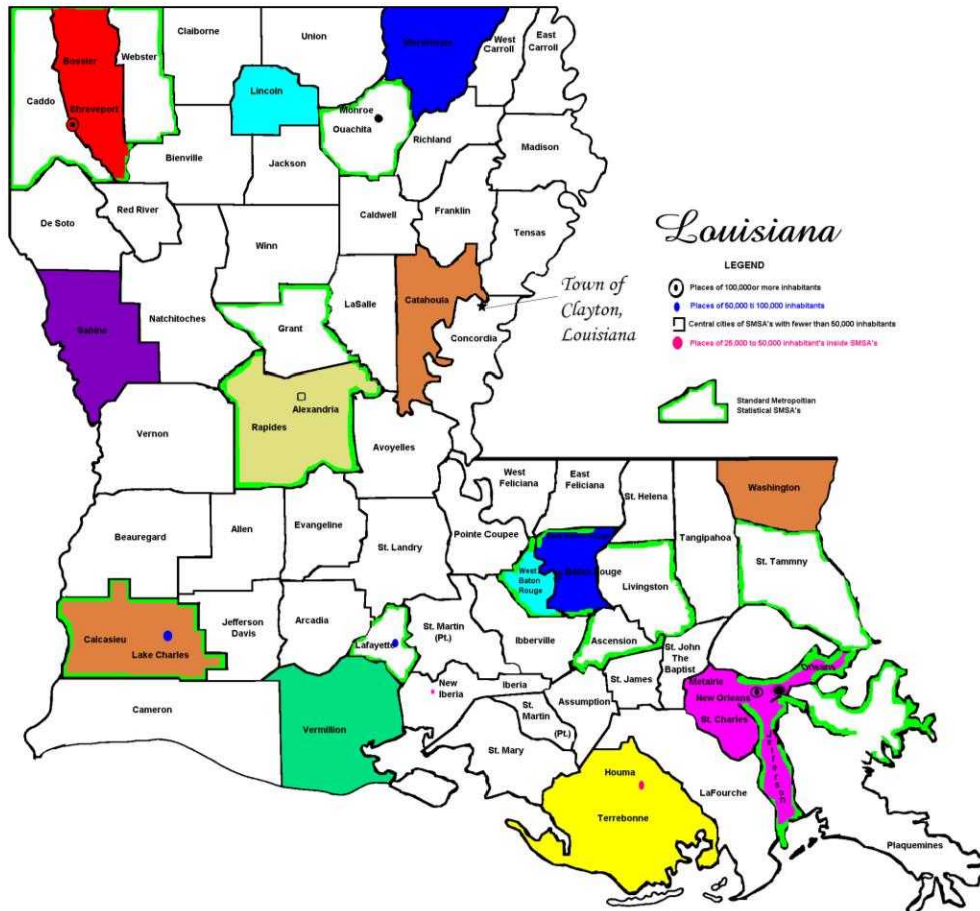


VILLAGE OF CLAYTON, LOUISIANA

Annual Financial Statements

JUNE 30, 2020

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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June 30, 2020

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of the governmental activities and the business-type activities of the Village of Clayton, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village of Clayton, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

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

Accountant's Conclusion

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

Required Supplementary Information

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

Supplemental Information

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

The Vercher Group

Jena, Louisiana
May 5, 2021

Village of Clayton

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village, we offer readers of the Village of Clayton's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2020. 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 \$356,294 (*net position*). This is a \$73,177 decrease from last year.
- The Village had total revenue of \$96,116. This is a \$91,471 decrease from last year's revenues, mainly due to a decrease in fines and forfeits in the amount of \$80,530.
- The Village had total expenditures of \$260,314, which is a \$64,575 decrease from last year, mainly due a decrease in police expense in the amount of \$54,543.

Enterprise Fund

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$2,366,640 (*net position*). This is a \$139,690 decrease from last year.
- The Village had total revenue of \$287,531. This is a \$29,316 increase from last year, mainly due to an increase in water sales in the amount of \$61,380.
- The Village had total expenses of \$284,899. This is a \$42,695 decrease from last year, mainly due to a decrease in cost of sales and services expense in the amount of \$25,632.

