

**VILLAGE OF CLARENCE
ANNUAL FINANCIAL REPORT**

JUNE 30, 2021

VILLAGE OF CLARENCE, LOUISIANA

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Independent Accountant's Review Report

Mayor and Board of Aldermen
Village of Clarence
P. O. Box 309
Clarence, Louisiana 71414

We have reviewed the accompanying financial statements of the governmental activities, the business-type activity, and the major funds of the Village of Clarence, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying procedures to management's financial data and making inquiries of the management of the Village of Clarence, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

The Village's 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

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

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements of the Village of Clarence, Louisiana, for the year ended June 30, 2021, in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Required and Other Supplemental Information

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule—general fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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. Such information is the responsibility of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Other Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to the agency head or chief executive officer and the justice system funding schedule—collecting/disbursing entity are required by Louisiana state statute and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the other supplementary information and, accordingly, do not express an opinion on such information.

Report on Other Legal and Regulatory Requirements

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated March 9, 2022, on the results of our agreed-upon procedures. Also presented as required is the Louisiana Attestation Questionnaire.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
March 9, 2022

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

Village of Clarence

P. O. Box 309
Clarence, LA 71414

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Village of Clarence's (hereafter referred to as the Village) annual financial report presents an overview and analysis of the Village's financial activities for the year ended June 30, 2021. The intent of the MD&A is to look at the Village's financial performance as a whole. It should therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Village's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Governmental Activities

- The Village's liabilities exceeds its assets by \$5,046 for the year. This is a decrease of \$25,750 from the prior year.
- Unrestricted net position of negative \$7,293 represents the portion available to maintain the Village's obligation to both citizens and creditors. This is a decrease in the deficit of \$30,090 from the prior year.

Business Type Activities

- The Water System had a decrease in net position of \$47,556 for the year. For the prior year, the Water System had a decrease in net position of \$345,676.

General Fund Budgetary Highlights

At year end, actual revenues were \$6,021 more than budgeted revenues and expenditures were \$19,869 less than budgeted expenditures.

Economic Factors and Next Year's Budget

The Village has prepared its FY 2021/2022 budget for the General Fund on the assumption that revenues and expenditures will not change significantly from 2020/2021. Both revenues and expenditures for the Utility Enterprise Fund should remain fairly constant during the next year.

Contacting the Village

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Village of Clarence at P. O. Box 309, Clarence, LA 71414.

A Summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	June 2021			June 2020		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:						
Current Assets	\$ 21,106	\$ 15,000	\$ 36,106	\$ 7,030	\$ 14,904	\$ 21,934
Restricted Assets	-	3,617	3,617	-	2,009	2,009
Capital Assets, Net	2,247	1,756,880	1,759,127	6,587	1,834,985	1,841,572
Total Assets	<u>\$ 23,353</u>	<u>\$ 1,775,497</u>	<u>\$ 1,798,850</u>	<u>\$ 13,617</u>	<u>\$ 1,851,898</u>	<u>\$ 1,865,515</u>
LIABILITIES:						
Accounts Payable	\$ -	\$ 8,765	\$ 8,765	\$ 7,343	\$ 37,147	\$ 44,490
Salaries Payable	4,399	-	4,399	6,877	-	6,877
Customer Deposits Payable	-	9,580	9,580	-	7,972	-
Payroll Tax Liability	24,000	24,000	48,000	30,193	30,192	60,385
Total Liabilities	<u>\$ 28,399</u>	<u>\$ 42,345</u>	<u>\$ 70,744</u>	<u>\$ 44,413</u>	<u>\$ 75,311</u>	<u>\$ 111,752</u>
NET POSITION:						
Net Investment in Capital Assets	\$ 2,247	\$ 1,756,880	\$ 1,759,127	\$ 6,587	\$ 1,834,985	\$ 1,841,572
Unrestricted	(7,293)	(23,728)	(31,021)	(37,383)	(54,277)	(91,660)
Total Net Position	<u>\$ (5,046)</u>	<u>\$ 1,733,152</u>	<u>\$ 1,728,106</u>	<u>\$ (30,796)</u>	<u>\$ 1,780,708</u>	<u>\$ 1,749,912</u>

