures	<u>539,006</u>	<u>21,792</u>	<u>560,798</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(114,754)</u>	<u>(9,004)</u>	<u>(123,758)</u>
Other Financing Sources (Uses)			
Transfers In/(Out)	34,911	10,449	45,360
Total Other Financing Sources (Uses)	<u>34,911</u>	<u>10,449</u>	<u>45,360</u>
Net Change in Fund Balance	(79,843)	1,445	(78,398)
Fund Balances - Beginning	301,946	2,352	304,298
Fund Balances - Ending	<u>\$ 222,103</u>	<u>\$ 3,797</u>	<u>\$ 225,900</u>

The accompanying notes are an integral part of this statement.

Village of Clayton, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2025

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

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ (78,398)

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

Capital Purchases	-0-
Depreciation Expense	<u>(66,857)</u>

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

Debt Issued	-0-
Principal Paid	<u>23,502</u>

..... 23,502

Changes in Net Position of Governmental Activities, Statement B \$ (121,753)

The accompanying notes are an integral part of this statement.

Village of Clayton, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2025

	Enterprise Fund
Current Assets	
Cash & Cash Equivalents	\$ 386,551
Receivables (Net of Allowances For Uncollectible)	110,090
Total Current Assets	<u>496,641</u>
Non-Current Assets	
Restricted Cash – Customer Deposits	57,975
Capital Assets (Net of Accumulated Depreciation)	3,028,187
Total Non-Current Assets	<u>3,086,162</u>
Total Assets	<u>3,582,803</u>
Current Liabilities	
Accounts, Salaries, & Other Payables	271,435
Total Current Liabilities	<u>271,435</u>
Current Liabilities Payable From Restricted Assets	
Customer Deposits	57,975
Total Current Liabilities Payable From Restricted Assets	<u>57,975</u>
Total Liabilities	<u>329,410</u>
Net Position	
Net Investment in Capital Assets	3,028,187
Restricted	57,975
Unrestricted	167,231
Total Net Position	<u>\$ 3,253,393</u>

The accompanying notes are an integral part of this statement.

Village of Clayton, Louisiana
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2025

	Enterprise Fund
Operating Revenues	
Charges for Services:	
Water Sales	\$ 179,052
Sewer Charges	83,158
Gas Sales	51,953
Other Operating Revenue	8,573
Total Operating Revenues	322,736
Operating Expenses	
Cost of Sales & Services	187,682
Administration	12,570
Depreciation	181,699
Total Operating Expenses	381,951
Operating Income (Loss)	(59,215)
Nonoperating Revenues (Expenses)	
Interest Earnings	183
Total Nonoperating Revenues (Expenses)	183
Income Before Contributions & Transfers	(59,032)
Transfers In/(Out)	(45,360)
Capital Contributions	463,437
Change in Net Position	359,045
Total Net Position - Beginning	2,894,348
Total Net Position - Ending	\$ 3,253,393

The accompanying notes are an integral part of this statement.

Village of Clayton, Louisiana
Statement of Cash Flows
Proprietary Fund
June 30, 2025

	Enterprise Fund
Cash Flows From Operating Activities	
Receipts From Customers & Users	\$ 747,062
Payments to Suppliers	(387,789)
Payments to Employees	(12,570)
Net Cash Provided (Used) by Operating Activities	346,703
Cash Flows From NonCapital Financing Activities	
Transfers	(45,360)
Net Cash Provided (Used) by NonCapital Financing Activities	(45,360)
Cash Flows From Capital & Related Financing Activities	
Capital Grants	463,437
Acquisition and Construction of Capital Assets	(452,965)
Net Cash Provided (Used) by Capital & Related Financing Activities	10,472
Cash Flows From Investing Activities	
Interest and Dividends Received	183
Net Cash Provided (Used) by Investing Activities	183
Net Increase (Decrease) in Cash & Cash Equivalents	311,998
Cash & Cash Equivalents, Beginning of Year	132,528
Cash & Cash Equivalents, End of Year	444,526
Reconciliation to Balance Sheet	
Cash & Cash Equivalents	386,551
Restricted Cash – Customer Deposits	57,975
	444,526
Total Cash and Cash Equivalents	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(59,215)
Depreciation Expense	181,699
(Increase) Decrease in Accounts Receivable	(39,111)
Increase (Decrease) in Accounts Payables	260,180
Increase (Decrease) in Customer Deposits	3,150
Total Adjustments	405,918
Net Cash Provided (Used) by Operating Activities	\$ 346,703

The accompanying notes are an integral part of this statement.