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, 2020:

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 37,016	\$ 38,358	3.6
Receivables (Net)	2,559	7,684	200.3
Restricted Cash	5,559	1,315	-76.3
Restricted Receivables	484	901	86.2
Capital Assets, Net of Accumulated Depreciation	692,206	625,711	-9.6
Total Assets	<u>737,824</u>	<u>673,969</u>	-8.7
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	58,353	82,869	42.0
Bonds/Notes Payable	250,000	234,806	-6.1
Total Liabilities	<u>308,353</u>	<u>317,675</u>	3.0
Net Position			
Investment in Capital Assets	442,206	390,905	-11.6
Restricted	6,043	2,216	-63.3
Unrestricted	(18,778)	(36,827)	96.1
Total Net Position	<u>\$ 429,471</u>	<u>\$ 356,294</u>	-17.0

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2020:

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
Revenues			
Taxes	\$ 21,920	\$ 26,865	22.6
License & Permits	3,160	2,600	-17.7
Charges for Services	52,582	41,615	-20.9
Fines & Forfeits	104,988	24,458	-76.7
Interest Income	9	3	-66.7
Other	4,928	575	-88.3
Total Revenues	<u>187,587</u>	<u>96,116</u>	-48.8
Expenditures			
General Government	103,533	113,692	9.8
Public Safety:			
Police	145,447	90,904	-52.7
Fire	3,836	-0-	-100.0
Street Sanitation	71,073	55,718	-21.6
Recreation	-0-	-0-	0.0
Capital Outlay	1,000	-0-	-100.0
Total Expenditures	<u>324,889</u>	<u>260,314</u>	-19.9
Excess (Deficiency) of Revenues Over Under Expenditures	<u>(137,302)</u>	<u>(164,198)</u>	19.6
Other Financing Sources (Uses)			
Transfers In/(Out)	98,886	142,322	43.9
Total Other Financing Sources (Uses)	<u>98,886</u>	<u>142,322</u>	43.9
Net Change in Fund Balance	(38,416)	(21,876)	-43.1
Fund Balances - Beginning	25,681	(12,735)	-149.6
Fund Balances - Ending	<u>\$ (12,735)</u>	<u>\$ (34,611)</u>	171.8

MD&A

Enterprise Fund

Comparative Statement of Net Position as of June 30, 2020:

Assets	2019	2020	% Change
Cash	\$ 9,709	\$ 19,120	96.9
Receivables (Net)	36,722	49,118	33.8
Restricted Assets	31,182	31,182	0.0
Capital Assets, Net of Accumulated Depreciation	2,520,380	2,362,586	-6.3
Total Assets	2,597,993	2,462,006	-5.2
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	44,299	45,070	1.7
Total Current Liabilities	44,299	45,070	1.7
Current Liabilities Payable from Restricted Assets			
Customer Deposits	47,364	50,296	6.2
Total Current Liabilities Payable from Restricted Assets	47,364	50,296	6.2
Total Liabilities	91,663	95,366	4.0
Net Position			
Net Investment in Capital Assets	2,520,380	2,362,586	-6.3
Restricted	31,182	31,182	0.0
Unrestricted	(45,232)	(27,128)	-40.0
Total Net Position	\$ 2,506,330	\$ 2,366,640	-5.6

Comparative Statement of Revenues, Expenses & Changes in Net Position for the year ended June 30, 2020:

Operating Revenues	2019	2020	% Change
Charges for Services:			
Water Sales	\$ 112,016	\$ 173,396	54.8
Sewer Charges	45,167	42,991	-4.8
Gas Sales	74,369	59,648	-19.8
Other Operating Revenue	24,304	11,494	-52.7
Total Operating Revenues	255,856	287,529	12.4
Operating Expenses			
Cost of Sales & Services	129,317	103,685	-19.8
Administration	22,777	15,421	-32.3
Depreciation	175,500	165,793	-5.5
Total Operating Expenses	327,594	284,899	-13.0
Operating Income (Loss)	(71,738)	2,630	103.7
Nonoperating Revenue (Expenses)			
Interest Earnings	25	2	-92.0
Total Nonoperating Revenue (Expenses)	25	2	-92.0
Income Before Contributions & Transfers	(71,713)	2,632	103.7
Transfers In/(Out)	(98,886)	(142,322)	43.9
Capital Contributions	-0-	-0-	0.0
Change in Net Position	(170,600)	(139,690)	-18.1
Total Net Position - Beginning	2,676,930	2,506,330	-6.4
Total Net Position - Ending	\$ 2,506,330	\$ 2,366,640	-5.6

