

TOWN OF MERRYVILLE, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Shelia Smith, Mayor  
and Members of the Board of Aldermen  
Town of Merryville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Merryville, 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.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Merryville, Louisiana as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Honorable Shelia Smith, Mayor  
and Members of the Board of Aldermen  
Town of Merryville, Louisiana

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, and budgetary comparison information, on pages 25 through 26 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Merryville, Louisiana's basic financial statements. The schedule of per diem paid to board members, combining schedule of net position, combining schedule of revenues, expenses and changes in net position, and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of per diem paid to board members, combining schedule of net position, combining schedule of revenues, expenses and changes in net position, and schedule of compensation, benefits and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of per diem paid to board members, combining schedule of net position, combining schedule of revenues, expenses and changes in net position, and schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2021, on our consideration of the Town of Merryville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Merryville, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana  
March 8, 2021

## BASIC FINANCIAL STATEMENTS

Statement of Net Position  
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 45,049	\$ 144,499	\$ 189,548
Receivables:			
Ad valorem	618	-	618
Sales taxes	34,962	-	34,962
Franchise taxes	5,583	-	5,583
Traffic fines	3,908	-	3,908
Accounts	27	15,015	15,042
Intergovernmental:			
Alcohol taxes	689	-	689
State mowing contract	3,170	-	3,170
Due from utility fund	23,820	-	23,820
Restricted cash and cash equivalents	46,057	-	46,057
Capital assets not being depreciated	10,600	530,892	541,492
Capital assets being depreciated, net	345,602	2,523,954	2,869,556
<b>Total assets</b>	<b>\$ 520,085</b>	<b>\$ 3,214,360</b>	<b>\$ 3,734,445</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 18,561	\$ 9,423	\$ 27,984
Payroll taxes payable	2,622	871	3,493
Due to general fund	-	23,820	23,820
Noncurrent liabilities:			
Customer deposits	-	20,378	20,378
<b>Total liabilities</b>	<b>\$ 21,183</b>	<b>\$ 54,492</b>	<b>\$ 75,675</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 356,202	\$ 3,054,846	\$ 3,411,048
Restricted for:			
Sales taxes	76,578	-	76,578
Unrestricted	66,122	105,022	171,144
<b>Total net position</b>	<b>\$ 498,902</b>	<b>\$ 3,159,868</b>	<b>\$ 3,658,770</b>
<b>Total liabilities and net position</b>	<b>\$ 520,085</b>	<b>\$ 3,214,360</b>	<b>\$ 3,734,445</b>

The accompanying notes are an integral part of this statement.

Statement of Activities  
For the Year Ended June 30, 2020

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Program Activities							
Governmental activities:							
General government and administration	\$ 176,530	\$ -	\$ -	\$ -	\$ (176,530)	\$ -	\$ (176,530)
Public safety	274,875	247,655	-	-	(27,220)	-	(27,220)
Public works	229,133	52,328	-	58,429	(118,376)	-	(118,376)
Total governmental activities	<u>\$ 680,538</u>	<u>\$ 299,983</u>	<u>\$ -</u>	<u>\$ 58,429</u>	<u>\$ (322,126)</u>	<u>\$ -</u>	<u>\$ (322,126)</u>
Business-type activities:							
Water and sewer	389,341	218,124	-	-	-	(171,217)	(171,217)
Total government	<u>\$ 1,069,879</u>	<u>\$ 518,107</u>	<u>\$ -</u>	<u>\$ 58,429</u>	<u>\$ (322,126)</u>	<u>\$ (171,217)</u>	<u>\$ (493,343)</u>
General revenues:							
Taxes:							
Ad valorem					36,723	-	36,723
Sales					361,841	-	361,841
Alcohol					2,257	-	2,257
Franchise					33,543	-	33,543
Occupational licenses and permits					39,215	-	39,215
Investment earnings					-	81	81
Gain on sale of assets					-	-	-
Rentals					5,212	-	5,212
Refunds					-	-	-
Miscellaneous					2,148	270	2,418
Transfers					(90,988)	90,988	-
Total general revenues and transfers					<u>389,951</u>	<u>91,339</u>	<u>481,290</u>
Change in net position					67,825	(79,878)	(12,053)
Net position at beginning of year					489,507	3,181,316	3,670,823
Equity transfer					(58,430)	58,430	-
Net position at end of year					<u>\$ 498,902</u>	<u>\$ 3,159,868</u>	<u>\$ 3,658,770</u>

The accompanying notes are an integral part of this statement.

