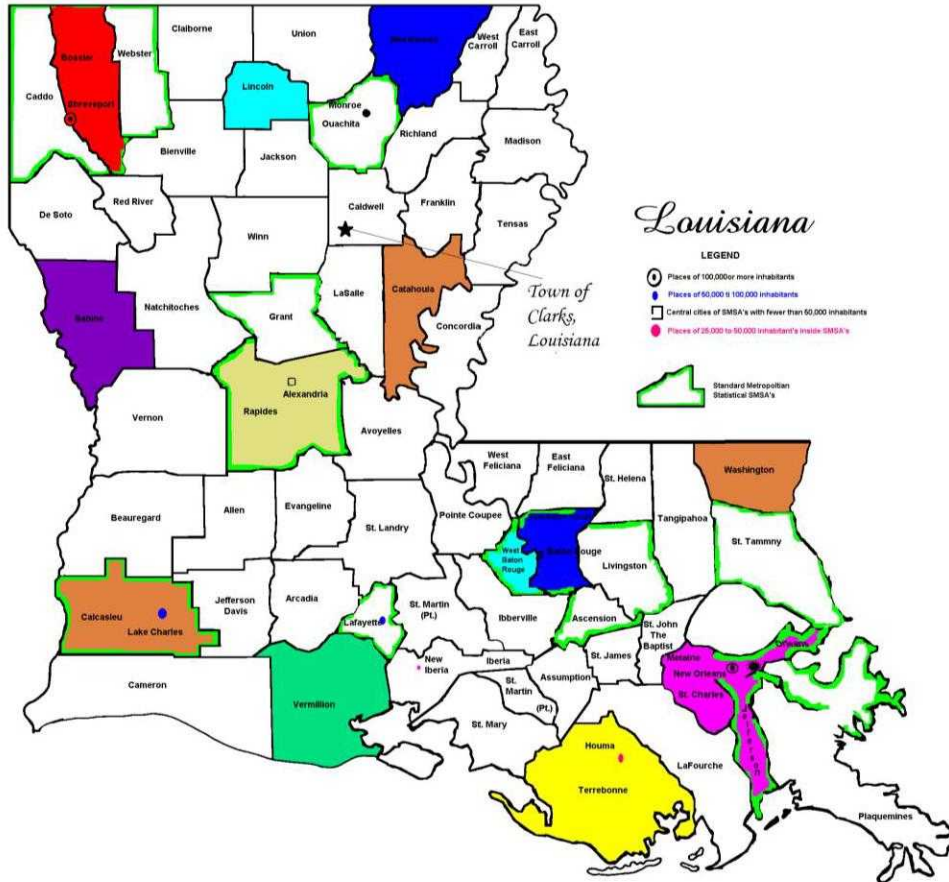


TOWN OF CLARKS, LOUISIANA

Annual Financial Statements

JUNE 30, 2020

TOWN OF CLARKS, LOUISIANA



The Town of Clarks was incorporated under the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, sanitation, utilities (water and sewer services)/ and general administrative functions, including coordination of related services with Parish, State and Federal governing bodies.

Town of Clarks, Louisiana
Table of Contents
June 30, 2020

| | Schedule No. | Page No. |
|--|---------------------|-----------------|
| Independent Accountant’s Review Report..... | | 1-2 |
| Management’s Discussion and Analysis..... | | 3-9 |
| Basic Financial Statements | | |
| Statement of Net Position..... | A | 11 |
| Statement of Activities..... | B | 12 |
| Balance Sheet, Governmental Funds..... | C | 13 |
| Reconciliation of The Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Position..... | D | 14 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds..... | E | 15 |
| Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | F | 16 |
| Statement of Net Position, Proprietary Funds..... | G | 17 |
| Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds..... | H | 18 |
| Statement of Cash Flows – Proprietary Funds..... | I | 19 |
| Notes to the Basic Financial Statements..... | | 20-29 |
| Required Supplemental Information | | |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund..... | 1 | 31 |
| Other Information | | |
| Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer..... | | 33 |
| Schedules of Capital Grants..... | | 34-35 |
| Other Reports | | |
| Management Letter Comments..... | | 37 |
| Management’s Summary of Prior Year Findings..... | | 38 |
| Independent Accountant’s Report on Applying Agreed-Upon Procedures..... | | 39-42 |

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374**

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Chad Coates, Mayor
& Members of the Board
Clarks, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the business-type activities of the Town of Clarks, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town'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 Town of Clarks, 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 Town of Clarks, 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.

Other Information

The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer and Schedules of Capital Grants 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
December 17, 2020

Town of Clarks

PO Box 360

Clarks, Louisiana 71415

Tel: (318) 649-7218

Fax: (318) 649-7215

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the Town, we offer readers of the Town of Clarks' financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the Town'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 Town exceeded its liabilities at the close of the most recent fiscal year by \$1,169,308 (*net position*). This is a \$65,129 decrease from last year.
- The Town had total revenue of \$43,139, in which \$20,211 came from taxes and \$6,085 came from capital contributions. This is a \$55,135 decrease from last year's revenues, mainly due to a decrease in capital contributions in the amount of \$57,984.
- The Town had total expenditures of \$103,169, which is a \$47,008 decrease from last year, mainly due to a decrease in capital outlay in the amount of \$66,767.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$630,128 (*net position*). This is a \$24,545 decrease from last year.
- The Town had total revenue of \$269,959. This is a \$5,360 increase from last year, mainly due to an increase in capital contributions in the amount of \$19,717.
- The Town had total expenses of \$229,911, including depreciation expense in the amount of \$69,552, which is a non-cash transaction. This is a \$29,725 decrease from last year.

