

VILLAGE OF SIKES, LOUISIANA

Annual Financial Statements

June 30, 2023

**Village of Sikes, Louisiana
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Sheryl McDaniel, Mayor
& Members of the Board
Sikes, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the business-type activities of the Village of Sikes, Louisiana, as of and for the year ended June 30, 2023, 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 Sikes, 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 Sikes, 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 *the 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.

We are required to be independent of the Village of Sikes, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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 and 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 have 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
October 6, 2023

Village of Sikes

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MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the Village, we offer readers of the Village of Sikes' financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2023. 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. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$256,247 (*net position*). This is a \$5,672 decrease from last year, mainly due to a decrease in capital assets in the amount of \$13,912.
- The Village had total revenue of \$5.639, in which \$2.356 came from tax trust. This is a \$2,817 decrease from last year's revenues.
- The Village had total expenditures of \$2.965, which is a \$15,628 decrease from last year, mainly due to an decrease in personnel expenses in the amount of \$4.172 and other administrative expenses in the amount of \$8,333.

Enterprise Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$3,087,374 (*net position*). This is a \$57,206 decrease from last year, mainly due to a decrease in capital assets in the amount of \$97,107.
- The Village had total revenue of \$200,617, including operating revenues of \$179,292, a non-operating revenue of \$75 and a capital grant of \$21,250. This is a \$672 increase from last year, mainly due to an increase in operating revenue in the amount of \$14,189.
- The Village had total expenses of \$253,062, in which all were operating expenses. This is a \$23,162 decrease from last year, mainly due to a decrease in maintenance and repair in the amount of \$15,377.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 basic 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.

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

The following table represents a condensed Comparative Statement of Net Position as of June 30, 2023:

	<u>2022</u>	<u>2023</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 13,323	\$ 22,571	69.4
Receivables	1,580	495	-68.7
Capital Assets, Net of Accumulated Depreciation	<u>247,285</u>	<u>233,373</u>	-5.6
Total Assets	<u>262,188</u>	<u>256,439</u>	-2.2
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	<u>269</u>	<u>192</u>	-28.6
Total Liabilities	<u>269</u>	<u>192</u>	-28.6
Net Position			
Net Investment in Capital Assets	247,285	233,373	-5.6
Unrestricted	<u>14,634</u>	<u>22,874</u>	56.3
Total Net Position	<u>\$ 261,919</u>	<u>\$ 256,247</u>	-2.2

Comparative Changes in Fund Balances

The following table reflects the condensed Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2023:

	<u>2022</u>	<u>2023</u>	<u>% Change</u>
Beginning Fund Balances	\$ 35,164	\$ 14,634	-58.4
Total Revenues	8,456	5,639	-33.3
Total Expenditures	(18,593)	(2,965)	84.1
Total Transfers In (Out)	<u>4,168</u>	<u>5,566</u>	33.5
Increase (Decrease) in Fund Balances	<u>(5,969)</u>	<u>8,240</u>	38.0
Prior Period Adjustment	(14,561)	-0-	100.0
Ending Fund Balances	<u>\$ 14,634</u>	<u>\$ 22,874</u>	56.3

MD&A

ENTERPRISE FUNDS

Comparative Statement of Net Position

The following table represents a condensed Comparative Statement of Net Position as of June 30, 2023:

	<u>2022</u>	<u>2023</u>	<u>% Change</u>
Assets			
Cash	\$ 144,967	\$ 172,416	18.9
Investments	24,597	24,579	0.0
Receivables	15,014	12,685	-15.5
Restricted Assets	19,994	34,775	73.9
Capital Assets, Net of Accumulated Depreciation	<u>2,965,787</u>	<u>2,868,680</u>	-3.3
Total Assets	<u>3,170,359</u>	<u>3,113,153</u>	-1.8
Liabilities			
Accounts, Salaries, & Other Payables	5,005	5,335	6.6
Customer Deposits	<u>19,994</u>	<u>20,444</u>	2.3
Total Liabilities	<u>24,999</u>	<u>25,779</u>	3.1
Net Position			
Net Investment in Capital Assets	2,965,787	2,868,680	-3.3
Unrestricted	<u>179,573</u>	<u>218,694</u>	21.8
Total Net Position	<u>\$ 3,145,360</u>	<u>\$ 3,087,374</u>	-1.8