Balance Sheet  
Governmental Funds  
June 30, 2020

	Major Fund				Total Governmental Funds
	General	Special Revenue Fund	Capital Project Fund		
		Sales Tax Fund	LCDBG Fund		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 45,049	\$ -	\$ 3,578		\$ 48,627
Receivables:					
Ad valorem taxes	618	-	-		618
Sales taxes	-	34,962	-		34,962
Franchise taxes	5,583	-	-		5,583
Traffic fines	3,908	-	-		3,908
Accounts	27	-	-		27
Intergovernmental:					
Alcohol taxes	689	-	-		689
State mowing contract	3,170	-	-		3,170
Due from utility fund	23,820	-	-		23,820
Restricted cash and cash equivalents	-	42,479	-		42,479
<b>Total assets</b>	<b>\$ 82,864</b>	<b>\$ 77,441</b>	<b>\$ 3,578</b>		<b>\$ 163,883</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 17,698	\$ 863	\$ -		\$ 18,561
Payroll taxes payable	2,622	-	-		2,622
<b>Total liabilities</b>	<b>\$ 20,320</b>	<b>\$ 863</b>	<b>\$ -</b>		<b>\$ 21,183</b>
Fund Balances:					
Unassigned	\$ 62,544	\$ -	\$ 3,578		\$ 66,122
Restricted	-	76,578	-		76,578
<b>Total fund balances</b>	<b>\$ 62,544</b>	<b>\$ 76,578</b>	<b>\$ 3,578</b>		<b>\$ 142,700</b>
<b>Total liabilities and fund balances</b>	<b>\$ 82,864</b>	<b>\$ 77,441</b>	<b>\$ 3,578</b>		<b>\$ 163,883</b>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet  
to Statement of Net Position  
June 30, 2020

Total fund balance - total governmental funds	\$	142,700
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		<u>356,202</u>
Net position of governmental activities	\$	<u><u>498,902</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2020

	Major Fund			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Project Fund	
	General Fund	Sales Tax Fund	LCDBG Fund	
Revenues				
Taxes:				
Ad valorem	\$ 36,723	\$ -	\$ -	\$ 36,723
Sales	-	361,841	-	361,841
Franchise	33,543	-	-	33,543
Charges for services	52,328	-	-	52,328
Intergovernmental:				
Alcohol taxes	2,257	-	-	2,257
Federal grants	-	-	58,429	58,429
Occupational licenses and permits	-	39,215	-	39,215
Fines and forfeitures	247,655	-	-	247,655
Rentals	5,212	-	-	5,212
Miscellaneous	2,148	-	-	2,148
Total revenues	<u>\$ 379,866</u>	<u>\$ 401,056</u>	<u>\$ 58,429</u>	<u>\$ 839,351</u>
Expenditures				
General government	\$ 157,877	\$ 7,541	\$ -	\$ 165,418
Public safety	261,187	-	-	261,187
Public works	219,060	-	-	219,060
Capital outlay	-	-	58,429	58,429
Total expenditures	<u>\$ 638,124</u>	<u>\$ 7,541</u>	<u>\$ 58,429</u>	<u>\$ 704,094</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (258,258)</u>	<u>\$ 393,515</u>	<u>\$ -</u>	<u>\$ 135,257</u>
Other financing sources (uses)				
Transfer in	\$ 282,759	\$ -	\$ 3,578	\$ 286,337
Transfer out	-	(377,325)	-	(377,325)
Total other financing sources (uses)	<u>\$ 282,759</u>	<u>\$ (377,325)</u>	<u>\$ 3,578</u>	<u>\$ (90,988)</u>
Net change in fund balance	\$ 24,501	\$ 16,190	\$ 3,578	\$ 44,269
Fund balances at beginning of year	<u>38,043</u>	<u>60,388</u>	<u>-</u>	<u>98,431</u>
Fund balances at end of year	<u>\$ 62,544</u>	<u>\$ 76,578</u>	<u>\$ 3,578</u>	<u>\$ 142,700</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds	\$	44,269
Amounts reported for governmental activities in the statement of activities are different because:		
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(34,873)
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		<u>58,429</u>
Change in net position of governmental activities	\$	<u><u>67,825</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position  
Proprietary Fund  
June 30, 2020