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Funds

At June 30, 2020, the Village had \$625,711 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2019</u>	<u>2020</u>
Land (Not Depreciated)	\$ 8,425	\$ 8,425
Capital Assets	1,532,371	1,532,371
Accumulated Depreciation	(848,590)	(915,085)
Total	<u>\$ 692,206</u>	<u>\$ 625,711</u>

Capital Assets – Enterprise Funds

At June 30, 2020, the Village had \$2,362,586 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2019</u>	<u>2020</u>
Water & Gas System	\$ 2,458,091	\$ 2,466,090
Sewer System	3,205,522	3,205,522
Accumulated Depreciation	(3,143,233)	(3,309,026)
Total	<u>\$ 2,520,380</u>	<u>\$ 2,362,586</u>

CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT:

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

Basic Financial Statements

Village of Clayton, Louisiana
Statement of Net Position
June 30, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets			
Cash & Cash Equivalents	\$ 38,358	\$ 19,120	\$ 57,478
Receivables, Net	7,684	49,118	56,802
Restricted Assets:			
Cash	1,315	31,182	32,497
Receivables – Sales Tax	901	-0-	901
Capital Assets, Net	625,711	2,362,586	2,988,297
Total Assets	673,969	2,462,006	3,135,975
Current Liabilities			
Accounts & Other Payables	82,869	45,070	127,939
Meter Deposits	-0-	50,296	50,296
Loan Payable	234,806	-0-	234,806
Total Liabilities	317,675	95,366	413,041
Net Position			
Net Investment in Capital Assets	390,905	2,362,586	2,753,491
Restricted	2,216	31,182	33,398
Unrestricted	(36,827)	(27,128)	(63,955)
Total Net Position	\$ 356,294	\$ 2,366,640	\$ 2,722,934

See accompanying notes and independent accountant's review report.

**Village of Clayton, Louisiana
Statement of Activities
For the Year Ended June 30, 2020**

					NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT		
					Business		
					Governmental	Type	
					Activities	Activities	Total
		PROGRAM REVENUES					
		Charges for Services	Capital Grants	Net (Expenses) Revenue			
Expenses							
Governmental Activities							
General Government	\$ (96,537)	\$ -0-	\$ -0-	\$ (96,537)	\$ (96,537)		\$ (96,537)
Public Safety:							
Police	(93,408)	24,458	-0-	(68,950)	(68,950)		(68,950)
Fire	(1,753)	-0-	-0-	(1,753)	(1,753)		(1,753)
Street and Sanitation	(112,861)	41,615	-0-	(71,246)	(71,246)		(71,246)
Interest Expense	(7,056)	-0-	-0-	(7,056)	(7,056)		(7,056)
Total Governmental Activities	(311,615)	66,073	-0-	(245,542)	(245,542)		(245,542)
Business Type Activities							
Water, Sewer, Gas	(284,899)	276,035	-0-	(8,864)		\$ (8,864)	(8,864)
Total Business Type Activities	(284,899)	276,035	-0-	(8,864)		(8,864)	(8,864)
Total Primary Government	\$ (596,514)	\$ 342,108	\$ -0-	\$ (254,406)			(254,406)
General Revenues							
Taxes:							
					6,997	-0-	6,997
					11,238	-0-	11,238
					6,473	-0-	6,473
					2,157	-0-	2,157
					2,600	-0-	2,600
					3	2	5
					575	11,494	12,069
					142,322	(142,322)	-0-
Total General Revenues					172,365	(130,826)	41,539
Change in Net Position					(73,177)	(139,690)	(212,867)
Net Position - Beginning					429,471	2,506,330	2,935,801
Net Position - Ending					\$ 356,294	\$ 2,366,640	\$ 2,722,934