MD&A

Comparative Changes in Net Position Enterprise Funds

The following table reflects the condensed Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2023:

	<u>2022</u>	<u>2023</u>	<u>% Change</u>
Operating Revenues	\$ 165,103	\$ 179,292	8.6
Capital Grants	33,821	21,250	-37.2
Non-Operating Revenues	1,021	75	-92.7
Total Revenues	<u>199,945</u>	<u>200,617</u>	0.3
Operating Expenses	276,224	253,062	-8.4
Total Expenses	<u>276,224</u>	<u>253,062</u>	-8.4
Income (Loss) before Transfers and Contributions	<u>(76,279)</u>	<u>(52,445)</u>	31.2
Transfers In (Out)	(4,168)	(5,566)	-33.5
Increase (Decrease) in Net Position	(80,447)	(58,011)	27.9
Beginning Net Position	<u>3,225,807</u>	<u>3,145,360</u>	-2.5
Ending Net Position	<u>\$ 3,145,360</u>	<u>\$ 3,087,349</u>	-1.8

CAPITAL ASSETS

Capital Assets – Governmental Fund

At June 30, 2023, the Village had \$233,373 invested in capital assets, including equipment.

Capital Assets at Year-End

	<u>2022</u>	<u>2023</u>
Equipment	\$ 556,477	\$ 556,477
Accumulated Depreciation	<u>(309,192)</u>	<u>(323,104)</u>
Total	<u>\$ 247,285</u>	<u>\$ 233,373</u>

MD&A

CAPITAL ASSETS

Capital Assets – Enterprise Fund

At June 30, 2023, the Village had \$2,868,680 invested in capital assets, including the water system, sewer system, machinery, and equipment.

Capital Assets at Year-End

	<u>2022</u>	<u>2023</u>
Sewer System	\$ 671,020	\$ 671,020
Water System *	3,603,910	3,603,910
Accumulated Depreciation	<u>(1,309,142)</u>	<u>(1,406,250)</u>
Total	<u>\$ 2,965,788</u>	<u>\$ 2,868,680</u>

* Land in the amount of \$600 is not being depreciated.

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 entity's finances and to show the entity's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Sheryl McDaniel at the Village Hall, phone number (318) 628-2634.

Basic Financial Statements

Village of Sikes, Louisiana
Statement of Net Position
June 30, 2023

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 22,571	\$ 186,647	\$ 209,218
Investments	-0-	24,672	24,672
Receivables (Net of Allowances for Uncollectible)	495	12,685	13,180
TOTAL CURRENT ASSETS	<u>23,066</u>	<u>224,004</u>	<u>247,070</u>
NON-CURRENT ASSETS			
Restricted Cash	-0-	20,444	20,444
Capital Assets (Net of Accumulated Depreciation)	233,373	2,868,680	3,102,053
TOTAL NON-CURRENT ASSETS	<u>233,373</u>	<u>2,889,124</u>	<u>3,122,497</u>
TOTAL ASSETS	<u>256,439</u>	<u>3,113,128</u>	<u>3,369,567</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	192	5,335	5,527
TOTAL CURRENT LIABILITIES	<u>192</u>	<u>5,335</u>	<u>5,527</u>
NON-CURRENT LIABILITIES			
Customer Deposits (Payable from Restricted Assets)	-0-	20,444	20,444
TOTAL NON-CURRENT LIABILITIES	<u>-0-</u>	<u>20,444</u>	<u>20,444</u>
TOTAL LIABILITIES	<u>192</u>	<u>25,779</u>	<u>25,971</u>
NET POSITION			
Net Investment in Capital Assets	233,373	2,868,680	3,102,053
Unrestricted	22,874	218,669	241,543
TOTAL NET POSITION	<u>\$ 256,247</u>	<u>\$ 3,087,349</u>	<u>\$ 3,343,596</u>

See independent accountant's review report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana
Balance Sheet, Governmental Funds
June 30, 2023