Summary of Statement of Activities

	June 2021			June 2020		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
REVENUES:						
Licenses & Permits						
Franchise Fees	\$ 66,194	\$ -	\$ 66,194	\$ 49,564	\$ -	\$ 49,564
Fees, Fines & Charges for Services	6,530	142,969	149,499	49,866	149,179	199,045
Miscellaneous	43,997	21,999	65,996	8,789	5,000	13,789
Grant	-	-	-	-	-	-
Total Revenues	<u>\$ 116,721</u>	<u>\$ 164,968</u>	<u>\$ 281,689</u>	<u>\$ 108,219</u>	<u>\$ 154,179</u>	<u>\$ 262,398</u>
EXPENSES:						
General Government	\$ 90,971	\$ -	\$ 90,971	\$ 108,568	\$ -	\$ 108,568
Water/Sewer	-	212,524	212,524	-	499,855	499,855
Total Expenses	<u>\$ 90,971</u>	<u>\$ 212,524</u>	<u>\$ 303,495</u>	<u>\$ 108,568</u>	<u>\$ 499,855</u>	<u>\$ 608,423</u>
Change in Net Position	<u>\$ 25,750</u>	<u>\$ (47,556)</u>	<u>\$ (21,806)</u>	<u>\$ (349)</u>	<u>\$ (345,676)</u>	<u>\$ (346,025)</u>

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Village of Clarence
Statement of Net Position
June 30, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash & Cash Equivalents	\$ 21,106	\$ 14,045	\$ 35,151
Revenue Receivable	<u>-</u>	<u>955</u>	<u>955</u>
Total Current Assets	<u>\$ 21,106</u>	<u>\$ 15,000</u>	<u>\$ 36,106</u>
Non-current Assets:			
Restricted Assets			
Meter Deposits	\$ -	\$ 3,617	\$ 3,617
Capital Assets (net)	<u>2,247</u>	<u>1,756,880</u>	<u>1,759,127</u>
Total Noncurrent Assets	<u>\$ 2,247</u>	<u>\$ 1,760,497</u>	<u>\$ 1,762,744</u>
 Total Assets	 <u>\$ 23,353</u>	 <u>\$ 1,775,497</u>	 <u>\$ 1,798,850</u>
LIABILITIES:			
Current Liabilities:			
Salaries Payable	\$ 4,399	\$ -	\$ 4,399
Accounts Payable	<u>-</u>	<u>8,765</u>	<u>8,765</u>
Total Current Liabilities	<u>\$ 4,399</u>	<u>\$ 8,765</u>	<u>\$ 13,164</u>
Non-current Liabilities			
Customer Deposits Payable	\$ -	\$ 9,580	\$ 9,580
Payroll Tax Payable	<u>24,000</u>	<u>24,000</u>	<u>48,000</u>
Total Noncurrent Liabilities	<u>\$ 24,000</u>	<u>\$ 33,580</u>	<u>\$ 57,580</u>
 Total Liabilities	 <u>\$ 28,399</u>	 <u>\$ 42,345</u>	 <u>\$ 70,744</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 2,247	\$ 1,756,880	\$ 1,759,127
Unrestricted	<u>(7,293)</u>	<u>(23,728)</u>	<u>(31,021)</u>
 Total Net Position	 <u>\$ (5,046)</u>	 <u>\$ 1,733,152</u>	 <u>\$ 1,728,106</u>

Village of Clarence
Statement of Activities
June 30, 2021

<u>Activities</u>	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
			<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:					
General Government	\$ 87,675	\$ -	\$ (87,675)	\$ -	\$ (87,675)
Public Safety	<u>3,296</u>	<u>6,530</u>	<u>3,234</u>	<u>-</u>	<u>3,234</u>
Total Governmental Activities	\$ 90,971	\$ 6,530	\$ (84,441)	\$ -	\$ (84,441)
Business-Type Activities:					
Water/Sewer	<u>212,524</u>	<u>142,969</u>	<u>-</u>	<u>(69,555)</u>	<u>(69,555)</u>
Total Government	<u>\$ 303,495</u>	<u>\$ 149,499</u>	<u>\$ (84,441)</u>	<u>\$ (69,555)</u>	<u>\$ (153,996)</u>
		General Revenues:			
		Taxes	\$ 66,194	\$ -	\$ 66,194
		Miscellaneous	<u>43,997</u>	<u>21,999</u>	<u>65,996</u>
		Total General Revenues	<u>\$ 110,191</u>	<u>\$ 21,999</u>	<u>\$ 132,190</u>
		Change in Net Position	\$ 25,750	\$ (47,556)	\$ (21,806)
		Net Position, July 1, 2020	<u>(30,796)</u>	<u>1,780,708</u>	<u>1,749,912</u>
		Net Position, June 30, 2021	<u>\$ (5,046)</u>	<u>\$ 1,733,152</u>	<u>\$ 1,728,106</u>