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Balance Sheet, Governmental Funds
June 30, 2020

	<u>GENERAL</u>	<u>PUBLIC WORKS FUND</u>	<u>TOTAL</u>
Assets			
Cash	\$ 38,358	\$ -0-	\$ 38,358
Cash, Restricted	-0-	1,315	1,315
Receivables:			
Accounts Receivable	7,684	-0-	7,684
Sales Tax, Restricted	-0-	901	901
Total Assets	<u>46,042</u>	<u>2,216</u>	<u>48,258</u>
Liabilities			
Accounts & Other Payables	<u>82,869</u>	<u>-0-</u>	<u>82,869</u>
Fund Balance			
Restricted For Roads	-0-	2,216	2,216
Unassigned	(36,827)	-0-	(36,827)
Total Fund Balance	<u>(36,827)</u>	<u>2,216</u>	<u>(34,611)</u>
Total Liabilities & Fund Balance	<u>\$ 46,042</u>	<u>\$ 2,216</u>	<u>\$ 48,258</u>

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2020

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

Fund Balance, Total Governmental Funds (Statement C)	\$ (34,611)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	625,711
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Other	<u>(234,806)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 356,294</u>

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>GENERAL</u>	<u>PUBLIC WORKS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues			
Taxes:			
Ad Valorem Taxes	\$ 6,997	\$ -0-	\$ 6,997
Franchise Taxes	11,238	-0-	11,238
Road Taxes	-0-	6,473	6,473
Other Taxes	2,157	-0-	2,157
Licenses & Permits	2,600	-0-	2,600
Garbage-Police Jury	41,615	-0-	41,615
Fines & Forfeits	24,458	-0-	24,458
Interest Income	3	-0-	3
Other	575	-0-	575
Total Revenues	<u>89,643</u>	<u>6,473</u>	<u>96,116</u>
Expenditures			
General Government	113,692	-0-	113,692
Public Safety:			
Police	90,904	-0-	90,904
Fire	-0-	-0-	-0-
Street & Sanitation	46,491	9,227	55,718
Recreation	-0-	-0-	-0-
Capital Outlay	-0-	-0-	-0-
Total Expenditures	<u>251,087</u>	<u>9,227</u>	<u>260,314</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(161,444)</u>	<u>(2,754)</u>	<u>(164,198)</u>
Other Financing Sources (Uses)			
Transfers In/(Out)	143,395	(1,073)	142,322
Total Other Financing Sources (Uses)	<u>143,395</u>	<u>(1,073)</u>	<u>142,322</u>
Net Change in Fund Balance	(18,049)	(3,827)	(21,876)
Fund Balances - Beginning	<u>(18,778)</u>	<u>6,043</u>	<u>(12,735)</u>
Fund Balances - Ending	<u>\$ (36,827)</u>	<u>\$ 2,216</u>	<u>\$ (34,611)</u>

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2020

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	(21,876)
--	----	----------

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>(66,495)</u>	(66,495)

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>15,194</u>	<u>15,194</u>

Changes in Net Position of Governmental Activities, Statement B	\$	<u>(73,177)</u>
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See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2020

	Enterprise Fund
Current Assets	
Cash & Cash Equivalents	\$ 19,120
Receivables (Net of Allowances For Uncollectibles)	49,118
Total Current Assets	68,238
Non-Current Assets	
Restricted Cash – Customer Deposits	31,182
Capital Assets (Net of Accumulated Depreciation)	2,362,586
Total Non-Current Assets	2,393,768
Total Assets	2,462,006
Current Liabilities	
Accounts, Salaries, & Other Payables	45,070
Total Current Liabilities	45,070
Current Liabilities Payable From Restricted Assets	
Customer Deposits	50,296
Total Current Liabilities Payable From Restricted Assets	50,296
Total Current Liabilities	95,366
Total Liabilities	95,366
Net Position	
Net Investment in Capital Assets	2,362,586
Restricted	31,182
Unrestricted	(27,128)
Total Net Position	\$ 2,366,640