See independent accountant's review report.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town'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 Town 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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

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

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

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

The Town's financial statements provide detailed information about the most significant funds. The Town 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 Town's enterprise fund uses the following accounting approach:

All of the Town'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.

See independent accountant's review report.

MD&A

Comparative Statement of Net Position Governmental Funds

The following table represents a Comparative Statement of Net Position as of June 30, 2020:

| | 2019 | 2020 | % Change |
|---|--------------|--------------|-----------------|
| Current Assets | | | |
| Cash & Cash Equivalents | \$ 9,702 | \$ 10,765 | 11.0 |
| Receivables (Net) | 815 | 3,945 | 384.1 |
| Total Current Assets | 10,517 | 14,710 | 39.9 |
| Non-Current Assets | | | |
| Restricted Assets | 4,487 | 4,487 | 0.0 |
| Capital Assets, Net of Accumulated Depreciation | 1,222,711 | 1,153,019 | -5.7 |
| Total Non-Current Assets | 1,227,198 | 1,157,506 | -5.7 |
| Total Assets | 1,237,715 | 1,172,216 | -5.3 |
| Current Liabilities | | | |
| Accounts Payable | 2,646 | 1,991 | -24.8 |
| Accrued Payroll/Payroll Taxes Payable | 632 | 917 | 45.1 |
| Total Current Liabilities | 3,278 | 2,908 | -11.3 |
| Total Liabilities | 3,278 | 2,908 | -11.3 |
| Net Position | | | |
| Net Investment in Capital Assets | 1,222,711 | 1,153,019 | -5.7 |
| Restricted | 4,487 | 4,487 | 0.0 |
| Unrestricted | 7,239 | 11,802 | 63.0 |
| Total Net Position | \$ 1,234,437 | \$ 1,169,308 | -5.3 |

See independent accountant's review report.

MD&A

Comparative Changes in Fund Balances Governmental Funds

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

| | 2019 | 2020 | % Change |
|--|-------------|-------------|-----------------|
| Revenues | | | |
| Fees & Charges | \$ 9,711 | \$ 7,826 | -19.4 |
| Taxes | 17,592 | 20,211 | 14.9 |
| Fire Income | 2,750 | 2,755 | 0.2 |
| Rental Fees | 2,200 | 2,375 | 8.0 |
| Intergovernmental- Capital Grants | 64,069 | 6,085 | -90.5 |
| Miscellaneous | 1,950 | 3,886 | 99.3 |
| Total Revenues | 98,272 | 43,138 | -56.1 |
| Expenditures | | | |
| General Government | 62,005 | 85,066 | 37.2 |
| Public Safety: | | | |
| Police Expense | 10,000 | 9,167 | -8.3 |
| Fire Expense | 11,405 | 7,659 | -32.9 |
| Street | -0- | 1,277 | 100.0 |
| Capital Outlay | 66,767 | -0- | -100.0 |
| Total Expenditures | 150,177 | 103,169 | -31.3 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (51,905) | (60,031) | 15.7 |
| Other Financing Sources (Uses) | | | |
| Interest Income | 2 | 1 | -50.0 |
| Transfers | 47,839 | 64,593 | 35.0 |
| Total Other Financing Sources (Uses) | 47,841 | 64,594 | 35.0 |
| Net Change in Fund Balance | (4,064) | 4,563 | 212.3 |
| Fund Balances - Beginning | 15,790 | 11,726 | -25.7 |
| Fund Balances - Ending | \$ 11,726 | \$ 16,289 | 38.9 |

See independent accountant's review report.

MD&A

Comparative Statement of Net Position Enterprise Funds

The following table represents a Comparative Statement of Net Position as of June 30, 2020:

| | <u>2019</u> | <u>2020</u> | <u>% Change</u> |
|---|-------------------|-------------------|-----------------|
| Assets | | | |
| Cash & Investments | \$ 58,799 | \$ 63,937 | 8.7 |
| Restricted Cash | 43,331 | 43,951 | 1.4 |
| Receivables (Net) | 22,149 | 13,902 | -37.2 |
| Capital Assets, Net of Accumulated Depreciation | 582,557 | 563,855 | -0.3 |
| Total Assets | <u>706,836</u> | <u>685,645</u> | -3.0 |
| Liabilities and Net Position | | | |
| Accounts, Salaries, & Other Payables | 8,832 | 11,566 | 31.0 |
| Customer Deposits | 43,331 | 43,951 | 1.4 |
| Total Liabilities | <u>52,163</u> | <u>55,517</u> | 6.4 |
| Net Position | | | |
| Net Investment in Capital Assets | 582,557 | 563,855 | -3.2 |
| Unrestricted | 72,116 | 66,273 | -8.1 |
| Total Net Position | <u>\$ 654,673</u> | <u>\$ 630,128</u> | -3.8 |

See independent accountant's review report.

