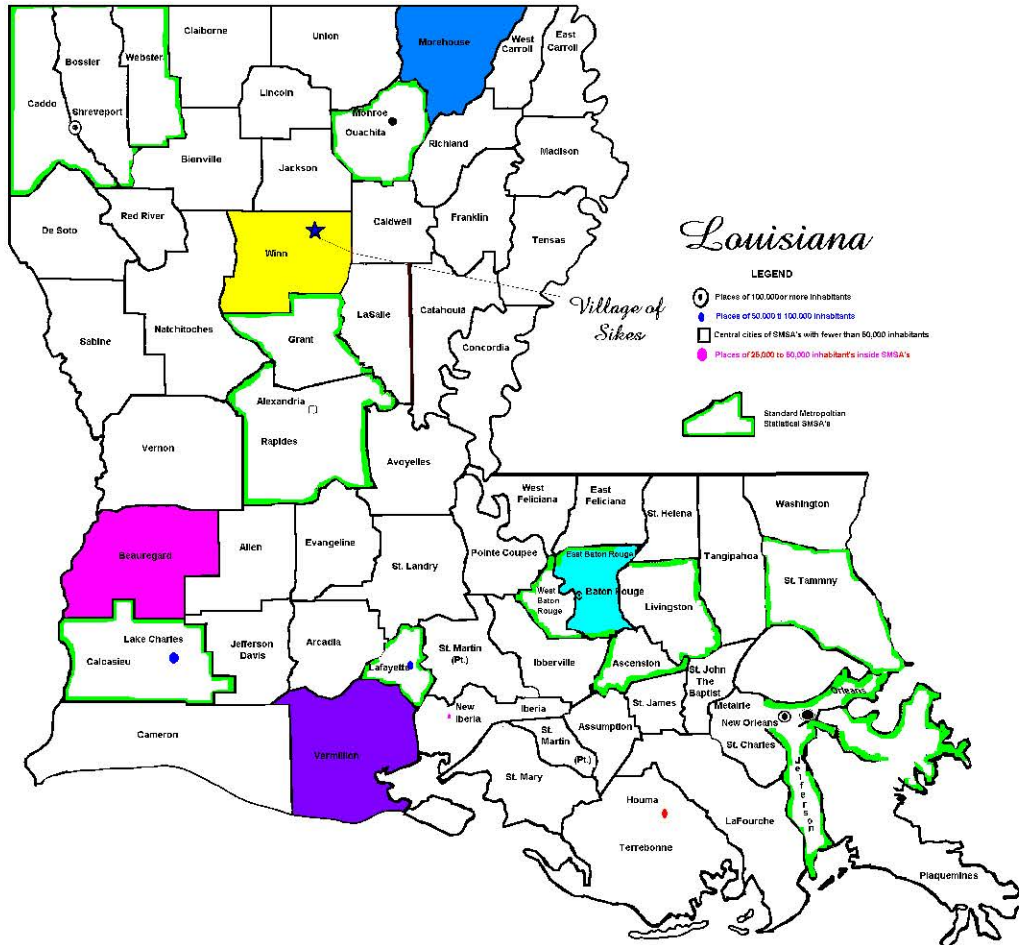


VILLAGE OF SIKES, LOUISIANA

Annual Financial Statements

June 30, 2021

VILLAGE OF SIKES SIKES, LOUISIANA



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

**Village of Sikes, Louisiana
Table of Contents
June 30, 2021**

	Schedule No.	Page No.
Independent Accountant’s Compilation Report.....		1
Management’s Discussion and Analysis.....		2-7
<u>Basic Financial Statements</u>		
Statement of Net Position.....	A	9
Statement of Activities.....	B	10
Balance Sheet, Governmental Funds.....	C	11
Reconciliation of The Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Position.....	D	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	E	13
Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	14
Statement of Net Position, Proprietary Funds.....	G	15
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	H	16
Statement of Cash Flows – Proprietary Funds.....	I	17
Notes to the Basic Financial Statements.....		18-26
<u>Required Supplemental Information</u>		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	1	28
<u>Supplemental Information</u>		
Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer.....		30
<u>Other Reports</u>		
Management Letter Comments.....		32
Management’s Summary of Prior Year Findings.....		33

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 COMPILATION REPORT

The Honorable Kenneth Womack, Mayor
& Members of the Board
Sikes, Louisiana

Management is responsible for 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, 2021, and related notes to the basic financial statements which collectively comprise the Village of Sikes' basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This information was subject to our compilation engagement; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Supplemental Information

The supplementary information 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, a conclusion, nor provide any assurance on such supplementary information.