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2020

	Enterprise Fund
Operating Revenues	
Charges for Services:	
Water Sales	\$ 173,396
Sewer Charges	42,991
Gas Sales	59,648
Other Operating Revenue	11,494
Total Operating Revenues	287,529
Operating Expenses	
Cost of Sales & Services	103,685
Administration	15,421
Depreciation	165,793
Total Operating Expenses	284,899
Operating Income (Loss)	2,630
Nonoperating Revenues (Expenses)	
Interest Earnings	2
Total Nonoperating Revenues (Expenses)	2
Income Before Contributions & Transfers	2,632
Transfers In/(Out)	(142,322)
Capital Contributions	-0-
Change in Net Position	(139,690)
Total Net Position - Beginning	2,506,330
Total Net Position - Ending	\$ 2,366,640

See accompanying notes and independent accountant's review report.

Village of Clayton, Louisiana
Statement of Cash Flows
Proprietary Fund
June 30, 2020

	Enterprise Fund
Cash Flows From Operating Activities	
Receipts From Customers & Users	\$ 278,065
Payments to Suppliers	(15,421)
Payments to Employees	(102,913)
Net Cash Provided (Used) by Operating Activities	159,731
Cash Flows From NonCapital Financing Activities	
Transfers to Other Funds	(142,322)
Net Cash Provided (Used) by NonCapital Financing Activities	(142,322)
Cash Flows From Capital & Related Financing Activities	
Capital Grants	-0-
Acquisition and Construction of Capital Assets	(8,000)
Net Cash Provided (Used) by Capital & Related Financing Activities	(8,000)
Cash Flows From Investing Activities	
Interest and Dividends Received	2
Net Cash Provided (Used) by Investing Activities	2
Net Increase (Decrease) in Cash & Cash Equivalents	9,411
Cash & Cash Equivalents, Beginning of Year	40,891
Cash & Cash Equivalents, End of Year	50,302
Reconciliation to Balance Sheet	
Cash & Cash Equivalents	19,120
Restricted Cash – Customer Deposits	31,182
Total Cash and Cash Equivalents	50,302
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	2,630
Depreciation Expense	165,793
(Increase) Decrease in Accounts Receivable	(12,396)
Increase (Decrease) in Accounts Payables	772
Increase (Decrease) in Customer Deposits	2,932
Total Adjustments	157,101
Net Cash Provided (Used) by Operating Activities	\$ 159,731

See accompanying notes and independent accountant's review report.

**Notes To The Basic
Financial Statements**

VILLAGE OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

TOWN OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

VILLAGE OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

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

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary funds:

- Water Activities
- Sewer Activities
- Gas Activities

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

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

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

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

VILLAGE OF CLAYTON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

C. EQUITY CLASSIFICATIONS

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

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

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

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

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

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

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

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

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

Custodial Credit Risk

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

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

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

Deposits

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

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

	Delta Bank	Concordia Bank	Total
Bank Balances	\$ 15,061	\$ 46,945	\$ 62,006
<i>Secured As Follows</i>			
FDIC (<i>Category 1</i>)	15,061	46,945	62,006
Securities (<i>Category 2</i>)	-0-	-0-	-0-
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-
Total	\$ 15,061	\$ 46,945	\$ 62,006

All deposits were fully secured as of June 30, 2020.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

E. INVENTORIES

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

F. ACCOUNTS RECEIVABLE & ALLOWANCES FOR BAD DEBTS

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

	General Fund	Enterprise Fund	Total
Accounts Receivable	\$ 7,684	\$ 58,349	\$ 66,033
Accounts Receivable - Restricted	901	-0-	901
Allowances for Bad Debt	-0-	(9,231)	(9,231)
Total	\$ 8,585	\$ 49,118	\$ 57,703

G. FIXED ASSETS

For the year ended June 30, 2020, 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

2. AD VALOREM TAXES

For the year ended June 30, 2020, taxes of 3.64 mills were levied on property with assessed valuations totaling \$1,322,700, after abatements and exemptions, and were dedicated as follows:

General Alimony	Mills 3.64
-----------------	---------------

Total taxes levied were \$4,815. Taxes are due October 15 of each year and become delinquent January 1.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

3. RESTRICTED ASSETS

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Village typically depletes the available restricted resources before consuming unrestricted resources. Restricted assets were applicable to the following at June 30, 2020:

Utility Fund:	
Customer Deposits	\$ 31,182
Governmental Fund:	
Road Maintenance – Cash	1,315
Road – Sales Tax Receivables	<u>901</u>
Total	\$ <u>33,398</u>

4. CHANGES IN FIXED ASSETS – PROPRIETARY FUNDS

A summary of enterprise fund plant and equipment at June 30, 2020, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Water & Gas System	\$ 2,458,090	\$ 8,000	\$ -0-	\$ 2,466,090
Sewer System	3,205,522	-0-	-0-	3,205,522
Total Fixed Assets	5,663,612	8,000	-0-	5,671,612
Less: Accumulated Depreciation	(3,143,233)	(165,793)	-0-	(3,309,026)
Net Fixed Assets	\$ 2,520,379	\$ (157,793)	\$ -0-	\$ 2,362,586

5. CHANGES IN GENERAL FIXED ASSETS – GOVERNMENTAL FUNDS

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets*	\$ 1,540,796	\$ -0-	\$ -0-	\$ 1,540,796
Accumulated Depreciation	(848,590)	(66,495)	-0-	(915,085)
Net Fixed Assets	\$ 692,206	\$ (66,495)	\$ -0-	\$ 625,711

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

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

Depreciation expense of \$66,495 for the year ended June 30, 2020, was charged to the following governmental functions:

General Government	\$	5,095
Public Safety:		
Police		2,504
Fire		1,753
Public Works:		
Streets		57,143
Total Depreciation	\$	<u><u>66,495</u></u>

6. CHANGES IN DEBT

The following is a summary of short-term obligation transactions of the Village of Clayton for the year ended June 30, 2020.

	<u>Notes Payable</u>	<u>Total</u>
Bonds & Notes Payable - Beginning	\$ 250,000	\$ 250,000
Additions	-0-	-0-
Principal Retirements	(15,194)	(15,194)
Total	<u><u>\$ 234,806</u></u>	<u><u>\$ 234,806</u></u>

Notes payable at June 30, 2020, are comprised of the following issues:

Certificate of Indebtedness Series 2017

Financing obtained through the State Bond Commission and Concordia Bank & Trust for general operating expenses with one principal and interest payment of \$255,625 in March of 2018.	\$ <u>234,806</u>
Total	<u><u>\$ 234,806</u></u>

7. COMPENSATED ABSENCES

Each full-time employee is credited with one day of vacation leave for each month worked. The employee's vacation leave will begin to accumulate upon finishing a six-month probation period. Employees are allowed five days of sick leave up until his or her first anniversary date arrives. After his or her first anniversary, the employee shall earn sick leave at the rate of ten days per anniversary date. In accordance with GASB Statement No. 16, the Village had no accrued compensated absences as of June 30, 2020.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

8. USE OF ESTIMATES

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

9. RISK MANAGEMENT

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

10. RETIREMENT COMMITMENTS

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

11. TRANSFERS BETWEEN FUNDS

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>
Transfers In (Out)	\$ <u>142,322</u>	\$ <u>(142,322)</u>

Transfers were made for operational purposes.

VILLAGE OF CLAYTON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

12. ELECTED OFFICIAL'S

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

13. WATER, SEWER, & GAS RATES

<u>Water:</u>	<u>Minimum Charge</u>	<u>Next</u>
Commercial	\$50.00 for 1 st 2,000 gals. water used	\$9.00 per thousand all other
Residential	\$36.00 for 1 st 2,000 gals. water used	\$8.00 per thousand all other
Sewer:		
Residential	\$15.00 for 1 st 2,000 gals. water used	
Gas:		
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 25,000 cu. ft.

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

14. ENCUMBRANCES

The entity does not utilize encumbrance accounting.