MD&A

Comparative Changes in Net Position Enterprise Funds

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2020:

| | 2019 | 2020 | % Change |
|---|-------------------|-------------------|----------|
| Operating Revenues | | | |
| Charges for Services | \$ 223,900 | \$ 212,703 | -5.0 |
| Miscellaneous Revenue | 12,540 | 9,471 | -24.5 |
| Total Operating Revenues | <u>236,440</u> | <u>222,174</u> | -6.0 |
| Operating Expenses | | | |
| Cost of Sales & Services | 176,887 | 160,359 | -9.4 |
| Depreciation | 82,749 | 69,552 | -16.0 |
| Total Operating Expenses | <u>259,636</u> | <u>229,911</u> | -11.5 |
| Operating Income (Loss) | <u>(23,196)</u> | <u>(7,737)</u> | -66.7 |
| Other Financing Sources (Uses) | | | |
| Interest Income | 211 | 120 | -43.1 |
| Transfers In (Out) | (47,839) | (64,593) | 35.0 |
| Total Other Financing Sources (Uses) | <u>(47,628)</u> | <u>(64,473)</u> | 35.0 |
| Capital Contributions | 27,948 | 47,665 | 70.6 |
| Increase (Decrease) in Net Position | (42,876) | (24,545) | -42.8 |
| Beginning Net Position | 697,549 | 654,673 | -6.2 |
| Ending Net Position | <u>\$ 654,673</u> | <u>\$ 630,128</u> | -3.8 |

CAPITAL ASSETS

Capital Assets – Governmental Fund

At June 30, 2020, the Town had \$1,153,019 invested in capital assets, including the following:

Capital Assets at Year-End

| | 2019 | 2020 |
|--------------------------|---------------------|---------------------|
| Land* | \$ 1,700 | \$ 1,700 |
| Buildings | 61,000 | 61,000 |
| Vehicles & Equipment | 494,180 | 494,180 |
| Improvements | 1,216,122 | 1,216,122 |
| Construction in Progress | -0- | -0- |
| Accumulated Depreciation | (550,291) | (619,983) |
| Total | <u>\$ 1,222,711</u> | <u>\$ 1,153,019</u> |

* Land in the amount of \$1,700 is not being depreciated.

See independent accountant's review report.

MD&A

Capital Assets – Enterprise Fund

At June 30, 2020, the Town had \$563,855 invested in capital assets, including the following:

| | 2019 | 2020 |
|-----------------------------|-------------------|-------------------|
| Land* | \$ 1,500 | \$ 1,500 |
| Water System & Improvements | 1,902,438 | 1,902,438 |
| Sewer System & Improvements | 1,484,988 | 1,484,988 |
| Equipment | 59,423 | 110,273 |
| Construction in Progress | -0- | -0- |
| Accumulated Depreciation | (2,865,792) | (2,935,344) |
| Total | \$ 582,557 | \$ 563,855 |

*Land in the amount of \$1,500 is not being depreciated.

CONTACTING THE TOWN'S FINANCIAL MANGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Chad Coates, phone number (318) 649-7218.

See independent accountant's review report.

Basic Financial Statements

Town of Clarks, Louisiana
Statement of Net Position
June 30, 2020

| | PRIMARY GOVERNMENT | | |
|--|-----------------------------|-----------------------------|-----------------------------|
| | GOVERNMENTAL | BUSINESS- | |
| | ACTIVITIES | TYPE | TOTAL |
| | <u> </u> | <u> </u> | <u> </u> |
| CURRENT ASSETS | | | |
| Cash & Cash Equivalents | \$ 10,765 | \$ 63,937 | \$ 74,702 |
| Receivables | 3,945 | 13,902 | 17,847 |
| TOTAL CURRENT ASSETS | <u>14,710</u> | <u>77,839</u> | <u>92,549</u> |
| NON CURRENT ASSETS | | | |
| Restricted Assets | 4,487 | 43,951 | 48,438 |
| Capital Assets (Net of Accumulated Depreciation) | 1,153,019 | 563,855 | 1,716,874 |
| TOTAL NON-CURRENT ASSETS | <u>1,157,506</u> | <u>607,806</u> | <u>1,765,312</u> |
| TOTAL ASSETS | <u>1,172,216</u> | <u>685,645</u> | <u>1,857,861</u> |
| CURRENT LIABILITIES | | | |
| Accounts Payable | 1,991 | 7,688 | 9,679 |
| Accrued Payroll/Payroll Taxes Payable | 917 | 3,878 | 4,795 |
| TOTAL CURRENT LIABILITIES | <u>2,908</u> | <u>11,566</u> | <u>14,474</u> |
| NON-CURRENT LIABILITIES | | | |
| Customer Deposits | -0- | 43,951 | 43,951 |
| TOTAL NON-CURRENT LIABILITIES | <u>-0-</u> | <u>43,951</u> | <u>43,951</u> |
| TOTAL LIABILITIES | <u>2,908</u> | <u>55,517</u> | <u>58,425</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 1,153,019 | 563,855 | 1,716,874 |
| Restricted | 4,487 | -0- | 4,487 |
| Unrestricted | 11,802 | 66,273 | 78,075 |
| TOTAL NET POSITION | <u>\$ 1,169,308</u> | <u>\$ 630,128</u> | <u>\$ 1,799,436</u> |

See accompanying notes and independent accountant's review report.