FUND FINANCIAL STATEMENTS

Village of Clarence
 Balance Sheet - Governmental Fund
 June 30, 2021

	<u>Governmental Activities</u>
ASSETS:	
Cash & Cash Equivalents	<u>\$ 21,106</u>
LIABILITIES:	
Salaries Payable	\$ 4,399
Payroll Tax Payable	<u>24,000</u>
Total Liabilities	\$ 28,399
FUND BALANCE:	
Unassigned	<u>(7,293)</u>
Total Liabilities and Fund Balance	<u>\$ 21,106</u>

Village of Clarence
Reconciliation of Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance for the Governmental Fund at June 30, 2021	\$ (7,293)
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Total Net Position reported for Governmental Activities in
Statement of Net Positions are different because:

The following used in Governmental Activities are
not current financial resources; and, therefore, are
not reported in the Governmental Funds Balance Sheet-

Capital Assets (Net)	<u>2,247</u>
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Total Net Position of Governmental Activities at June 30, 2021	<u>\$ (5,046)</u>
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Village of Clarence
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Fund
June 30, 2021

	<u>Governmental</u> <u>Activities</u>
REVENUES:	
Licenses & Permits	\$ 22,953
Taxes	66,194
Fines & Forfeits	6,530
Miscellaneous	<u>21,044</u>
Total Revenues	<u>\$ 116,721</u>
EXPENDITURES:	
Current-	
Public Safety	\$ 3,296
General Government	<u>83,335</u>
Total Expenditures	<u>\$ 86,631</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 30,090
Fund Balance-Beginning of Year	<u>(37,383)</u>
Fund Balance-End of Year	<u><u>\$ (7,293)</u></u>

Village of Clarence
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
June 30, 2021

Net change in fund balance-governmental fund \$ 30,090

Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds. These timing differences are summarized below:

Deprecation Expense (4,340)

Change in net position per statement of activities
at June 31, 2021 \$ 25,750

PROPRIETARY FUND

Village of Clarence
Statement of Net Position
Proprietary Fund
June 30, 2021

	<u>Governmental Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 14,045
Revenue Receivable	<u>955</u>
Total Current Assets	<u>\$ 15,000</u>
Noncurrent Assets-	
Restricted Assets-	
Meter Deposits	<u>\$ 3,617</u>
Capital Assets	
Capital Assets (Net)	<u>1,756,880</u>
Total Noncurrent Assets	<u>\$ 1,760,497</u>
Total Assets	<u>\$ 1,775,497</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	<u>\$ 8,765</u>
Noncurrent Liabilities-	
Payroll Tax Payable	\$ 24,000
Customer Deposits Payable	<u>9,580</u>
Total Noncurrent Liabilities	<u>\$ 33,580</u>
Total Liabilities	<u>\$ 42,345</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 1,756,880
Unrestricted	<u>(23,728)</u>
Total Net Position	<u><u>\$ 1,733,152</u></u>

Village of Clarence
Statement of Revenues, Expenditures, and Changes in Net Position
Governmental Fund
June 30, 2021

	<u>Governmental Activities</u>
OPERATING REVENUES	
Charges for Services	<u>\$ 142,969</u>
OPERATING EXPENSES	
Depreciation	\$ 78,105
General & Administrative	115,394
Telephone/Utilities	8,109
Repairs & Maintenance	<u>10,916</u>
Total Operating Expenses	<u>\$ 212,524</u>
Operating Income (Loss)	<u>\$ (69,555)</u>
Non-Operating Revenues (Expenses)	
Miscellaneous Revenue	<u>\$ 21,999</u>
Change in Net Position	\$ (47,556)
Fund Balance-Beginning of Year	<u>1,780,708</u>
Fund Balance-End of Year	<u>\$ 1,733,152</u>