**Notes To The Basic
Financial Statements**

VILLAGE OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. The Village of Clayton, Louisiana was incorporated under provisions of the Lawrason Act as a Village in 1962.
2. The purpose of a municipality is to provide utility services, public safety (police and fire), street sanitation, and general administrative services.
3. The Board of Aldermen consists of five elected members; four members are paid \$200 per month, and one is paid \$150 per month.
4. The Village of Clayton is located in the northeastern portion of Concordia Parish, Louisiana. Concordia Parish is located in northeastern Louisiana.
5. The population of Clayton is approximately 544.
6. The Village of Clayton has two full time employees and two part time employees.
7. The Village of Clayton has approximately 235 utility customers.

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

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

TOWN OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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 meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

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

VILLAGE OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

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

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary funds:

- Water Activities
- Sewer Activities
- Gas Activities

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

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

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

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

VILLAGE OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

C. EQUITY CLASSIFICATIONS

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

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

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

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

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

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

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

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

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

Custodial Credit Risk

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

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

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity’s name.

Deposits

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

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

	Delta Bank	Concordia Bank	Total
Bank Balances	\$ 111,691	\$ 572,078	\$ 683,769
<i>Secured As Follows</i>			
FDIC (<i>Category 1</i>)	111,691	250,000	361,691
Securities (<i>Category 2</i>)	-0-	446,537	446,537
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-
Total	\$ 111,691	\$ 696,537	\$ 808,228

All deposits were fully secured as of June 30, 2025.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

E. INVENTORIES

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

F. ACCOUNTS RECEIVABLE & ALLOWANCES FOR BAD DEBTS

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

	Governmental Fund	Enterprise Fund	Total
Accounts Receivable	\$ 40,928	\$ 115,884	\$ 156,812
Allowances for Bad Debt	-0-	(5,794)	(5,794)
Total	\$ 40,928	\$ 110,090	\$ 151,018

G. FIXED ASSETS

For the year ended June 30, 2025, no interest costs were capitalized for construction of fixed assets. The Village of Clayton has a capitalization policy of \$1,500.

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

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

H. NEW ACCOUNTING PRONOUNCEMENT

In June of 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities of leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

I. FUND EQUITY

In the fund equity statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

2. AD VALOREM TAXES

The entity levies taxes on real and business personal property located within its boundaries. The entity utilizes the services of the Concordia Parish Tax Assessor to assess the property values and prepare the entity's property tax roll. The entity bills and collects its own property taxes.

Property Tax Calendar

Property Tax Calendar	
Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended June 30, 2025, taxes of 3.45 mills were levied against property having a valuation of some \$1,681,600 which produced some \$5,801 in revenue.

Ad Valorem Taxes are broken down as follows:

	Mills
General Alimony	3.45
Total	3.45

3. RESTRICTED ASSETS

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Village typically depletes the available restricted resources before consuming unrestricted resources. Restricted assets were applicable to the following at June 30, 2025:

Enterprise Fund:	
Customer Deposits	\$ 57,975
Governmental Fund:	
Road Maintenance – Cash	2,250
Road – Sales Tax Receivables	1,547
Total	\$ 61,772