	Business-type Activities - <u>Enterprise Fund</u> Water and Sewer
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 144,499
Receivables:	
Accounts	15,015
Total current assets	<u>\$ 159,514</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 530,892
Capital assets being depreciated, net	2,523,954
Total noncurrent assets	<u>\$ 3,054,846</u>
Total assets	<u><u>\$ 3,214,360</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 9,423
Payroll taxes payable	871
Due to general fund	23,820
Total current liabilities	<u>\$ 34,114</u>
Noncurrent Liabilities	
Customer deposits	<u>\$ 20,378</u>
Total liabilities	<u>\$ 54,492</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 3,054,846
Unrestricted	105,022
Total net position	<u>\$ 3,159,868</u>
Total liabilities and net position	<u><u>\$ 3,214,360</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Fund  
 For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Fund Water and Sewer
Operating revenues	
Charges for services	\$ 218,124
Operating expenses	
Personal services	\$ 149,820
Supplies	33,373
Contractual services	110,489
Depreciation	95,659
Total operating expenses	\$ 389,341
Income (loss) from operations	\$ (171,217)
Nonoperating revenues (expenses)	
Investment income	\$ 81
Miscellaneous income	270
Total nonoperating revenues (expenses)	\$ 351
Income (loss) before contributions and transfers	\$ (170,866)
Transfers in	\$ 104,566
Transfers out	(13,578)
Change in net position	\$ (79,878)
Net position at beginning of year	\$ 3,181,316
Equity transfer	58,430
Net position at end of year	\$ 3,159,868

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Fund
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 222,290
Cash payments to suppliers for goods and services	(145,904)
Cash payments to employees for services	(151,815)
Net cash used by operating activities	<u>\$ (75,429)</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	\$ 104,566
Transfers out to other funds	(13,578)
Funds received from general fund	15,295
Miscellaneous income	271
Net cash provided by noncapital financing activities	<u>\$ 106,554</u>
Cash flow from investing activities:	
Interest on cash and investments	<u>\$ 81</u>
Net increase (decrease) in cash and cash investments	\$ 31,206
Cash and cash equivalents, July 1, 2019	113,293
Cash and cash equivalents, June 30, 2020	<u><u>\$ 144,499</u></u>
Reconciliation of income (loss) from operations to net cash used by operating activities:	
Loss from operations	\$ (171,217)
Adjustments to reconcile income (loss) from operations to net cash used by operating activities:	
Depreciation	\$ 95,659
Change in assets and liabilities:	
Decrease in accounts receivable	3,380
Decrease in payroll taxes payable	(1,995)
Decrease in accounts payable	(2,042)
Increase in customer deposits payable	786
Net cash used by operating activities	<u><u>\$ (75,429)</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Town of Merryville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2020

## INTRODUCTION

The Town of Merryville was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Merryville 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 Town maintains various funds that provide services and benefits to its citizens including repairs and maintenance of approximately 15 miles of roads and streets, water and sewer, and garbage collection services to approximately 415 residents.

The Town is located within Beauregard Parish in the southwestern part of the State of Louisiana and is comprised of approximately 1,200 residents. The governing board is composed of five elected aldermen that are compensated for regular and special board meetings. There are approximately thirteen employees who maintain the water and sewer systems and handle the clerical work for the Town. The police department consists of an elected chief of police and approximately four patrolmen.

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 funds financial statements.