ASSETS	
Cash	\$ 22,571
Accounts Receivable, Net	495
TOTAL ASSETS	<u>23,066</u>
 LIABILITIES & FUND BALANCE	
Accounts Payable	192
Fund Balance, Unassigned	22,874
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 23,066</u>

See independent accountant's review report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2023

Total fund balance – governmental funds	\$	22,874
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Balance Sheet – Governmental Funds.		233,373
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		----- -0-
Total Net Position of governmental activities	\$	256,247

See independent accountant's review report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

REVENUES	
Ad Valorem Tax	\$ 1,818
Tax Trust	3,821
TOTAL REVENUES	<u>5,639</u>
EXPENDITURES	
Other Administrative	240
Utilities	2,678
Repairs & Maintenance	47
TOTAL EXPENDITURES	<u>2,965</u>
REVENUES OVER(UNDER) EXPENDITURES	2,674
TRANSFERS IN (OUT)	<u>5,566</u>
NET CHANGE IN FUND BALANCE	8,240
FUND BALANCES – BEGINNING	<u>14,634</u>
FUND BALANCES – ENDING	<u>\$ 22,874</u>

See independent accountant's review report.
The accompanying notes are an integral part of this statement.

Village of Sikes, 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, 2023

Net change in fund balance – total governmental funds	\$	8,240
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Amounts reported for governmental activities in the Statement of Activities are different because:

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 which capital outlays exceeded depreciation in the current period.

Capital Outlay	-0-	
Depreciation	<u>(13,912)</u>	(13,912)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of 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 first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:

Principal Payments		<u>-0-</u>
Change in Net Position of governmental activities	\$	<u>(5,672)</u>

See independent accountant's review report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2023

		BUSINESS TYPE ACTIVITIES ENTERPRISE FUND WATER & SEWER FUND
CURRENT ASSETS		
Cash & Cash Equivalents	\$	186,647
Investments		24,672
Receivables (Net of Allowances for Uncollectible)		12,685
TOTAL CURRENT ASSETS		224,004
 NON-CURRENT ASSETS		
Restricted Cash		20,444
Capital Assets (Net of Accumulated Depreciation)		2,868,680
TOTAL NON-CURRENT ASSETS		2,889,124
 TOTAL ASSETS		3,113,128
 CURRENT LIABILITIES		
Accounts, Salaries, & Other Payables		5,335
TOTAL CURRENT LIABILITIES		5,335
 NON-CURRENT LIABILITIES		
Customer Deposits (Payable From Restricted Assets)		20,444
TOTAL NON-CURRENT LIABILITIES		20,444
 TOTAL LIABILITIES		25,779
 NET POSITION		
Net Investment in Capital Assets		2,868,680
Unrestricted		218,669
TOTAL NET POSITION	\$	3,087,349

See independent accountant's review report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2023

	BUSINESS TYPE ACTIVITIES ENTERPRISE FUND WATER & SEWER FUND
OPERATING REVENUES	
Charges for Services	\$ 179,292
TOTAL OPERATING REVENUES	179,292
OPERATING EXPENSES	
Administrative Expense	40,104
Maintenance & Repair	57,287
Other Operating	19,003
Utilities	39,561
Depreciation	97,107
TOTAL OPERATING EXPENSES	253,062
OPERATING INCOME (LOSS)	(73,770)
NON-OPERATING REVENUES (EXPENSES)	
Other Revenue	-0-
Interest Income	75
TOTAL NON-OPERATING REVENUES (EXPENSES)	75
TRANSFERS IN (OUT)	(5,566)
Capital Contributions	21,250
CHANGE IN NET POSITION	(58,011)
TOTAL NET POSITION – BEGINNING	3,145,360
TOTAL NET POSITION – ENDING	\$ 3,087,349

See independent accountant's review report.
The accompanying notes are an integral part of this statement.