Village of Clarence
Statement of Cash Flows
Proprietary Fund
June 30, 2021

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 147,743
Cash Payments to Employees	(36,032)
Cash Payments to Suppliers for Goods and Services	<u>(132,961)</u>
Net Cash Provided by Operating Activities	<u>\$ (21,250)</u>
Cash Flow from Non-Capital Related Financing Activities:	
Miscellaneous Income	\$ 21,999
Net Increase in Cash & Cash Equivalents	\$ 749
Cash & Cash Equivalents - Beginning of Year	<u>16,913</u>
Cash & Cash Equivalents - End of Year	<u>\$ 17,662</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income(Loss)	<u>\$ (69,555)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities:	
Depreciation	78,105
Changes in Assets & Liabilities:	
(Increase) Decrease in Accounts Receivable	3,166
Increase (Decrease) in Accounts Payable	(28,382)
Increase (Decrease) in Accrued Expense	(6,192)
Increase (Decrease) in Customer Deposits	<u>1,608</u>
Total Adjustments	\$ 48,305
Net Cash Provided (used) by Operating Activities	<u>\$ (21,250)</u>
Cash Amounts:	
Cash & Cash Equivalents	\$ 14,045
Bond Covenant Accounts	<u>3,617</u>
Total Cash - Ending	<u>\$ 17,662</u>

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

Village of Clarence
Notes to Financial Statements
June 30, 2021

Introduction:

The Village of Clarence, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and a Legislative branch consisting of four Aldermen.

This report includes all funds which are controlled or dependent on the Village of Clarence's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Clarence was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water and sewer services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

The financial statements of the Village of Clarence, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Clarence applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Village of Clarence
Notes to Financial Statements
June 30, 2021

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. FUND ACCOUNTING-

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Village maintains two funds. One is categorized as governmental funds and one as a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Village are described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Fund-

Enterprise Fund

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

Village of Clarence
Notes to Financial Statements
June 30, 2021

The Village reports both funds as major.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

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

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activity's column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Village of Clarence
Notes to Financial Statements
June 30, 2021

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-12 years
Utility system and improvements	10-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

G. RESTRICTED ASSETS-

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility bond covenant accounts.

H. COMPENSATED ABSENCES-

There is no formal leave policy for the Village, therefore, no entry is made to record compensated absences.

I. EQUITY CLASSIFICATIONS-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources 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 provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do 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 unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

Village of Clarence
Notes to Financial Statements
June 30, 2021

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending 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. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund has an unassigned deficit fund balance of \$7,293. The Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

J. ESTIMATES-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require 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 statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

K. OPERATING REVENUES AND EXPENSES-

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Village of Clarence
Notes to Financial Statements
June 30, 2021

L. EXPENDITURES/EXPENSES-

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

M. BUDGET-

Prior to the beginning of each fiscal year, the Village adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year.

2. Cash and Cash Equivalents:

Bank account balances at June 30, 2021, totaled \$41,307, which were fully secured by FDIC Insurance.

3. Restricted Assets - Proprietary Fund Type:

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

Reserve	<u>\$3,617</u>
---------	----------------

4. Litigation:

At June 30, 2021, there were no pending civil suits against the Village.

5. Compensation Paid to the Board of Aldermen:

Irma Anthony	\$ 800
Tamala Chatman	2,000
Kelsey Scheryl	2,000
Aretha McWright	<u>2,000</u>
Total	<u>\$6,800</u>

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

<u>Class of Receivable</u>	<u>Proprietary Fund</u>
Water Sales	<u>\$955</u>

Management considers all receivables collectible.

Village of Clarence
Notes to Financial Statements
June 30, 2021

7. Capital Assets:

Capital asset activity for the year ended June 30, 2020, is as follows:

<u>Governmental Activities</u>	<u>Balance 07-01-20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-21</u>
Capital Assets Depreciated-				
Building	46,751	0	0	46,751
Office Furniture, Fixtures & Equipment	41,066	0	0	41,066
Vehicles	<u>85,196</u>	<u>0</u>	<u>0</u>	<u>85,196</u>
Total Capital Assets	<u>\$173,013</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 173,013</u>
Less, Accumulated Depreciation-				
Building	\$ 43,335	\$ 1,169	\$0	\$ 44,504
Office Furniture, Fixtures & Equipment	41,066	0	0	41,066
Vehicles/Equipment	<u>82,025</u>	<u>3,171</u>	<u>0</u>	<u>85,196</u>
Total Accumulated Depreciation	<u>\$ 166,426</u>	<u>\$ 4,340</u>	<u>\$0</u>	<u>\$ 170,766</u>
Net Capital Assets	<u>\$ 6,587</u>	<u>\$ (4,340)</u>	<u>\$0</u>	<u>\$ 2,247</u>

Depreciation expense was charged to the General Government function in the amount of \$4,340.