#### B. Measurement Focus, Basis of Accounting, and 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

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

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 for those in another fund.

The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources, that are restricted, or committed to expenditures for specific purposes other than debt service or capital projects.

The Capital Projects Fund accounts for Louisiana Community Development Block Grant (LCDBG) grant funds that are awarded for upgrades in the Utility Fund.

The municipality reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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 governments' 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water and sewer services to residents comprise the operating revenue of the Town's enterprise fund. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

The municipality has not established a policy for use of its unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

**C. Deposits and Investments**

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

**D. 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 non-current 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.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The municipality levies taxes on real and business personal property located within the boundaries of the Town. Property taxes are levied by the Town on property values assessed by the Beauregard Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Beauregard Parish Sheriff and Ex-Officio Tax Collector bills and collects property taxes for the Town. Collections are remitted to the Town monthly. The Town recognizes property tax revenues when levied.

Property Tax Calendar	
Assessment date	January 1, 2019
Levy date	June 30, 2019
Tax bills mailed	October 15, 2019
Total taxes are due	December 31, 2019
Penalties & interest due	January 31, 2020
Lien date	January 31, 2020
Tax sale	May 15, 2020

For the year ended June 30, 2019, taxes of 8.50 mills were levied on property with an assessed valuation totaling \$2,577,447, and were dedicated as follows:

	Authorized <u>Millage</u>	Levied <u>Millage</u>	Expiration <u>Date</u>
Taxes due for:			Renewed Annually
General corporate tax	8.50	8.50	

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff’s sale is held and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected; therefore no allowance

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer's deposit, any allowance account would be immaterial, therefore one has not been established.

The following are the principal taxpayers and related property tax revenue for the municipality:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Municipality</u>
Central Louisiana Electric, Co.	Utility	\$ 186,560	7.24%	\$ 1,586
Texas Petroleum Investment Co.	Gas & Oil	237,161	9.20%	2,016
Total		\$ 423,721	16.44%	\$ 3,602

*Sales Tax*

The Town of Merryville receives a one-percent sales and use tax, for a period of twenty years beginning January 1, 2013 and ending December 31, 2033, the revenues derived from said sales and use tax to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and maintaining streets for the Town.

The Town of Merryville also receives a one-percent sales and use tax for a period of twenty years beginning January 1, 2013 and ending December 31, 2033. The revenues derived from said sales and use tax to be dedicated and used for the purpose of operating, maintaining and administering solid waste disposal facilities.

The Town of Merryville receives a one-percent perpetual sales and use tax. The revenues derived from said sales and use tax to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewage disposal works.

**E. Restricted Assets**

Certain proceeds of construction project grants, as well as certain resources set aside, are classified as restricted assets on the balance sheet because their use is limited by grant agreements. Also, sales taxes are restricted by sales tax propositions approved by the voters.

**F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 the Town of Merryville was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred during the current fiscal year was \$-0-. No interest was included as part of the cost of capital assets under construction in construction projects.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

**G. Compensated Absences**

The municipality has the following policy relating to vacation and sick leave:

Each full-time and part-time permanent municipal employee shall earn annual vacation and sick leave as follows:

Vacation

- Five (5) days with pay after one (1) year employment.
- Ten (10) days with pay after two (2) years employment.

Vacation days cannot be carried over from year to year.

The least amount of vacation taken at one time is one half (1/2) day.

The board may, at its discretion, pay as terminal pay all accumulated unused annual leave time up to a maximum of ten (10) days of such annual leave upon the retirement or resignation of an employee. An employee dismissed for cause shall not be paid for any accumulated annual leave.

Employees required to work on an observed holiday shall receive compensatory time off. Holidays observed by the municipality shall not be counted as vacation leave.

Leave from work with pay may be charged as sick leave if the absence is due to sickness, bodily injury, quarantine, required physical or dental examinations, or treatment, exposure to a contagious disease when continued work might jeopardize the health of others, illness in the immediate family of the employee which requires the care of the employee. All such absences, except those resulting from intemperance or immorality, shall be charged against the sick leave credit of the employee. Immediate family as used here shall consist of the husband or wife, as the case may be the father or mother, or children of the employee whether half or full blood.