The Vercher Group

Jena, Louisiana
December 22, 2021

Village of Sikes

PO Box 116

Sikes, Louisiana 71473

Tel: (318) 628-2634

Fax: (318) 628-2634

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, 2021. 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 \$296,361 (*net position*). This is a \$2,212 increase from last year, mainly due to an increase in cash and investments in the amount of \$14,270.
- The Village had total revenue of \$11,167, in which \$7,970 came from tax trust. This is a \$723 decrease from last year's revenues.
- The Village had total expenditures of \$10,043, which is a \$2,755 increase from last year, mainly due to an increase in personnel expense in the amount of \$772.

Enterprise Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$3,225,807 (*net position*). This is a \$202,843 decrease from last year, mainly due to a decrease in cash and investments in the amount of \$113,446.
- The Village had total revenue of \$176,908, including operating revenues of \$161,763 and non-operating revenues of \$15,145. This is a \$22,436 increase from last year, mainly due to an increase in non-operating revenue in the amount of \$14,814
- The Village had total expenses of \$364,751, in which all were operating expenses. This is a \$155,189 increase from last year, mainly due to an increase in maintenance and repair in the amount of \$162,682.

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.

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 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, 2021:

	<u>2020</u>	<u>2021</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 19,491	\$ 33,761	73.2
Receivables	-0-	1,815	100.0
Capital Assets, Net of Accumulated Depreciation	<u>275,109</u>	<u>261,197</u>	-5.1
Total Assets	<u><u>294,600</u></u>	<u><u>296,773</u></u>	0.7
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	<u>451</u>	<u>412</u>	-8.6
Total Liabilities	<u><u>451</u></u>	<u><u>412</u></u>	-8.6
Net Position			
Net Investment in Capital Assets	275,109	261,197	-5.1
Unrestricted	<u>19,040</u>	<u>35,164</u>	84.7
Total Net Position	<u><u>\$ 294,149</u></u>	<u><u>\$ 296,361</u></u>	0.8

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, 2021:

	<u>2020</u>	<u>2021</u>	<u>% Change</u>
Beginning Fund Balances	\$ 4,683	\$ 19,040	306.6
Total Revenues	11,890	11,167	-6.1
Total Expenditures	(7,288)	(10,043)	37.8
Total Transfers In (Out)	<u>9,755</u>	<u>15,000</u>	53.8
Increase (Decrease) in Fund Balances	<u>14,357</u>	<u>16,124</u>	12.3
Ending Fund Balances	<u><u>\$ 19,040</u></u>	<u><u>\$ 35,164</u></u>	84.7

MD&A

ENTERPRISE FUNDS

Comparative Statement of Net Position

The following table represents a condensed Comparative Statement of Net Position as of June 30, 2021:

	<u>2020</u>	<u>2021</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 266,670	\$ 153,224	-42.5
Receivables	13,550	13,499	-0.4
Restricted Assets	12,717	12,767	0.4
Capital Assets, Net of Accumulated Depreciation	<u>3,160,114</u>	<u>3,063,007</u>	-3.1
Total Assets	<u>3,453,051</u>	<u>3,242,497</u>	-6.1
Liabilities			
Accounts, Salaries, & Other Payables	11,684	3,923	-66.4
Customer Deposits	<u>12,717</u>	<u>12,767</u>	0.4
Total Liabilities	<u>24,401</u>	<u>16,690</u>	-31.6
Net Position			
Net Investment in Capital Assets	3,160,114	3,063,007	-3.1
Unrestricted	<u>268,536</u>	<u>162,800</u>	-39.4
Total Net Position	<u>\$ 3,428,650</u>	<u>\$ 3,225,807</u>	-5.9