**Town of Clarks, Louisiana
Statement of Activities
For the Year Ended June 30, 2020**

| | PROGRAM REVENUES | | | | NET (EXPENSES) REVENUE | NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT | | TOTAL |
|---------------------------------------|---------------------|-------------------------|--------------------------------------|--|------------------------------|---|---------------------------------|---------------------|
| | EXPENSES | CHARGES FOR SERVICES | CAPITAL GRANTS & CONTRIBUTIONS | OPERATING GRANTS & CONTRIBUTIONS | | GOVERNMENTAL ACTIVITIES | BUSINESS- TYPE ACTIVITIES | |
| GOVERNMENTAL ACTIVITIES | | | | | | | | |
| General Government | \$ (93,037) | \$ 7,826 | \$ 6,085 | \$ -0- | \$ (79,126) | \$ (79,126) | | \$ (79,126) |
| Public Safety: | | | | | | | | |
| Police | (9,167) | -0- | -0- | -0- | (9,167) | (9,167) | | (9,167) |
| Fire | (20,239) | -0- | -0- | -0- | (20,239) | (20,239) | | (20,239) |
| Street | (50,418) | -0- | -0- | -0- | (50,418) | (50,418) | | (50,418) |
| Interest | -0- | -0- | -0- | -0- | -0- | -0- | | -0- |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>(172,861)</u> | <u>7,826</u> | <u>6,085</u> | <u>-0-</u> | <u>(158,950)</u> | <u>(158,950)</u> | | <u>(158,950)</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | |
| Water & Sewer | (229,911) | 212,703 | 47,665 | -0- | 30,457 | | \$ 30,457 | 30,457 |
| TOTAL BUSINESS-TYPE ACTIVITIES | <u>(229,911)</u> | <u>212,703</u> | <u>47,665</u> | <u>-0-</u> | <u>30,457</u> | | <u>30,457</u> | <u>30,457</u> |
| TOTAL PRIMARY GOVERNMENT | \$ <u>(402,772)</u> | \$ <u>220,529</u> | \$ <u>53,750</u> | \$ <u>-0-</u> | \$ <u>(128,493)</u> | | | <u>(128,493)</u> |
| | | | GENERAL REVENUES | | | | | |
| | | | Taxes: | | | | | |
| | | | | | | 6,727 | -0- | 6,727 |
| | | | | | | 3,101 | -0- | 3,101 |
| | | | | | | 10,383 | -0- | 10,383 |
| | | | | | | 9,016 | 9,471 | 18,487 |
| | | | | | | 1 | 120 | 121 |
| | | | | | | 64,593 | (64,593) | -0- |
| | | | | | | <u>93,821</u> | <u>(55,002)</u> | <u>38,819</u> |
| | | | | | | | | |
| | | | | | | | (65,129) | (24,545) |
| | | | | | | | | (89,674) |
| | | | | | | | | |
| | | | | | | | 1,234,437 | 654,673 |
| | | | | | | | <u>1,169,308</u> | <u>630,128</u> |
| | | | | | | | \$ <u>1,169,308</u> | \$ <u>630,128</u> |
| | | | | | | | | \$ <u>1,799,436</u> |

See accompanying notes and independent accountant's review report.

Town of Clarks, Louisiana
Balance Sheet, Governmental Funds
June 30, 2020

| | | GENERAL FUND |
|---|----|-------------------------|
| | | |
| ASSETS | | |
| Cash & Cash Equivalents | \$ | 10,765 |
| Restricted Cash | | 4,487 |
| Receivables | | 3,945 |
| TOTAL ASSETS | | 19,197 |
| LIABILITIES | | |
| Accounts Payable | | 1,991 |
| Accrued Payroll/Payroll Taxes Payable | | 917 |
| TOTAL LIABILITIES | | 2,908 |
| FUND BALANCES | | |
| Unassigned | | 11,802 |
| Restricted | | 4,487 |
| TOTAL FUND BALANCES | | 16,289 |
| TOTAL LIABILITIES & FUND BALANCE | \$ | 19,197 |

See accompanying notes and independent accountant's review report.

Town of Clarks, 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) | \$ 16,289 |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds. | 1,153,019 |
| Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds. | Long-Term Debt ----- -0- ----- -0- |
| Net Position of Governmental Activities (Statement A) | \$ <u>1,169,308</u> |

See accompanying notes and independent accountant's review report.

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

| | | <u>GENERAL FUND</u> |
|---|----|-------------------------|
| REVENUES | | |
| Fees & Charges | \$ | 7,826 |
| Taxes: | | |
| Ad Valorem Tax | | 6,727 |
| Sales Tax | | 3,101 |
| Franchise Tax | | 10,383 |
| Fire Income | | 2,755 |
| Rental Fees | | 2,375 |
| Intergovernmental – Capital Grants | | 6,085 |
| Miscellaneous | | 3,886 |
| TOTAL REVENUES | | <u>43,138</u> |
| EXPENDITURES | | |
| General Government | | 85,066 |
| Public Safety: | | |
| Police | | 9,167 |
| Fire | | 7,659 |
| Street | | 1,277 |
| Capital Outlay | | -0- |
| TOTAL EXPENDITURES | | <u>103,169</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) | | |
| EXPENDITURES | | <u>(60,031)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers In/(Out) | | 64,593 |
| Interest Income | | 1 |
| TOTAL OTHER FINANCING SOURCES (USES) | | <u>64,594</u> |
| NET CHANGE IN FUND BALANCE | | 4,563 |
| FUND BALANCES - BEGINNING | | <u>11,726</u> |
| FUND BALANCES - ENDING | \$ | <u><u>16,289</u></u> |

See accompanying notes and independent accountant's review report.