Village of Sikes, Louisiana
Statement of Cash Flows
Proprietary Funds
June 30, 2023

	BUSINESS TYPE ACTIVITIES ENTERPRISE FUND WATER & SEWER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers & Users	\$ 181,621
Payments to Suppliers	(155,175)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	26,446
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Other Revenue	-0-
Transfer From (To) Funds	(5,566)
CASH FLOWS FROM NON-OPERATING ACTIVITIES	(5,566)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Capital Grants	21,250
Acquisition of Capital Assets	-0-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	21,250
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	75
Change in Investments	(75)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-0-
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	42,130
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	164,961
CASH & CASH EQUIVALENTS, END OF YEAR	207,091
RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	186,647
Restricted Cash	20,444
TOTAL CASH AND CASH EQUIVALENTS	207,091
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	(73,770)
Depreciation Expense	97,107
(Increase) Decrease in Accounts Receivable	2,329
Increase (Decrease) in Accounts Payable	330
Increase (Decrease) in Customer Deposits	450
TOTAL ADJUSTMENTS	100,216
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 26,446

See independent accountant's review report.
The accompanying notes are an integral part of this statement.

**Notes To The Basic
Financial Statements**

VILLAGE OF SIKES, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting and reporting policies of the Village of Sikes 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.

The following is a summary of certain significant accounting policies:

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF SIKES, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary funds.

- Water and Sewer Fund

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.

VILLAGE OF SIKES, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. 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.

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. This decision is typically made by management at the incurrence of the expense.

In the fund financial statements, governmental fund equity is classified as fund balance. The Village 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 a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- 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;

VILLAGE OF SIKES, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

- 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.

D. FIXED ASSETS & LONG-TERM LIABILITIES

For the year ended June 30, 2023, no interest costs were capitalized for construction of fixed assets.

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:

	<u>Life In Years</u>
Water System	40
Sewer System	40
Buildings	40
Equipment	5-10

E. CASH, CASH EQUIVALENTS, & INVESTMENTS

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

F. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

VILLAGE OF SIKES, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

G. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

H. COMPENSATED ABSENCES

The entity has a no compensated absence policy.

(2) 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.

All cash and investments (CD's over 90 days) are reported at cost and are on deposit at federally insured banks.

It is the Village's policy for 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 fiscal year-end. All deposits were secured at the 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.

VILLAGE OF SIKES, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Total Cash	\$	<u>246,477</u>
FDIC (Category 1)		246,477
Securities (Category 2)		-0-
Uncollateralized (Category 3)		-0-
Total Secured	\$	<u>246,477</u>

(3) AD VALOREM TAXES

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

Property Tax Calendar

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

For the year ended June 30, 2023, taxes of mills were levied against property having a valuation of some \$229,345 which produced some \$1,394 in revenue.

Ad Valorem Taxes are broken down as follows:

	<u>Mills</u>
General Alimony	6.09
Total	<u>6.09</u>

(4) RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At June 30, 2023, restricted assets of the enterprise funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

		<u>Water</u>
Customer Deposits	\$	<u>20,444</u>

VILLAGE OF SIKES, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(5) ACCOUNTS RECEIVABLE

At June 30, 2023, no reserve for bad debts in the general fund was required since the estimated uncollectible receivables outstanding were considered immaterial.

	Enterprise Fund	Governmental Fund
	Water & Sewer Fund	General Fund
Fees & Charges	\$ -0-	\$ 495
Customer	12,685	-0-
Total	\$ 12,685	\$ 495

(6) FIXED ASSETS

PROPERTY ENTERPRISE FUND: PLANT AND EQUIPMENT

A summary of enterprise fund property, plant and equipment at June 30, 2023, is as follows:

	Balance 6-30-2022	Additions (Deletions)	Balance 6-30-2023
<u>Water</u>			
Distribution System *	\$ 3,603,910	\$ -0-	\$ 3,603,910
Accumulated Depreciation	(903,187)	(83,687)	(986,874)
Net	2,700,724	(83,687)	2,617,036
<u>Sewer</u>			
Plant	671,020	-0-	671,020
Accumulated Depreciation	(405,956)	(13,420)	(419,376)
Net	\$ 265,064	\$ (13,420)	\$ 251,644

* Land in the amount of \$600 is not being depreciated.