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

4. CHANGES IN FIXED ASSETS – PROPRIETARY FUNDS

A summary of enterprise fund plant and equipment at June 30, 2025, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water & Gas System	\$ 2,488,785	\$ 275,387	\$ -0-	\$ 2,764,172
Sewer System	4,193,729	188,050	-0-	4,381,779
Total Fixed Assets	<u>6,682,514</u>	<u>463,437</u>	<u>-0-</u>	<u>7,145,951</u>
Less: Accumulated Depreciation	<u>(3,925,592)</u>	<u>(192,172)</u>	<u>-0-</u>	<u>(4,117,764)</u>
Net Fixed Assets	<u>\$ 2,756,922</u>	<u>\$ 271,265</u>	<u>\$ -0-</u>	<u>\$ 3,028,187</u>

5. CHANGES IN GENERAL FIXED ASSETS – GOVERNMENTAL FUNDS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Fixed Assets*	\$ 1,600,800	\$ -0-	\$ -0-	\$ 1,600,800
Leased Assets	44,307	-0-	-0-	44,307
Accumulated Depreciation	<u>(1,153,699)</u>	<u>(66,857)</u>	<u>-0-</u>	<u>(1,220,556)</u>
Net Fixed Assets	<u>\$ 491,408</u>	<u>\$ (66,857)</u>	<u>\$ -0-</u>	<u>\$ 424,551</u>

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

Depreciation expense of \$66,857 for the year ended June 30, 2025, was charged to the following governmental functions:

General Government	\$ 27,783
Public Safety:	
Police	-0-
Fire	1,753
Public Works:	
Streets	37,321
Total Depreciation	<u>\$ 66,857</u>

6. CHANGES IN DEBT

The following is a summary of short-term/long-term obligation transactions of the Village of Clayton for the year ended June 30, 2025.

	<u>Short Term Concordia Bank</u>	<u>Long Term Auto Lease</u>	<u>Total</u>
Balances as of 6/30/2024	\$ 172,657	\$ 38,546	\$ 211,203
Additions	-0-	-0-	-0-
Principal Retirements	<u>(18,667)</u>	<u>(4,835)</u>	<u>(23,502)</u>
Balances as of 6/30/2025	<u>\$ 153,990</u>	<u>\$ 33,711</u>	<u>\$ 187,701</u>

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

Notes payable at June 30, 2025, are comprised of the following issues:

Certificate of Indebtedness Series 2017

Financing obtained through the State Bond Commission and Concordia Bank & Trust for general operating expenses with one principal and interest payment of \$255,625 in March of 2018. \$ 153,990

Auto Lease

Financing obtained through First Government for a lease on a 2023 Chevrolet Tahoe on January 18, 2023 in the amount of \$44,307 with payments of \$700 for 84 payments with interest at 14.9%. 33,711

Total \$ 187,701

The annual requirements to amortize all debt outstanding as of June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>\$225,625 Certificate of Indebtedness</u>	<u>\$44,307 Police Vehicle Lease</u>	<u>Total</u>
2026	153,990	8,400	162,390
2027	-0-	8,400	8,400
2028	-0-	8,400	8,400
2029	-0-	8,400	8,400
2030	-0-	6,732	6,732
\$	<u>153,990</u>	<u>40,332</u>	<u>194,322</u>

7. COMPENSATED ABSENCES

Each full-time employee is credited with one day of vacation leave for each month worked. The employee's vacation leave will begin to accumulate upon finishing a six-month probation period. Employees are allowed five days of sick leave up until his or her first anniversary date arrives. After his or her first anniversary, the employee shall earn sick leave at the rate of ten days per anniversary date. In accordance with GASB Statement No. 16, the Village had no accrued compensated absences as of June 30, 2025.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

8. 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 purchasing commercial insurance. The Village's exposure to the amount of insurance is considered to be immaterial.

9. RETIREMENT COMMITMENTS

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

10. TRANSFERS BETWEEN FUNDS

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>
Transfers In (Out)	\$ 45,360	(45,360)

Transfers were made for operational purposes.