Town of Clarks, 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 | \$ | 4,563 |
| <p>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.</p> | | |
| Capital Outlay | | -0- |
| Depreciation Expense | | (69,692) |
| | | (69,692) |
| <p>The issuance of short-term and 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 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.</p> | | |
| Principal Paid | | -0- |
| Loan Proceeds | | -0- |
| | | -0- |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> | | |
| | | -0- |
| Changes in Net Position of Governmental Activities, Statement B | \$ | (65,129) |

See accompanying notes and independent accountant's review report.

Town of Clarks, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2020

| BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS | |
|--|----------------------------|
| (MAJOR ENTERPRISE FUNDS) | |
| | ENTERPRISE FUND |
| ASSETS | |
| CURRENT ASSETS | |
| Cash | \$ 63,937 |
| Receivables | 13,902 |
| TOTAL CURRENT ASSETS | 77,839 |
| NON-CURRENT ASSETS | |
| Restricted Assets | 43,951 |
| Capital Assets (Net of Accumulated Depreciation) | 563,855 |
| TOTAL NON-CURRENT ASSETS | 607,806 |
| TOTAL ASSETS | 685,645 |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Account Payable | 7,688 |
| Accrued Payroll | 3,878 |
| TOTAL CURRENT LIABILITIES | 11,566 |
| NON CURRENT LIABILITIES | |
| Customer Deposits | 43,951 |
| TOTAL NON CURRENT LIABILITIES | 43,951 |
| TOTAL LIABILITIES | 55,517 |
| NET POSITION | |
| Net Investment in Capital Assets | 563,855 |
| Unrestricted | 66,273 |
| TOTAL NET POSITION | \$ 630,128 |

See accompanying notes and independent accountant's review report.

Town of Clarks, Louisiana
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Fund
June 30, 2020

| BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUND | |
|---|----------------------------|
| (MAJOR ENTERPRISE FUND) | |
| | ENTERPRISE FUND |
| OPERATING REVENUES | |
| Charges for Services | \$ 212,703 |
| Other Income | 9,471 |
| TOTAL OPERATING REVENUES | 222,174 |
| OPERATING EXPENSES | |
| Cost of Sales & Services | 160,359 |
| Depreciation | 69,552 |
| TOTAL OPERATING EXPENSES | 229,911 |
| OPERATING INCOME (LOSS) | (7,737) |
| OTHER FINANCING SOURCES (USES) | |
| Interest Income | 120 |
| Transfers In (Out) | (64,593) |
| TOTAL OTHER FINANCING SOURCES (USES) | (64,473) |
| CAPITAL CONTRIBUTIONS | 47,665 |
| CHANGE IN NET POSITION | (24,545) |
| TOTAL NET POSITION - BEGINNING | 654,673 |
| TOTAL NET POSITION - ENDING | \$ 630,128 |

See accompanying notes and independent accountant's review report.

Town of Clarks, Louisiana
Statement of Cash Flows
Proprietary Fund
June 30, 2020

| BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUND | |
|--|----------------------------|
| (MAJOR ENTERPRISE FUND) | |
| | ENTERPRISE FUND |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from Customers & Users | \$ 231,041 |
| Payments to Suppliers & Employees | (157,625) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>73,416</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers from (to) Other Funds | (64,593) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>(64,593)</u> |
| CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES | |
| Capital Contributions | 47,665 |
| Addition of Capital Assets | (50,850) |
| NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES | <u>(3,185)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest and Dividends Received | 120 |
| NET CASH PROVIDED (USED) FROM INVESTING ACTIVITIES | <u>120</u> |
| NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS | 5,758 |
| CASH & CASH EQUIVALENTS, BEGINNING OF YEAR | <u>102,130</u> |
| CASH & CASH EQUIVALENTS, END OF YEAR | <u>107,888</u> |
| RECONCILIATION TO BALANCE SHEET | |
| Cash and Cash Equivalents | 63,937 |
| Restricted Cash | 43,951 |
| TOTAL CASH & CASH EQUIVALENTS | <u>\$ 107,888</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | |
| Operating Income (Loss) | \$ (7,737) |
| Depreciation Expense | 69,552 |
| (Increase) Decrease in Accounts Receivable | 8,247 |
| Increase (Decrease) in Accounts Payables | 479 |
| Increase (Decrease) in Accrued Payroll | 2,255 |
| Increase (Decrease) in Customer Deposits | 620 |
| TOTAL ADJUSTMENTS | <u>81,153</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 73,416</u> |

See accompanying notes and independent accountant's review report.

**Notes To The Basic
Financial Statements**

TOWN OF CLARKS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Clarks was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town 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.