15. DEFICIET FUND BALANCE

The General Fund has a negative fund balance of \$36,827 as of June 30, 2020.

16. EXCESS EXPENDITURES OVER APPROPRIATION

The Village over spent it's budget by \$60,346 or 31.6% because police expense was not correctly budgeted.

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, 2020

	Budget Amounts		Actual Amounts Budgetary Basis	Differences Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 20,200	\$ 20,200	\$ 20,392	\$ 192
License & Permits	4,000	4,000	2,600	(1,400)
Charges for Services	48,440	48,440	41,615	(6,825)
Fines & Forfeits	53,901	53,901	24,458	(29,443)
Grants	-0-	-0-	-0-	-0-
Interest Income	-0-	-0-	3	3
Other	200	200	575	375
Total Revenues	126,741	126,741	89,643	(37,098)
Expenditures				
General Government	143,801	143,801	113,692	30,109
Public Safety:				
Police	-0-	-0-	90,904	(90,904)
Fire	500	500	-0-	500
Street Sanitation	46,440	46,440	46,491	(51)
Recreation	-0-	-0-	-0-	-0-
Capital Outlay	-0-	-0-	-0-	-0-
Total Expenditures	190,741	190,741	251,087	(60,346)
Excess (Deficiency) of Revenues Over Under Expenditures	(64,000)	(64,000)	(161,444)	(97,444)
Other Financing Sources (Uses)				
Transfers In/(Out)	64,000	64,000	143,395	79,395
Total Other Financing Sources (Uses)	64,000	64,000	143,395	79,395
Net Change in Fund Balance	\$ -0-	\$ -0-	(18,049)	\$ (18,049)
Fund Balances - Beginning			(18,778)	
Fund Balances - Ending			\$ (36,827)	

See independent accountant's review report.

Village of Clayton, Louisiana
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
Public Works
For the Year Ended June 30, 2020

	Budget Amounts		Actual Amounts Budgetary Basis	Differences Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 9,600	\$ 9,600	\$ 6,473	\$ (3,127)
Other Income	-0-	-0-	-0-	-0-
Total Revenues	9,600	9,600	6,473	(3,127)
Expenditures				
General Government	-0-	-0-	-0-	-0-
Street & Sanitation	16,072	16,072	9,227	6,845
Capital Outlay	-0-	-0-	-0-	-0-
Total Expenditures	16,072	16,072	9,227	6,845
Excess (Deficiency) of Revenues Over Under Expenditures	(6,472)	(6,472)	(2,754)	3,718
Other Financing Sources (Uses)				
Transfers In/(Out)	-0-	-0-	(1,073)	(1,073)
Total Other Financing Sources (Uses)	-0-	-0-	(1,073)	(1,073)
Net Change in Fund Balance	\$ (6,472)	\$ (6,472)	(3,827)	\$ 2,645
Fund Balances - Beginning			6,043	
Fund Balances - Ending			\$ 2,216	

See independent accountant's review report.



Supplemental Information

Village of Clayton, Louisiana
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2020

Honorable Josephine Washington, Mayor

Purpose	Amount
Salary	\$ 25,200
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	247
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

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

See independent accountant's review report.

Other Reports

VILLAGE OF CLAYTON, LOUISIANA

MANAGEMENT LETTER COMMENTS

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

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2020-1 Budget Variances

Condition: The Village had an unfavorable revenue variance of \$37,098 or 29.3% and an unfavorable expenditure variance of \$60,346 or 31.6% in the general fund during the year. The Village also had an unfavorable revenue variance of \$3,127 or 32.6% 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 expenditures should be monitored to determine if the budget should be amended before year end.

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

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2020-2 Annual Filing of Financial Statements

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

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

Cause of Condition: Insufficient funds to pay auditor.

Effect of Condition: Compliance Violation

VILLAGE OF CLAYTON, LOUISIANA

MANAGEMENT LETTER COMMENTS

CURRENT YEAR MANAGEMENT LETTER COMMENTS (CONTINUED)

Recommendation: We recommend the Village file their audited financial statements with the legislative auditor's office within six months of year end closing.