11. ELECTED OFFICIAL'S

<u>Name</u>	<u>Term</u>	<u>Title</u>
Robert James Lee	2024-2028	Mayor
Willie Evans	2024-2028	Alderman
Michelle D. Bethea	2024-2028	Alderman
Valerie Parker	2024-2028	Alderman

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

12. WATER, SEWER, & GAS RATES

<u>Water:</u>	<u>Minimum Charge</u>	<u>Next</u>
Commercial	\$50.00 for 1 st 1,500 gals. water used	\$10.50 per thousand all other
Residential	\$36.00 for 1 st 1,500 gals. water used	\$9.50 per thousand all other
Sewer:		
Residential	\$30.50 for 1 st 2,000 gals. water used	
Gas:		
Commercial	Flexible \$53.44 for 1 st 1,000 used	\$16.09 per next 1,000 cu. ft. \$15.96 per next 1,000 cu. ft. \$15.82 over 2,000 cu. ft.
Residential	\$22.80 for 1 st 1,000 used	\$19.26 per next 1,000 cu. ft. \$18.98 per next 2,000 cu. ft. \$18.08 per next 3,000 cu. ft. \$17.58 per next 4,000 cu. ft. \$17.30 over 10,000 cu. ft. \$16.04 over 20,000 cu. ft.

13. USE OF ESTIMATES

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

14. ENCUMBRANCES

The Village does not utilize encumbrance accounting.

15. EXCESS EXPENDITURES OVER APPROPRIATIONS

The Village an unfavorable expenditure of \$111,066 or 26.0% in its general fund. The Village also had an unfavorable expenditure of \$8,917 or 69.3% in its public works fund.

Required Supplemental Information

Village of Clayton, Louisiana
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General Fund
For the Year Ended June 30, 2025

	Budget Amounts		Actual Amounts Budgetary Basis	Differences Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 25,500	\$ 25,500	\$ 17,831	\$ (7,669)
License & Permits	2,000	2,000	5,145	3,145
Charges for Services	67,000	67,000	50,069	(16,931)
Fines & Forfeits	400,000	400,000	348,366	(51,634)
Interest Income	150	150	193	43
Intergovernmental – Capital Grants	50,000	50,000	-0-	(50,000)
Other	500	500	2,648	2,148
Total Revenues	<u>545,150</u>	<u>545,150</u>	<u>424,252</u>	<u>(120,898)</u>
Expenditures				
General Government	347,940	347,940	308,018	39,922
Public Safety:				
Police	2,000	2,000	169,366	(167,366)
Street Sanitation	50,000	50,000	53,222	(3,222)
Debt Service	13,000	13,000	8,400	4,600
Capital Outlay	15,000	15,000	-0-	15,000
Total Expenditures	<u>427,940</u>	<u>427,940</u>	<u>539,006</u>	<u>(111,066)</u>
Excess (Deficiency) of Revenues Over Under Expenditures	<u>117,210</u>	<u>117,210</u>	<u>(114,754)</u>	<u>(231,964)</u>
Other Financing Sources (Uses)				
Transfers In/(Out)	75,000	75,000	34,911	(40,089)
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>34,911</u>	<u>(40,089)</u>
Net Change in Fund Balance	<u>\$ 192,210</u>	<u>\$ 192,210</u>	<u>(79,843)</u>	<u>\$ (272,053)</u>
Fund Balances - Beginning			<u>301,946</u>	
Fund Balances - Ending			<u>\$ 222,103</u>	

See independent auditor's report.

Village of Clayton, Louisiana
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
Public Works
For the Year Ended June 30, 2025

	Budget Amounts		Actual Amounts Budgetary Basis	Differences Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 13,000	\$ 13,000	\$ 12,788	\$ (212)
Other Income	-0-	-0-	-0-	-0-
Total Revenues	13,000	13,000	12,788	(212)
Expenditures				
General Government	-0-	-0-	-0-	-0-
Street & Sanitation	12,875	12,875	21,792	(8,917)
Capital Outlay	-0-	-0-	-0-	-0-
Total Expenditures	12,875	12,875	21,792	(8,917)
Excess (Deficiency) of Revenues Over Under Expenditures	125	125	(9,004)	(9,129)
Other Financing Sources (Uses)				
Transfers In/(Out)	-0-	-0-	10,449	10,449
Total Other Financing Sources (Uses)	-0-	-0-	10,449	10,449
Net Change in Fund Balance	125	125	1,445	\$ <u>1,320</u>
Fund Balances - Beginning			2,352	
Fund Balances - Ending			\$ 3,797	

See independent auditor's report.