The accounting and reporting policies of the Town of Clarks 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 meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

TOWN OF CLARKS, 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 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 fund:

- Water Activities
- Sewer Activities

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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.

TOWN OF CLARKS, 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 the enterprise fund includes 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. 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 Town 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;

TOWN OF CLARKS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)

- 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, 2020, no interest costs were capitalized for construction of fixed assets. The Town of Clarks 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:

| | <u>Life in Years</u> |
|--------------------|----------------------|
| Water/Sewer System | 40 |
| Equipment | 5-10 |
| Auto | 6-7 |

E. CASH & INVESTMENTS

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, saving accounts, and certificates of deposit of the Town. For the purpose of the proprietary fund Statement of Cash Flows, “Cash and Cash Equivalents” include all demand and savings accounts, and certificates of deposit under 90 days.

All cash and investments (CD’s over 90 days) are reported at cost and are on deposit as follows at federally insured banks:

It is the Town’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 Town’s deposits are categorized to give an indication of the level of risk assumed by the Town at fiscal year-end. The categories are described as follows:

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

TOWN OF CLARKS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)

At June 30, 2020, the Town of Clarks' bank balance was \$126,182. Amounts on deposit are secured by the following pledges:

| Description | Market Value |
|-------------------------|---------------------|
| FDIC (Category 1) | \$ 126,182 |
| Securities (Category 2) | -0- |
| Total | \$ 126,182 |

Deposits were fully secured as of June 30, 2020.

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.

F. ACCOUNTS RECEIVABLE & BAD DEBTS-GENERAL FUND & ALLOWANCE FOR BAD DEBTS

Property tax receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts for property taxes. The Town is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

Trade receivables are generally shown net of an allowance for uncollectible amounts. The Town is of the opinion that an allowance for uncollectible accounts would be immaterial to the financial statements. Past due amounts are written off when they are considered uncollectible by management.

| | Governmental | Business |
|-------------------------|---------------------|------------------------|
| | General Fund | Enterprise Fund |
| Sales Tax | \$ 235 | \$ -0- |
| Franchise Tax | 1,622 | -0- |
| Occupational Licenses | 1,669 | -0- |
| Other | 419 | -0- |
| Customer | -0- | 13,902 |
| Allowance for Bad Debts | -0- | -0- |
| Total | \$ 3,945 | \$ 13,902 |

TOWN OF CLARKS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)

G. INVENTORIES

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

H. AD VALOREM AND SALES TAXES

Property taxes are levied on a calendar year basis and become due on January 1 of each year. For the year ended June 30, 2019, the Town levied 6.15 mills for operations of the General Fund.

The Town receives a pro-rata share of a one-fourth of one percent parish wide (excluding the Town of Columbia) sales tax approved by the voters in Caldwell Parish on October 19, 1985, for fire protection in the parish. The sales tax is collected by the police jury and remitted to the Town net of its pro-rata share of the cost of collection.

I. COMPENSATED ABSENCES

It is the Town's policy to permit full time permanent employees to earn 18 days of annual leave for each full year of employment. Annual leave is credited to employees each pay period on a pro rata basis. Employees are allowed to carry over 30 to 45 days of accumulated annual leave to the following year based on years of service. All full time permanent employees earn 10 days of sick leave for each full year of employment. Sick leave is credited to employees each pay period on a pro rata basis. Employees are allowed to accumulate any unused sick leave hours without limitation.

Upon termination, resignation, or retirement, employees shall be paid at their current rate of pay, for accumulated annual and sick leave combined from 90 to 105 days based on years of service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the Water Fund financial statements, which is the fund that pays the salaries of the Town's permanent full time employees. The valuation of accrued leave benefits is calculated in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The Town's total accrued compensated absences liability at June 30, 2020, was zero.

J. RESTRICTED NET POSITION

The Town records restricted assets to indicate that a portion of its net position balances are legally restricted for a specific future use. The following is a list of such restrictions and a description of each:

Restricted for Road Maintenance

This amount represents \$4,487 restricted for repairs and maintenance of the Town roads.

TOWN OF CLARKS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)

(2) RESTRICTED ASSETS

A. GOVERNMENTAL FUNDS

Cash in the amount of \$4,487 that was received under a federal grant program and restricted for street repairs is reported as restricted cash with a corresponding restriction of net position/fund balance.

B. PROPRIETARY FUND

At June 30, 2020, 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 | \$ | 43,951 | ----- | |
| Total | \$ | 43,951 | ----- | |

(3) GOVERNMENTAL FUND PROPERTY PLANT AND EQUIPMENT

A summary of general fund property, plant, and equipment at June 30, 2020, is as follows:

| | | Balance 6-30-2019 | | Additions | | (Deletions) | | Balance 6-30-2020 |
|---------------------------------|----|------------------------------|----|------------------|----|--------------------|----|------------------------------|
| Land* | \$ | 1,700 | \$ | -0- | \$ | -0- | \$ | 1,700 |
| Building | | 61,000 | | -0- | | -0- | | 61,000 |
| Vehicles & Equipment | | 494,180 | | -0- | | -0- | | 494,180 |
| Improvements | | 1,216,122 | | -0- | | -0- | | 1,216,122 |
| Construction in Progress | | -0- | | -0- | | -0- | | -0- |
| Total Fixed Assets | | 1,773,002 | | -0- | | -0- | | 1,773,002 |
| Accumulated Depreciation | | (550,291) | | (69,692) | | -0- | | (619,983) |
| Total Fixed Assets (Net) | \$ | <u>1,222,711</u> | \$ | <u>(69,692)</u> | \$ | <u>-0-</u> | \$ | <u>1,153,019</u> |

* Land in the amount of \$1,700 is not being depreciated.