Each employee shall earn two and one half (2 ½) days after six (6) months of employment and two and one half (2 ½) days will be earned every six months thereafter with a maximum of five (5) days per year being earned.

The least amount of time taken for sick leave is one half (1/2) day.

Sick leave may not be accumulated for an indefinite period, and there is no maximum amount of sick leave, which may be accumulated.

The supervising board or official shall determine when a certificate from a doctor is required to substantiate the necessity of sick leave, provided that sick leave claimed for three days or less shall not require such certificate. Department heads and/or the board are responsible for the application of this provision so that there will be no abuse of sick leave privileges.

There will be no pay for unused sick leave upon resignation or retirement of an employee.

Notes to the Financial Statements (Continued)

Sick leave may be used as maternity leave.

**H. Long-Term Obligations**

In the government-wide financial statements, and the proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**I. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**J. Estimates**

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

**K. Fund Balances**

Unassigned      Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Restricted      Amounts that are restricted to a specific purpose should be reported as restricted fund balance. Fund balance should be reported as restricted when constraints placed on the use of resources are either:

- a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. imposed by law through constitutional provisions or enabling legislation.

**L. Restricted Net Position**

For government-wide statement of net position and the proprietary fund net position, net position is reported as restricted when constraints placed on net position use either:

- 1. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments; or
- 2. imposed by law through constitutional provisions or enabling legislation.

Notes to the Financial Statements (Continued)

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION* The municipality uses the following budget practices:

1. The Town Clerk and Mayor prepare a proposed budget and submit it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts or as originally adopted, or as amended from time to time by the Board of Aldermen.

*EXCESS OF EXPENDITURES OVER APPROPRIATIONS* The following individual fund had actual revenues fall short of budgeted revenues for the year ended June 30, 2020.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 481,940	\$ 451,940	\$ 379,866	\$ 72,074

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2020, the municipality has cash and cash equivalents (book balances) totaling \$235,605 as follows:

Demand deposits	\$ 166,764
Petty cash	900
Money market investment accounts	67,941
Total	<u>\$ 235,605</u>

These deposits are stated at cost, which approximates market. 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.

At June 30, 2020, the municipality has \$247,772 in deposits (collected bank balances). These deposits are secured from risk by \$247,772 of federal deposit insurance.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

**4. RECEIVABLES**

The receivables of \$63,972 at June 30, 2020, are as follows:

<u>Class of receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes:				
Ad valorem	\$ 618	\$ -	\$ -	\$ 618
Sales and use	-	34,962	-	34,962
Franchise	5,583	-	-	5,583
Accounts	27	-	15,015	15,042
Traffic fines	3,908	-	-	3,908
Intergovernmental:				
Alcohol taxes	689	-	-	689
State mowing contract	3,170	-	-	3,170
Total	<u>\$ 13,995</u>	<u>\$ 34,962</u>	<u>\$ 15,015</u>	<u>\$ 63,972</u>