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, 2021:

	<u>2020</u>	<u>2021</u>	<u>% Change</u>
Operating Revenues	\$ 154,141	\$ 161,763	4.9
Non-Operating Revenues	331	15,145	4,475.5
Total Revenues	<u>154,472</u>	<u>176,908</u>	14.5
Operating Expenses	209,562	364,751	74.1
Non-Operating Expenses	-0-	-0-	0.0
Total Expenses	<u>209,562</u>	<u>364,751</u>	74.1
Income (Loss) before Transfers and Contributions	<u>(55,090)</u>	<u>(187,843)</u>	241.0
Transfers In (Out)	(9,755)	(15,000)	53.8
Capital Contributions	10,720	-0-	-100.0
Increase (Decrease) in Net Position	(54,125)	(202,843)	274.8
Beginning Net Position	<u>3,482,775</u>	<u>3,428,650</u>	-1.6
Ending Net Position	<u>\$ 3,428,650</u>	<u>\$ 3,225,807</u>	-5.9

CAPITAL ASSETS

Capital Assets – Governmental Fund

At June 30, 2021, the Village had \$261,197 invested in capital assets, including equipment.

Capital Assets at Year-End

	<u>2020</u>	<u>2021</u>
Equipment	\$ 556,477	\$ 556,477
Accumulated Depreciation	(281,368)	(295,280)
Total	<u>\$ 275,109</u>	<u>\$ 261,197</u>

MD&A

CAPITAL ASSETS

Capital Assets – Enterprise Fund

At June 30, 2021, the Village had \$3,063,007 invested in capital assets, including the water system, sewer system, machinery, and equipment.

Capital Assets at Year-End

	<u>2020</u>	<u>2021</u>
Sewer System	\$ 671,020	\$ 671,020
Water System *	3,603,910	3,603,910
Accumulated Depreciation	<u>(1,114,816)</u>	<u>(1,211,923)</u>
Total	<u>\$ 3,160,114</u>	<u>\$ 3,063,007</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 that 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, 2021

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 33,761	\$ 128,724	\$ 162,485
Investments	-0-	24,500	24,500
Receivables (Net of Allowances for Uncollectables)	1,815	13,499	15,314
TOTAL CURRENT ASSETS	<u>35,576</u>	<u>166,723</u>	<u>202,299</u>
NON-CURRENT ASSETS			
Restricted Cash	-0-	12,767	12,767
Capital Assets (Net of Accumulated Depreciation)	261,197	3,063,007	3,324,204
TOTAL NON-CURRENT ASSETS	<u>261,197</u>	<u>3,075,774</u>	<u>3,336,971</u>
TOTAL ASSETS	<u>296,773</u>	<u>3,242,497</u>	<u>3,539,270</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	412	3,923	4,335
TOTAL CURRENT LIABILITIES	<u>412</u>	<u>3,923</u>	<u>4,335</u>
NON-CURRENT LIABILITIES			
Customer Deposits (Payable from Restricted Assets)	-0-	12,767	12,767
TOTAL NON-CURRENT LIABILITIES	<u>-0-</u>	<u>12,767</u>	<u>12,767</u>
TOTAL LIABILITIES	<u>412</u>	<u>16,690</u>	<u>17,102</u>
NET POSITION			
Net Investment in Capital Assets	261,197	3,063,007	3,324,204
Unrestricted	35,164	162,800	197,964
TOTAL NET POSITION	<u>\$ 296,361</u>	<u>\$ 3,225,807</u>	<u>\$ 3,522,168</u>

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

Village of Sikes, Louisiana
Balance Sheet, Governmental Funds
June 30, 2021

ASSETS	
Cash	\$ 33,761
Accounts Receivable, Net	<u>1,815</u>
TOTAL ASSETS	<u><u>35,576</u></u>
 LIABILITIES & FUND BALANCE	
Accounts Payable	412
Fund Balance, Unassigned	<u>35,164</u>
TOTAL LIABILITIES & FUND BALANCE	<u><u>\$ 35,576</u></u>