Depreciation expense was charged to governmental functions as follows:

| | | | | |
|---------------------------|----|----|---------------|--|
| General | | \$ | 7,971 | |
| Police | | | -0- | |
| Fire | | | 12,580 | |
| Street | | | 49,141 | |
| Total Depreciation | \$ | | <u>69,692</u> | |

TOWN OF CLARKS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)

(4) ENTERPRISE FUND PROPERTY PLANT AND EQUIPMENT

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

| | Balance 6-30-2019 | Additions | (Deletions) | Balance 6-30-2020 |
|-----------------------------|------------------------------|--------------------|--------------------|------------------------------|
| Land* | \$ 1,500 | \$ -0- | \$ -0- | \$ 1,500 |
| Water System & Improvements | 1,902,438 | -0- | -0- | 1,902,438 |
| Sewer System & Improvements | 1,484,988 | -0- | -0- | 1,484,988 |
| Equipment | 59,423 | 50,850 | -0- | 110,273 |
| Construction in Progress | -0- | -0- | -0- | -0- |
| Accumulated Depreciation | (2,865,792) | (69,552) | -0- | (2,935,344) |
| Total | \$ 582,557 | \$ (18,702) | \$ -0- | \$ 563,855 |

*Land in the amount of \$1,500 is not being depreciated.

(5) ACCOUNTS, SALARIES, AND OTHER PAYABLES

General Fund

The payables of \$2,908 at June 30, 2020, are as follows:

| | |
|------------------|-----------------|
| Accounts Payable | \$ 1,991 |
| Accrued Payroll | 917 |
| Total | \$ 2,908 |

Enterprise Fund

The payables of \$11,566 at June 30, 2020, are as follows:

| | |
|------------------|------------------|
| Accounts Payable | \$ 7,688 |
| Accrued Payroll | 3,878 |
| Total | \$ 11,566 |

(6) ELECTED OFFICIAL'S SALARIES

| Name | Title | Annualized Salary |
|------------------|--------------|--------------------------|
| Chad Coates | Mayor | \$ 3,600 |
| Johnny Edgar | Alderman | 1,200 |
| Edward J. Gibson | Alderman | 1,200 |
| Krissy Jolly | Alderman | 1,200 |
| Jessica Morris | Alderman | 1,200 |
| Patsy Fisher | Alderman | 700 |
| Ronald Jones | Alderman | \$ 400 |

TOWN OF CLARKS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)

(7) 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.

(8) RETIREMENT PLANS

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

(9) TRANSFERS

| <u>Fund</u> | <u>Transfers From/To Other Funds</u> | | |
|--------------|--------------------------------------|----------------------|---------------|
| | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Total</u> |
| General | \$ 64,593 | \$ -0- | \$ 64,593 |
| Enterprise | -0- | (64,593) | (64,593) |
| Total | \$ 64,593 | \$ (64,593) | \$ -0- |

The transfers were made to help pay for operational expenses.

(10) RISK MANAGEMENT AND CONTINGENT LIABILITIES

The Town purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

(11) FEDERAL GRANT CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Town. In the opinion of management, any such adjustments would not be material to the Town's operating results or fund balances.

**Required Supplemental
Information**

Town of Clarks, 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 | BUDGET TO ACTUAL DIFFERENCES FAVORABLE (UNFAVORABLE) |
|--|----------------|-----------|---|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Fees & Charges | \$ 8,000 | \$ 6,400 | \$ 7,826 | \$ 1,426 |
| Taxes | 19,000 | 18,800 | 20,211 | 1,411 |
| Intergovernmental – Capital Grants | -0- | -0- | 6,085 | 6,085 |
| Miscellaneous | 27,550 | 19,275 | 9,016 | (10,259) |
| TOTAL REVENUES | 54,550 | 44,475 | 43,138 | (1,337) |
| EXPENDITURES | | | | |
| General Government | 70,500 | 90,580 | 85,066 | 5,514 |
| Public Safety: | | | | |
| Police Expense | 10,000 | 10,000 | 9,167 | 833 |
| Fire Expense | 8,000 | 7,900 | 7,659 | 241 |
| Street Expense | 2,500 | 1,300 | 1,277 | 23 |
| Capital Outlay | -0- | -0- | -0- | -0- |
| TOTAL EXPENDITURES | 91,000 | 109,780 | 103,169 | 6,611 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (36,450) | (65,305) | (60,031) | 5,274 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In/(Out) | 60,000 | 65,000 | 64,593 | (407) |
| Interest Income | 100 | -0- | 1 | 1 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ 60,100 | \$ 65,000 | 64,594 | \$ (406) |
| NET CHANGE IN FUND BALANCE | | | 4,563 | |
| FUND BALANCES – BEGINNING | | | 11,726 | |
| FUND BALANCES – ENDING | | | \$ 16,289 | |

See independent accountant's review report.