Supplemental Information

Village of Clayton, Louisiana
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2025

Honorable Robert James Lee, Mayor

Purpose	Amount
Salary	\$ 23,161
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

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

See independent auditor's report.

**Village of Clayton
Clayton, Louisiana
Justice System Funding Schedule – Collecting/Disbursing Entity
Year Ended June 30, 2025**

	First Six Months Ended 12/31/2024	Second Six Months Ended 06/30/2025
Beginning Balance of Amounts Collected	\$	\$
Add: Collections		
Criminal Court Costs/Fees	158,111	190,255
Civil Fees	-0-	-0-
Service/Collection Fees	-0-	-0-
Subtotal Collections	158,111	190,255
Less: Disbursements to Governments & Nonprofits		
Department of Health and Hospital	-0-	-0-
State Treasurer – CMIS	-0-	-0-
North LA Crime Lab	-0-	-0-
LA Commission on Law Enforcement	-0-	-0-
LA Supreme Court Education Fund	-0-	-0-
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	158,111	190,255
Less: Disbursements to Individuals/3rd Party Collection or Processing Agency		
QPD Processing Fee	-0-	-0-
EES Technology Fee	-0-	-0-
Subtotal Disbursements/Retainage	158,111	190,255
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	-0-	-0-
Ending Balance of “Partial Payments” Collected but not Disbursed		
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	-0-	-0-
Total Waivers During the Fiscal Period	\$ -0-	\$ -0-

See independent auditor's report.

**Village of Clayton, Louisiana
Schedule of Assets, Liabilities, & Equity
LCDBG Grants
For the Year Ended June 30, 2025**

	<u>LCDBG</u>	<u>TOTAL</u>
ASSETS		
Cash	\$ 79,642	\$ 79,642
Grant Revenues Receivable	-0-	-0-
TOTAL ASSETS	<u>79,642</u>	<u>79,642</u>
LIABILITIES & FUND EQUITY		
Accounts Payable	-0-	-0-
Due To Village	-0-	-0-
Unearned Revenue	-0-	-0-
TOTAL LIABILITIES	<u>-0-</u>	<u>-0-</u>
FUND BALANCE	<u>79,642</u>	<u>79,642</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 79,642</u>	<u>\$ 79,642</u>

LCDBG – Louisiana Community Development Block Grant

See independent auditor's report.

**Village of Clayton, Louisiana
Schedule of Revenues, Expenditures &
Changes in Fund Balances
LCDBG Grants
For the Year Ended June 30, 2025**

	LCDBG	TOTAL
REVENUES		
Capital Grants	\$ 257,216	\$ 257,216
TOTAL REVENUES	257,216	257,216
EXPENDITURES		
Administrative Services	-0-	-0-
Engineering Services	44,811	44,811
Project Construction	133,107	133,107
TOTAL EXPENDITURES	177,918	177,918
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	79,470	79,470
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	-0-	-0-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-
NET CHANGE IN FUND BALANCE	79,470	79,470
FUND BALANCES--BEGINNING	172	172
FUND BALANCES--ENDING	\$ 79,642	\$ 79,642

LCDBG – Louisiana Community Development Block Grant

See independent auditor’s report.



Other Reports

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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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Robert-James Lee, Mayor
Members of the Board of Alderman
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, business-type activities, and each major fund of the Village of Clayton, Louisiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Village of Clayton’s basic financial statements and have issued our report thereon dated December 18, 2025.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items **(2025-1 Utility Billing and Cutoff Policy)** that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Clayton’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 item: **(2025-2 Budget Variance, 2025-3 Board Minutes and 2025-4 Transfers from Utility Fund with an “F” Water Grade).**

The Village of Clayton's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on The Village of Clayton’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Village of Clayton’s response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of this Report