See independent accountant's 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, 2021

Total fund balance – governmental funds	\$	35,164
<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.		261,197
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	\$	296,361

See independent accountant's 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, 2021

REVENUES	
Ad Valorem Tax	\$ 1,460
Tax Trust	7,970
Miscellaneous	1,737
TOTAL REVENUES	<u>11,167</u>
EXPENDITURES	
Personnel Expense	4,292
Other Administrative	1,732
Utilities	2,865
Repairs & Maintenance	1,154
TOTAL EXPENDITURES	<u>10,043</u>
REVENUES OVER(UNDER) EXPENDITURES	1,124
TRANSFERS IN (OUT)	<u>15,000</u>
NET CHANGE IN FUND BALANCE	16,124
FUND BALANCES – BEGINNING	19,040
FUND BALANCES – ENDING	<u>\$ 35,164</u>

See independent accountant's 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, 2021

Net change in fund balance – total governmental funds	\$	16,124
---	----	--------

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><u>2,212</u></u>

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

Village of Sikes, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2021

	BUSINESS TYPE ACTIVITIES ENTERPRISE FUND WATER & SEWER FUND
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 128,724
Investments	24,500
Receivables (Net of Allowances for Uncollectible)	13,499
TOTAL CURRENT ASSETS	166,723
NON-CURRENT ASSETS	
Restricted Cash	12,767
Capital Assets (Net of Accumulated Depreciation)	3,063,007
TOTAL NON-CURRENT ASSETS	3,075,774
TOTAL ASSETS	3,242,497
CURRENT LIABILITIES	
Accounts, Salaries, & Other Payables	3,923
TOTAL CURRENT LIABILITIES	3,923
NON-CURRENT LIABILITIES	
Customer Deposits (Payable From Restricted Assets)	12,767
TOTAL NON-CURRENT LIABILITIES	12,767
TOTAL LIABILITIES	16,690
NET POSITION	
Net Investment in Capital Assets	3,063,007
Unrestricted	162,800
TOTAL NET POSITION	\$ 3,225,807

See independent accountant's 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, 2021

	BUSINESS TYPE ACTIVITIES ENTERPRISE FUND WATER & SEWER FUND
OPERATING REVENUES	
Charges for Services	\$ 161,763
TOTAL OPERATING REVENUES	161,763
OPERATING EXPENSES	
Administrative Expense	3,971
Contract Labor	35,964
Maintenance & Repair	185,337
Other Operating	17,033
Utilities	25,339
Depreciation	97,107
TOTAL OPERATING EXPENSES	364,751
OPERATING INCOME (LOSS)	(202,988)
NON-OPERATING REVENUES (EXPENSES)	
Other Revenue	15,000
Interest Income	145
TOTAL NON-OPERATING REVENUES (EXPENSES)	15,145
TRANSFERS IN (OUT)	(15,000)
Capital Contributions	-0-
CHANGE IN NET POSITION	(202,843)
TOTAL NET POSITION – BEGINNING	3,428,650
TOTAL NET POSITION – ENDING	\$ 3,225,807

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

Village of Sikes, Louisiana
Statement of Cash Flows
Proprietary Funds
June 30, 2021

	BUSINESS TYPE ACTIVITIES ENTERPRISE FUND WATER & SEWER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers & Users	\$ 161,864
Payments to Suppliers	(275,405)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(113,541)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Other Revenue	15,000
Transfer From (To) Funds	(15,000)
CASH FLOWS FROM NON-OPERATING ACTIVITIES	-0-
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Capital Grants	-0-
Acquisition of Capital Assets	-0-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	-0-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	145
Change in Investments	(117)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	28
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(113,513)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	255,004
CASH & CASH EQUIVALENTS, END OF YEAR	141,491
RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	128,724
Restricted Cash	12,767
TOTAL CASH AND CASH EQUIVALENTS	141,491
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	(202,988)
Depreciation Expense	97,107
(Increase) Decrease in Accounts Receivable	51
Increase (Decrease) in Accounts Payable	(7,761)
Increase (Decrease) in Customer Deposits	50
TOTAL ADJUSTMENTS	89,447
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (113,541)

See independent accountant's 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, 2021, 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 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>255,907</u>
FDIC (<i>Category 1</i>)		255,907
Securities (<i>Category 2</i>)		-0-
Uncollateralized (<i>Category 3</i>)		<u>-0-</u>
Total Secured	\$	<u>255,907</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, 2021, taxes of mills were levied against property having a valuation of some \$239,787 which produced some \$1,460 in revenue.