Other Information

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

Honorable Chad Coates, Mayor

| Purpose | Amount |
|--|----------|
| Salary | \$ 3,600 |
| Benefits-Insurance | -0- |
| Benefits-Retirement | -0- |
| Benefits (Expense Allowance) | -0- |
| Car Allowance | -0- |
| Vehicle Provided by Government | -0- |
| Per Diem | -0- |
| Reimbursements | -0- |
| Travel | -0- |
| Registration Fees | -0- |
| Conference Travel | -0- |
| Continuing Professional Education Fees | -0- |
| Housing | -0- |
| Un-vouchered Expenses* | -0- |
| Special Meals | \$ -0- |

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

See independent accountant's review report.

Town of Clarks, Louisiana
Schedule of Assets, Liabilities, & Equity
Capital Grants
For the Year Ended June 30, 2020

| | LCDBG | LGAP | CWEF | TOTAL |
|---|---------------|---------------|---------------|---------------|
| ASSETS | | | | |
| Cash | \$ 292 | \$ -0- | \$ -0- | \$ 292 |
| Grant Revenues Receivable | -0- | -0- | -0- | -0- |
| TOTAL ASSETS | 292 | -0- | -0- | 292 |
| LIABILITIES & FUND EQUITY | | | | |
| Accounts Payable | -0- | -0- | -0- | -0- |
| Due To Town | -0- | -0- | -0- | -0- |
| Unearned Revenue | -0- | -0- | -0- | -0- |
| TOTAL LIABILITIES | -0- | -0- | -0- | -0- |
| FUND BALANCE | 292 | -0- | -0- | 292 |
| TOTAL LIABILITIES & FUND BALANCE | \$ 292 | \$ -0- | \$ -0- | \$ 292 |

LCDBG – Louisiana Community Development Block Grant

LGAP – Local Government Assistance Program

CWEF – Community Water Environment Fund

See independent accountant’s review report.

**Town of Clarks, Louisiana
Schedule of Revenues, Expenditures &
Changes in Fund Balances
Capital Grants
For the Year Ended June 30, 2020**

| | LCDBG | LGAP | CWEF | TOTAL |
|--|--------------|-------------|-------------|--------------|
| REVENUES | | | | |
| Capital Grants | \$ -0- | \$ 24,550 | \$ 29,200 | \$ 53,750 |
| TOTAL REVENUES | -0- | 24,550 | 29,200 | 53,750 |
| EXPENDITURES | | | | |
| Administrative Services | -0- | -0- | -0- | -0- |
| Engineering Services | -0- | -0- | -0- | -0- |
| Project Construction | -0- | 24,550 | 29,200 | 53,750 |
| TOTAL EXPENDITURES | -0- | 24,550 | 29,200 | 53,750 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | -0- | -0- | -0- | -0- |
| FUND BALANCES--BEGINNING | 292 | -0- | -0- | -0- |
| FUND BALANCES--ENDING | \$ 292 | \$ -0- | \$ -0- | \$ -0- |

LCDBG – Louisiana Community Development Block Grant

LGAP – Local Government Assistance Program

CWEF – Community Water Environment Fund

See independent accountant's review report.

Other Reports

TOWN OF CLARKS, 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 Town's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2020-1 Small Size of Entity

Condition: Because of the small size of the Town and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Town's cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response and Corrective Action: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

TOWN OF CLARKS, LOUISIANA

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

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

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

PRIOR YEAR FINDINGS

2019-1 Budget Variance (Resolved)

Condition: The Town had an unfavorable revenue variance of \$163,228 or 62% and had a favorable expenditure variance in its general fund budget for the year ended June 30, 2019 because the Town budgeted for more grants than they received.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: The Town did not adequately amend the original budget.

Effect of Condition: The general fund having an unfavorable revenue variance and violating the Budget Act.

Recommendation: The Town should amend its budget when it exceeds a 5% variance.

Client Response: The Town will amend its budget when it exceeds a 5% variance.

2019-2 Small Size of Entity (Unresolved)

Condition: Because of the small size of the Town and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Town's cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

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 Town of Clarks, 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 Town of Clarks, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town of Clarks, 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 Town had an unfavorable revenue variance of 3.0% 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 Town 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 Town's report is due on December 31, 2020, 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 Town 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.

*Our prior year report, dated December 9, 2019, contained two findings: 2019-1 Budget Variance and 2019-2 Small Size of Entity. The budget variance finding has been resolved.

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 Town of Clarks, 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
December 17, 2020

LOUISIANA ATTESTATION QUESTIONNAIRE

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608

Jena, Louisiana 71342

Tel: (318) 992-6348

Fax: (318) 992-4374

In connection with your review of our financial statements 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. We accept full responsibility for our compliance with the following laws and regulation 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 December 17, 2020.

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 [X] No []

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 [X] No []

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

Yes [X] 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 [X] 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 [X] No []

Meetings

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

Yes [X] 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 [X] 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 [X] No []

Prior-Year Comments

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

Yes [] No [X]

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 [X] No []

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

Yes [X] No []

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.

Signed:  _____

Title: Mayor

Signed: Penny Garrett

Title: Book Keeper