<u>Business-Type Activities</u>	<u>Balance 07-01-20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-21</u>
Capital Assets Depreciated-				
Building	\$10,465	\$0	\$0	\$10,465
Utility Systems	3,016,899	0	0	3,016,899
Vehicles	<u>13,330</u>	<u>0</u>	<u>0</u>	<u>13,330</u>
Total Capital Assets	<u>\$3,040,694</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$3,040,694</u>
Less, Accumulated Depreciation-				
Building	\$986	\$ 986	\$0	\$ 1,972
Utility Systems	1,191,393	77,119	0	1,268,512
Vehicles	<u>13,330</u>	<u>0</u>	<u>0</u>	<u>13,330</u>
Total Capital Assets	<u>\$1,205,709</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$1,283,814</u>
Net Capital Assets	<u>\$1,834,985</u>	<u>\$(78,105)</u>	<u>\$0</u>	<u>\$1,756,880</u>

Depreciation expense was charged to the Utility Fund function in the amount of \$78,105.

8. Related Parties:

The Village had no identified related party transactions for the year ended June 30, 2021.

9. Fund Deficits:

The following individual funds have deficits in unassigned fund balances at June 30, 2021:

<u>Fund</u>	<u>Deficit Amount</u>
General	\$ 7,293
Utility	<u>23,728</u>
Total	<u>\$31,021</u>

Village of Clarence
Notes to Financial Statements
June 30, 2021

General Fund – This deficit will be funded by transfers from Utility fund in future years.

Utility Fund – This deficit will be funded by grant revenues.

9. Subsequent Events:

Management has evaluated events through March 9, 2022, the date which the financial statements were available for issue. On March 9, 2022, the Village received final approval of a CDBG award in the amount of \$490,875 for improvements to the Sewer System. The Village was expected to advertise for construction bids within thirty days of March 9, 2022.

10. Contingencies:

Due to the ongoing restrictions and guidelines related to the COVID-19 (coronavirus) pandemic which began in early 2020, the extent to which the COVID-19 pandemic may directly or indirectly impact the Village cannot be reasonably estimated at this time.

The last financial report posted by the Louisiana Legislative Auditor for the Village was for the fiscal year ending June 30, 2016. An Investigative Report by the Legislative Auditor was posted on June 19, 2019, for the period July 1, 2016 through February 28, 2019. As a result of this Investigative Report, an Interim Mayor was appointed to replace the existing Mayor. On February 5, 2020, the Village was placed in Fiscal Administration and a Fiscal Administrator was appointed in accordance with Louisiana R.S. 39:1351-1357. The Village will remain under Fiscal Administration until it can be reasonably ascertained that it is fiscally stable and expected to remain so for a period of at least two years.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

Village of Clarence
 General Fund
 Budgetary Comparison Schedule
 June 30, 2021

	Budget			<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Licenses & Permits	\$ 14,500	\$ 14,500	\$ 22,953	\$ 8,453
Taxes	50,000	50,000	66,194	16,194
Fines & Forfeits	33,200	33,200	6,530	(26,670)
Miscellaneous	<u>9,000</u>	<u>13,000</u>	<u>21,044</u>	<u>8,044</u>
 Total Revenues	 <u>\$ 106,700</u>	 <u>\$ 110,700</u>	 <u>\$ 116,721</u>	 <u>\$ 6,021</u>
 EXPENDITURES:				
Current-				
Public Safety	\$ 16,700	\$ 16,900	\$ 3,296	\$ 13,604
General Government	<u>84,200</u>	<u>89,600</u>	<u>83,335</u>	<u>6,265</u>
 Total Expenditures	 <u>\$ 100,900</u>	 <u>\$ 106,500</u>	 <u>\$ 86,631</u>	 <u>\$ 19,869</u>
 Excess (Deficiency) of Revenues over Expenditures	 \$ 5,800	 \$ 4,200	 \$ 30,090	 \$ 25,890
 Fund Balance-Beginning of Year	 <u>(37,383)</u>	 <u>(37,383)</u>	 <u>(37,383)</u>	 <u>-</u>
 Fund Balance-End of Year	 <u>\$ (31,583)</u>	 <u>\$ (33,183)</u>	 <u>\$ (7,293)</u>	 <u>\$ 25,890</u>