Ad Valorem Taxes are broken down as follows:

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

(4) RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At June 30, 2021, 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>12,767</u>

VILLAGE OF SIKES, LOUISIANA

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

(5) ACCOUNTS RECEIVABLE

At June 30, 2021, 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-	\$ 1,815
Customer	13,499	-0-
Total	\$ 13,499	\$ 1,815

(6) FIXED ASSETS

PROPERTY ENTERPRISE FUND: PLANT AND EQUIPMENT

A summary of enterprise fund property, plant and equipment at June 30, 2021, is as follows:

	Balance 6-30-2020	Additions (Deletions)	Balance 6-30-2021
<u>Water</u>			
Distribution System *	\$ 3,603,910	\$ -0-	\$ 3,603,910
Accumulated Depreciation	(735,700)	(83,687)	(819,387)
Net	2,868,210	(83,687)	2,784,523
<u>Sewer</u>			
Plant	671,020	-0-	671,020
Accumulated Depreciation	(379,116)	(13,420)	(392,536)
Net	\$ 291,904	\$ (13,420)	\$ 278,484

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

GOVERNMENTAL FUND

A summary of governmental fund depreciable assets at June 30, 2021, is as follows:

	Balance 6-30-2020	Additions (Deletions)	Balance 6-30-2021
Equipment	\$ 556,477	\$ -0-	\$ 556,477
Accumulated Depreciation	(281,368)	(13,912)	(295,280)
Net	\$ 275,109	\$ (13,912)	\$ 261,197

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
Brandi Tolbert	Alderman	\$480
Debra Simpson	Alderman	\$480
Angelia Wilson	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.

**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, 2021

	BUDGET AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	BUDGET VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Fees & Charges	\$ 90	\$ 90	\$ -0-	\$ (90)
Taxes	1,445	1,445	1,460	15
Other	3,000	3,000	9,707	6,707
TOTAL REVENUES	<u>4,535</u>	<u>4,535</u>	<u>11,167</u>	<u>6,632</u>
EXPENDITURES				
General & Administrative	4,827	4,827	6,024	(1,197)
Repairs and Maintenance	600	600	1,154	(554)
Utilities	2,100	2,100	2,865	(765)
Other	1,450	1,450	-0-	1,450
TOTAL EXPENDITURES	<u>8,977</u>	<u>8,977</u>	<u>10,043</u>	<u>(1,066)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,442)</u>	<u>(4,442)</u>	<u>1,124</u>	<u>5,566</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-0-	-0-	15,000	15,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-0-</u>	<u>-0-</u>	<u>15,000</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (4,442)</u>	<u>\$ (4,442)</u>	16,124	<u>\$ 20,566</u>
FUND BALANCES--BEGINNING			<u>19,040</u>	
FUND BALANCES--ENDING			<u>\$ 35,164</u>	

See independent accountant's 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, 2021

Sheryl McDaniel, Mayor

Purpose	Amount
Salary	\$ 3,716
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	203
Travel	600
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 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

2021-1 Budget Variance

Condition: The Village had an unfavorable expenditure variance of \$1,066 or 11.9% 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, 2020.

2020-1 Annual Filing of Financial Statements (Resolved)

Condition: The Village did not timely file their financial statements with the Legislative Auditor.

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

Cause of Condition: Not having the financial statements completed on time.

Potential Effect of Condition: Management comment and a freeze on grant funding.

Recommendation: The Village should have their financial statements completed in time to file with the Legislative Auditor's Office within six months of the Village's year end closing.

Client Response and Corrective Action: The Village will have their financial statements completed in time to file with the Legislative Auditor's Office within six months of the Village's year end closing.