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

The Vercher Group

Jena, Louisiana
December 18, 2025

**VILLAGE OF CLAYTON
CLAYTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2025**

We have audited the basic financial statements of the Village of Clayton, Louisiana, as of and for the year ended June 30, 2025, and have issued our report thereon dated December 18, 2025. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2025, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes Significant Deficiencies Yes

Compliance

Compliance Material to Financial Statements Yes

b. Federal Awards (Not applicable)

Internal Control

Material Weaknesses Yes Other Conditions Yes

Type of Opinion on Compliance Unmodified Qualified
For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification Of Major Programs:

ALN Number (s)	Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

VILLAGE OF CLAYTON, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2025

Section II – Financial Statement Findings

2025-1 Utility Billing and Cutoff Policy

Condition: The Village does not consistently enforce its cutoff policy. Testing disclosed instances where customers accounts with delinquent balances were not subject to service cutoff in accordance with established policies.

Criteria: Good internal control standards require that utility billing be accurate, timely, and consistently enforced in accordance with formally adopted policies.

Cause of Condition: Inadequate monitoring of delinquent accounts, insufficient supervisory review, and the absence of a formal process to document and approve exceptions.

Effect of Condition: Increase risk of uncollectible accounts and lost revenue.

Recommendation: We recommend enforcing the cutoff policy consistently, implementing periodic review of delinquent accounts, and requiring written supervisory approval and documentation for all policy exceptions or extensions.

Client Response and Corrective action: The Entity will enforce cutoff policy procedures and implement review of delinquent accounts.

Contact Person: Robert James Lee, Mayor

Anticipated Completion Date: June 30, 2026

2025-2 Budget Variances (Compliance)

Condition: The Village had an unfavorable revenue of \$120,898 or 22.2% and an unfavorable expenditure variance of \$111,066 or 26.0% in the general fund and an unfavorable expenditure variance of \$8,917 or 69.3% in the Public Works fund.

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

Cause of Condition: Not amending the budget.

Effect of Condition: Violation of the Budget Act.

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

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

VILLAGE OF CLAYTON, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2025**

Contact Person: Robert James Lee, Mayor

Anticipated Completion Date: June 30, 2026

2025-3 Board Minutes

Condition: Board or committee meeting minutes were not provided for the review period. As a result, evidence of required board oversight and review could not be validated.

Criteria: Without documented board or committee minutes, the organization cannot demonstrate effective governance.

Cause of Condition: Fire in the Village’s office destroyed the documents and not backing up minutes to the cloud, resulting in unavailable evidence during the assessment period.

Potential Effect of Condition: Risk of noncompliance with governance requirements

Recommendation: Management needs to establish and enforce a formal process to document, approve, and retain board and committee meeting minutes. Minutes needs to be stored in a centralized location.

Client Response and Corrective Action: The Entity is taken steps to strengthen documentation and retention practices to ensure future compliance.

Contact Person: Robert James Lee, Mayor

Anticipated Completion Date: June 30, 2026

2025-4 Transfers from Utility fund with an “F” Water Grade

Condition: The Village’s water system has been assigned an “F” grade, rendering it operationally unacceptable. Despite this, the Village proceeded to transfer funds to other accounts, violating the stipulations associated with their system’s grade.

Criteria: In accordance with RS 40:5.9.1 (F), it is explicitly prohibited to utilize funds raised through customer payments for access to water or any other water system revenue in “D” and “F” grade systems. These funds must be exclusively allocated to the improvement and sustainability of the community water system, barring any transfers to the other funds.

Cause of Condition: The inadequate quality, performance, and sustainability of the community water system contribute to the inability to transfer funds to other accounts.

Effect of Condition: The Village faces the consequence of being unable to transfer funds to other accounts due to the non-compliance with the specified regulations.

VILLAGE OF CLAYTON, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2025**

Recommendation: It is recommended that the Village refrains from transferring funds to other accounts unless they receive approval for a higher-grade system. Compliance with the established standards is crucial for maintaining the integrity and sustainability of the community water system.

Client Response and Corrective Action: During the discussions, the Village expressed commitment to adhere to the recommendation, affirming that they will not transfer funds to other accounts unless granted the appropriate grade system.