GOVERNMENTAL FUND

A summary of governmental fund depreciable assets at June 30, 2023, is as follows:

	Balance 6-30-2022	Additions (Deletions)	Balance 6-30-2023
Equipment	\$ 556,477	\$ -0-	\$ 556,477
Accumulated Depreciation	(309,192)	(13,912)	(323,104)
Net	\$ 247,285	\$ (13,912)	\$ 233,373

VILLAGE OF SIKES, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(7) ELECTED OFFICIAL'S SALARIES

Name	Title	Annualized Salary
Sheryl McDaniel	Mayor	\$4,200
Beth Duperron	Alderman	\$480
Jeff Boren	Alderman	\$480
Angelia Smtih	Alderman	\$480

(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) ENCUMBRANCES

The entity does not utilize encumbrance accounting.

(10) RETIREMENT PLANS

The entity does not offer its employees a retirement plan. All employees are in the social security system.

(12) EXCESS EXPENDITURE OVER APPROPRIATIONS

The Village has an unfavorable revenue of \$14.907 or 72.6%

**Required Supplemental
Information**

Village of Sikes, Louisiana
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General Fund
For the Year Ended June 30, 2023

	BUDGET AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	BUDGET VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Fees & Charges	\$ -0-	\$ -0-	\$ 1,297	\$ 1,297
Taxes	1,400	1,370	2,877	1,507
Other	21,400	19,176	1,465	(17,711)
TOTAL REVENUES	<u>22,800</u>	<u>20,546</u>	<u>5,639</u>	<u>(14,907)</u>
EXPENDITURES				
General & Administrative	17,800	17,739	240	17,499
Repairs and Maintenance	-0-	-0-	46	(46)
Utilities	-0-	-0-	2,678	(2,678)
Other	-0-	-0-	-0-	-0-
TOTAL EXPENDITURES	<u>17,800</u>	<u>17,739</u>	<u>2,965</u>	<u>14,775</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,000</u>	<u>2,807</u>	<u>2,674</u>	<u>(132)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-0-	-0-	5,566	(5,566)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-0-</u>	<u>-0-</u>	<u>5,566</u>	<u>(5,566)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,000</u>	<u>\$ 2,807</u>	8,240	<u>\$ (5,698)</u>
FUND BALANCES--BEGINNING			<u>14,634</u>	
FUND BALANCES--ENDING			<u>\$ 22,874</u>	

See independent accountant's review report.

Supplemental Information

Village of Sikes, Louisiana
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2023

Sheryl McDaniel, Mayor

Purpose	Amount
Salary	\$ 4,200
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	114
Travel	256
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 SIKES, LOUISIANA

MANAGEMENT LETTER COMMENTS

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

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2023-1 Budget Variance

Condition: The Village had an unfavorable revenue variance of \$14,907 or 72.6% in the general 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.

VILLAGE OF SIKES, LOUISIANA

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

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

The management of the Village of Sikes, Louisiana has provided the following action summaries relating to management letter comments brought to their attention as a result of their financial compilation for the year ended June 30, 2022.

PRIOR YEAR FINDINGS:

2022-1 Budget Variance (Unresolved)

Condition: The Village had an unfavorable expenditure variance of \$9,601 or 106.8% in the general 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.

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MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Village of Sikes, 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 Sikes, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management’s assertions about the Village of Sikes, Louisiana’s compliance with certain laws and regulations during the year ended June 30, 2023, 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 \$14,907 or 72.6% and a favorable expenditure variance.

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 is due on December 31, 2022 and was 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.

**Prior year report dated December 22, 2022, had a Budget Variance of 106.8% and is unresolved.*

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 Sikes, 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
October 6, 2023

LOUISIANA ATTESTATION QUESTIONNAIRE

THE VERCHER GROUP
A Professional Corporation of
Certified Public Accountants
P.O. Box 1608
Jena, Louisiana 71342
Tel: (3 1 8) 992-6348
Fax: (318) 992-4374

In connection with your review of our financial statements as of June 30, 2023, 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. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 30, 2023.

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: 1 101-1 124.

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: 1 1 19.

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

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42: 1 1 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. 39:1410.601410.65.

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. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies 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 this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Sheryl McDaniel

Becky Shell

Title: Mayor

Title: Clerk