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

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2020-3 Insufficient Restricted Assets

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

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

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

Effect of Condition: Spending of restricted cash.

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

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

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2020-4 Unremitted Traffic Ticket Fees

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

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

VILLAGE OF CLAYTON, LOUISIANA

MANAGEMENT LETTER COMMENTS

CURRENT YEAR MANAGEMENT LETTER COMMENTS (CONTINUED)

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

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

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

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

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2020-5 Deficit Fund Balance

Condition: The Village ended the year with a \$36,827 deficit fund balance in the general fund.

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

Cause of Condition: Lack of revenue streams and overspending.

Effect of Condition: Inability to pay current obligations.

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

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

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

VILLAGE OF CLAYTON
CLAYTON, LOUISIANA
JUNE 30, 2020

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

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

The management of the Village of Clayton, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2019.

Prior Year Findings:

2019-1 Budget Variances

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

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

Cause of Condition: Not amending the budget.

Effect of Condition: Violation of the Budget Act.

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

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

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2019-2 Annual Filing of Financial Statements

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

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

**VILLAGE OF CLAYTON
CLAYTON, LOUISIANA
JUNE 30, 2020**

MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS

Prior Year Findings (Continued):

Cause of Condition: Insufficient funds to pay auditor.

Effect of Condition: Compliance Violation

Recommendation: We recommend the Village file their audited financial statements with the legislative auditor’s office within six months of year end closing.

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

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2019-3 Insufficient Restricted Assets

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

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

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

Effect of Condition: Spending of restricted cash.

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

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

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2019-4 Unremitted Traffic Ticket Fees

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

**VILLAGE OF CLAYTON
CLAYTON, LOUISIANA
JUNE 30, 2020**

MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS

Prior Year Findings (Continued):

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

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

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

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

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

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

2019-5 Deficit Fund Balance

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

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

Cause of Condition: Lack of revenue streams and overspending.

Effect of Condition: Inability to pay current obligations.

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

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

Contact Person: Wilbert Washington

Anticipated Completion Date: June 30, 2021

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Certified Public Accountants

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Certified Fraud Examiners

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Village of Clayton, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Clayton, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Clayton, Louisiana's compliance with certain laws and regulations during the year ended June 30, 2020, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below whether for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

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

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

Code of Ethics for Public Officials and Public Employees

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

*Management provided us with the requested information.

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

*Management provided us with the requested information.

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

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

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

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

Budgeting

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

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

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

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

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

***The Village had an unfavorable revenue variance of 29.3% and an unfavorable expenditure variance of 31.6% in the general fund during the year. The Village also had an unfavorable revenue variance of 32.6% in the public works fund.**

Accounting and Reporting

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

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

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

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

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

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

*The selected disbursements were approved by the proper authorities.

Meetings

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

*I verified meetings were posted or advertised.

Debt

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

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

Advances and Bonuses

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

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

State Audit Law

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

***The Village's report was due on December 31, 2020, and was not submitted timely.**

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

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

Prior-Year Comments

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

***The prior year report, dated April 30, 2021, contained the following management comments, none of which have been resolved:**

2019-1 Budget Variance

2019-2 Annual Filing of Financial Statements

2019-3 Insufficient Restricted Assets

2019-4 Unremitted Traffic Ticket Fees
2019-5 Deficit Fund Balance

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

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

The Vercher Group

Jena, Louisiana
May 5, 2021

LOUISIANA ATTESTATION QUESTIONNAIRE

THE VERCHER GROUP

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

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

Public Bid Law

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

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

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

Yes [X] No []

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

Yes [X] No []

Budgeting

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

Yes [] No [X]

Accounting and Reporting

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

Yes [X] No []

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

Yes [] No [X]

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

Yes No

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

Yes No

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

Yes No

Meetings

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

Yes No

Debt

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

Yes No

Advances and Bonuses

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

Yes No

Prior-Year Comments

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

Yes No

General

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

Yes No

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

Yes No

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

Yes No

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

Yes No

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

Yes [X] No []

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

Signed: William H. Wood

Title: Mayor

Signed: Dolly D. Lewis

Title: Clerk