OTHER SUPPLEMENTAL INFORMATION

Village of Clarence
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2021

Agency Head Name: Tamala Chatman, Mayor
William Phillips, Mayor

<u>Purpose</u>	<u>Tamala Chatman</u>	<u>William Phillips</u>
Salary	\$900	\$4,050
Benefits-Retirement	<u>69</u>	<u>310</u>
Total	<u>\$969</u>	<u>\$4,360</u>

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information		
Entity Name	Village of Clarence	
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2356	
Date that reporting period ended (mm/dd/yyyy)	June 30, 2021	
	First Six Month Period Ended 12/31/20	Second Six Month Period Ended 6/30/21
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Criminal Fines - Other	1,990	4,540
Subtotal Collections	1,990	4,540
Less: Disbursements To Governments & Nonprofits: <i>(Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)</i>		
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency: Criminal Fines - Other	1,990	4,540
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
None	-	-
Subtotal Disbursements/Retainage	1,990	4,540
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	-

OTHER REPORTS



Dees Gardner, Certified Public Accountants, LLC

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Mayor and Board of Aldermen
Village of Clarence
P. O. Box 309
Clarence, Louisiana 71414

We have performed the procedures enumerated below on the Village of Clarence's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2021, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Village of Clarence's management is responsible for its financial records and compliance with applicable laws and regulations.

The Village of Clarence has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the Village's compliance with the laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2021. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1755 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

No expenditures were made during the year for materials and supplies exceeding \$30,000 or public works exceeding \$250,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics).

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the fiscal year.

Management provided us with the required list.

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

None of the employees included on the list of employees provided by management (agreed-upon procedure No. 3) appeared on the list provided by management in agreed-upon procedure No. 2.

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

A list of disbursements was obtained. None of the businesses of board members, employees, and immediate families appeared as vendors on the list.

Budgeting

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

Management provided us with a copy of the original budget. Management represented that there were amendments to the budget during the year.

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

The Board adopted the original budget on June 11, 2020. Management represented that there were amendments to the budget.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budget amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenue and expenditures. Actual revenues and expenditures were within the 5% variance allowed.

Accounting and Reporting

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

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

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

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

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

- (c) Report whether the six disbursements were approved in accordance with policies and procedures

The Village's policies and procedures state that the chairman of the Village's Board of Commissioners must approve all disbursements, with subsequent approval by the full board. Documentation supporting each of the six selected disbursements included the

signature of the Aldermen. In addition, approval by the full Village Council and Mayor/Fiscal Administrator is given at each monthly commission Village Council meeting.

Meetings

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

Management represented that the Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. Although management has asserted that such documents were properly posted, no evidence was provided to support management's assertion.

Debt

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

We scanned the general ledger, and The Village did not have any new indebtedness as of June 30, 2021.

Advances and Bonuses

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

We scanned payroll records for the year in the general ledger and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

State Audit Law

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

The Village's report was originally due December 31, 2021. An extension was approved until March 31, 2022,

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

Management represented that the Village did not enter into any contracts that utilized state funds.

Prior-Year Comments and Recommendations

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

The Village has not filed an audit report since June 30, 2016.

We were engaged by the Village to perform this agreed-upon procedures engagement and conducted our engagement 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*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's compliance with the foregoing matters. 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.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the Village's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, 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 Louisiana Legislative Auditor as a public document.

Dees Gardner, Certified Public Accountants, LLC

Dees Gardner, Certified Public Accountants, LLC
Mansfield, Louisiana
March 9, 2022

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

10.18.21 (Date Transmitted)

Dees Gardner, CPAs, LLC

122 Jefferson Street

Mansfield, LA 71052

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of June 30, 2021 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

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

Yes No N/A

Code of Ethics for Public Officials and Public Employees

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

Yes No N/A

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

Yes No N/A

Budgeting

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

Yes No N/A

Accounting and Reporting

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

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

Yes No [] N/A []

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

Yes [] No [] N/A []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No [] N/A []

Meetings

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

Yes No [] N/A []

Debt

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

Yes No [] N/A []

Advances and Bonuses

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

Yes No [] N/A []

Prior-Year Comments

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

Yes [] No [] N/A

General

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

Yes No [] N/A []

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

Yes No [] N/A []

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

Yes No [] N/A []

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

Yes [] No [] N/A []

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

Yes [] No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No [] N/A []

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

Mark D. Thomas Fiscal Administrator 10-19-21 Date

William Phillips Mayor 10-29-21 Date

Kate Smith Town Clerk 10-29-21 Date