Contact Person: Robert James Lee, Mayor

Anticipated Completion Date: June 30, 2026

Section III – Federal Awards

No finding to report.

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MANAGEMENT LETTER COMMENTS

During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Village's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No items to report.

**VILLAGE OF CLAYTON
CLAYTON, LOUISIANA
JUNE 30, 2025**

MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS

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

The management of the Village of Clayton, Louisiana has provided the following action summaries relating to findings brought to their attention as a result of their financial review for the year ended June 30, 2024.

Prior Year Findings:

2024-1 Insufficient Restricted Cash (Resolved)

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

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

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

Effect of Condition: Spending of restricted cash.

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

Client Response and Corrective action: Management will work on this for the fiscal year 2025.

Contact Person: Robert James Lee, Mayor

Anticipated Completion Date: June 30, 2025

2024-2 Budget Variances (Unresolved)

Condition: The Village had an unfavorable expenditure variance of \$455,264 or 186.0% in the general fund and an unfavorable expenditure variance of \$9,456 or 82.5% in the Public Works fund.

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

Cause of Condition: Not amending the budget.

Effect of Condition: Violation of the Budget Act.

VILLAGE OF CLAYTON
CLAYTON, LOUISIANA
JUNE 30, 2024

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

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

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

Contact Person: Robert James Lee, Mayor

Anticipated Completion Date: June 30, 2025

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Robert James Lee, Mayor
Village of Clayton
Clayton, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Village of Clayton and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period June 30, 2025. The Entity's management is responsible for those C/C 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 as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exceptions: The Village has not adopted policies for all items listed above except for Payroll/Personnel.

Management's Response: Management will adopt policies and procedures for the above-listed.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to managements corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions noted in the procedures performed.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception: No documentation on research of items over 12 months.

Management Response: Management will document research on outstanding items that are over 12 months.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Observations: Entity only has one deposit site.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Exception: Entity does not have enough personnel to properly segregate duties. Utilizes CPA oversight to mitigate risk.

Management Response: Board Reviews all collections and disbursements at board meetings to mitigate risk. The Village also hired outside CPA to prepare financial reports and review collections and disbursements.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted in the procedures performed.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted in the procedures performed.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

No exceptions noted in the procedures performed.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted in the procedures performed.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted in the procedures performed.

11. Using the entity's main operating account and the month selected in Bank reconciliations procedure, randomly select 5 non-payroll related electronic disbursements and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds per policy, and (b) approved by the required number of authorized signers per the entity's policy.

No exceptions noted in the procedures performed.

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

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

No exceptions noted in the procedures performed.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted in the procedures performed.

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted in the procedures performed.

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

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted in the procedures performed.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted in the procedures performed.

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions noted in the procedures performed.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted in the procedures performed.

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions noted in the procedures performed.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted in the procedures performed.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions noted in the procedures performed.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted in the procedures performed.

Debt Service

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

No exceptions noted in the procedures performed.

24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions noted in the procedures performed.

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No exceptions noted in the procedures performed.

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

No exceptions noted in the procedures performed.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- d) Randomly select 5 terminated employees using the list of terminated employees obtained observe evidence that the selected terminated employees have been removed or disabled from the network.

We preformed the procedures and discussed results with management.

- e) Using the 5 randomly selected employees/officials from payroll, obtain cybersecurity training documents from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - Hired before June 9, 2020- completed the training;
 - Hired on or after June 9, 2020-completed the training within 30 days of initial service or employment.

No exceptions noted in the procedures performed.

Prevention of Sexual Harassment

28. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted in the procedures performed.

29. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

No exceptions noted in the procedures performed.

30. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

1. Number and percentage of public servants in the agency who have completed the training requirements;
2. Number of sexual harassment complaints received by the agency;
3. Number of complaints which resulted in a finding that sexual harassment occurred;
4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
5. Amount of time it took to resolve each complaint.

No exceptions noted in the procedures performed.

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 C/C 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 C/C 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.

The Vercher Group

Jena, Louisiana
December 18, 2025