**5. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2020, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,600	\$ -	\$ -	\$ 10,600
Total capital assets not being depreciated	<u>\$ 10,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,600</u>
Capital assets being depreciated:				
Buildings	\$ 317,938	\$ -	\$ -	\$ 317,938
Vehicles	60,062	-	-	60,062
Improvements other than buildings	360,166	-	-	360,166
Machinery and equipment	243,514	-	-	243,514
Total capital assets being depreciated	<u>\$ 981,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 981,680</u>
Less accumulated depreciation for:				
Buildings	\$ 149,649	\$ 9,277	\$ -	\$ 158,926
Vehicles	37,124	8,269	-	45,393
Improvements other than buildings	214,678	12,752	-	227,430
Machinery and equipment	199,754	4,575	-	204,329
Total accumulated depreciation	<u>\$ 601,205</u>	<u>\$ 34,873</u>	<u>\$ -</u>	<u>\$ 636,078</u>
Total capital assets being depreciated, net	<u>\$ 380,475</u>	<u>\$ (34,873)</u>	<u>\$ -</u>	<u>\$ 345,602</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 37,666	\$ -	\$ -	\$ 37,666
Construction in progress	434,796	58,430	-	493,226
Total capital assets not being depreciated	<u>\$ 472,462</u>	<u>\$ 58,430</u>	<u>\$ -</u>	<u>\$ 530,892</u>
Capital assets being depreciated				
Buildings	\$ 18,328	\$ -	\$ -	\$ 18,328
Improvements other than buildings	6,647,086	-	-	6,647,086
Machinery and equipment	224,979	-	-	224,979
Total capital assets being depreciated	<u>\$ 6,890,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,890,393</u>
Less accumulated depreciation for:				
Buildings	\$ 4,908	\$ 459	\$ -	\$ 5,367
Improvements other than buildings	4,072,897	91,785	-	4,164,682
Machinery and equipment	192,975	3,415	-	196,390
Total accumulated depreciation	<u>\$ 4,270,780</u>	<u>\$ 95,659</u>	<u>\$ -</u>	<u>\$ 4,366,439</u>
Total capital assets being depreciated, net	<u>\$ 2,619,613</u>	<u>\$ (95,659)</u>	<u>\$ -</u>	<u>\$ 2,523,954</u>

Depreciation expense of \$34,873 for the year ended June 30, 2020, was charged to the following governmental functions:

Public works	\$ 10,073
Public safety	13,688
General administration	11,112
Total	<u>\$ 34,873</u>

**6. CONSTRUCTION COMMITMENTS**

The municipality had an active construction project as of June 30, 2020. The municipality is in the process of improving its sewer system. At year end the commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Goss Road Sewer Expansion	<u>\$ 493,226</u>	<u>\$ 1,445</u>

**7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

As of year-end three one-percent sales and use taxes had passed and were being collected and deposited into a special revenue sales tax fund. The money is then transferred out of the sales tax fund and split between the general fund and proprietary fund according to the percentage found in the sales tax resolution. These transfers are completed on a monthly basis and are routine transfers for the town.

	Transfer in	Transfer out
Special revenue fund	\$ -	\$ 377,325
General fund	282,759	-
Proprietary fund	104,566	10,000
Total	<u>\$ 387,325</u>	<u>\$ 387,325</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Concluded)

**8. ACCOUNTS AND OTHER PAYABLES**

The payables of \$51,855 at June 30, 2020, are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Payroll taxes	\$ 2,622	\$ -	\$ 871	\$ 3,493
Accounts	17,698	863	9,423	27,984
Contracts payable	-	-	-	-
Customer deposits	-	-	20,378	20,378
Total	<u>\$ 20,320</u>	<u>\$ 863</u>	<u>\$ 30,672</u>	<u>\$ 51,855</u>

**9. DUE TO/FROM OTHER FUNDS**

The composition of interfund balances on June 30, 2020, are as follows:

	Due to	Due from
General fund	\$ -	\$ 23,820
Utility fund	23,820	-
Total	<u>\$ 23,820</u>	<u>\$ 23,820</u>

These small balances result from one fund paying expenditures/expenses of another fund and will be liquidated during the following year.

**10. RESTRICTED FUND BALANCE**

The Special Revenue Fund – The Sales Tax Fund had restricted fund balance as follows:

Restricted assets:	
Cash	\$ 42,479
Accounts receivable	34,962
Total	<u>\$ 77,441</u>
Less:	
Liabilities payable from restricted assets:	
Sales tax collection fees	<u>\$ 863</u>
Restricted fund balance	<u>\$ 76,578</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 35,000	\$ 35,000	\$ 36,723	\$ 1,723
Franchise fees	39,000	39,000	33,543	(5,457)
Charges for services	41,440	41,440	52,328	10,888
Intergovernmental:				
Alcohol taxes	3,000	3,000	2,257	(743)
Federal grants	3,000	3,000	-	(3,000)
State grants	50,000	35,000	-	(35,000)
Permits	1,000	1,000	-	(1,000)
Fines and forfeitures	263,000	248,000	247,655	(345)
Rentals	6,500	6,500	5,212	(1,288)
Miscellaneous	40,000	40,000	2,148	(37,852)
Total revenues	<u>\$ 481,940</u>	<u>\$ 451,940</u>	<u>\$ 379,866</u>	<u>\$ (72,074)</u>
Expenditures				
General government and administration	\$ 291,075	\$ 291,175	\$ 157,877	\$ 133,298
Public safety	259,360	239,369	261,187	(21,818)
Public works	121,000	121,000	219,060	(98,060)
Capital outlay	50,000	-	-	-
Total expenditures	<u>\$ 721,435</u>	<u>\$ 651,544</u>	<u>\$ 638,124</u>	<u>\$ 13,420</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (239,495)</u>	<u>\$ (199,604)</u>	<u>\$ (258,258)</u>	<u>\$ (58,654)</u>
Other financing sources:				
Transfer in	<u>\$ 265,000</u>	<u>\$ 245,000</u>	<u>\$ 282,759</u>	<u>\$ 37,759</u>
Net change in fund balance	\$ 25,505	\$ 45,396	\$ 24,501	\$ (20,895)
Fund balances at beginning of year	<u>37,000</u>	<u>38,043</u>	<u>38,043</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 62,505</u></u>	<u><u>\$ 83,439</u></u>	<u><u>\$ 62,544</u></u>	<u><u>\$ (20,895)</u></u>

Special Revenue Fund  
Sales Tax Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 358,000	\$ 358,000	\$ 361,841	\$ 3,841
Occupational licenses	35,000	35,000	39,215	4,215
Total revenues	<u>\$ 393,000</u>	<u>\$ 393,000</u>	<u>\$ 401,056</u>	<u>\$ 8,056</u>
Expenditures				
General government and administration	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 7,541</u>	<u>\$ 459</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 385,000</u>	<u>\$ 385,000</u>	<u>\$ 393,515</u>	<u>\$ 8,515</u>
Other financing sources (uses):				
Transfers out	<u>\$ (385,000)</u>	<u>\$ (385,000)</u>	<u>\$ (377,325)</u>	<u>\$ 7,675</u>
Net change in fund balance	\$ -	\$ -	\$ 16,190	\$ 16,190
Fund balances at beginning of year	<u>58,000</u>	<u>60,388</u>	<u>60,388</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 58,000</u></u>	<u><u>\$ 60,388</u></u>	<u><u>\$ 76,578</u></u>	<u><u>\$ 16,190</u></u>

OTHER SUPPLEMENTAL INFORMATION

Schedule of Per Diem Paid to Board Members  
Year Ended June 30, 2020

<u>Board Members</u>		<u>Total Paid</u>
Sara Sellers	\$	1,250
Dale Reinhardt		1,250
Alison Robberson		1,250
Shelia Smith		1,250
Darrell Thompson		1,250
	\$	<u>6,250</u>

Combining Schedule of Net Position  
Proprietary Fund  
June 30, 2020

	Business-type Activities - Enterprise Fund		
	Water System	Sewer System	Utility Fund Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 68,862	\$ 75,637	\$ 144,499
Receivables:			
Accounts	6,456	8,559	15,015
Capital assets not being depreciated	541	530,351	530,892
Capital assets being depreciated, net	392,615	2,131,339	2,523,954
<b>Total assets</b>	<b>\$ 468,474</b>	<b>\$ 2,745,886</b>	<b>\$ 3,214,360</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,710	\$ 4,713	\$ 9,423
Payroll taxes payable	436	435	871
Customer deposits	8,763	11,615	20,378
Due to general fund	-	23,820	23,820
<b>Total liabilities</b>	<b>\$ 13,909</b>	<b>\$ 40,583</b>	<b>\$ 54,492</b>
<b>NET POSITION</b>			
Net Investment in capital assets	\$ 393,156	\$ 2,661,690	\$ 3,054,846
Unrestricted	61,409	43,613	105,022
<b>Total net position</b>	<b>\$ 454,565</b>	<b>\$ 2,705,303</b>	<b>\$ 3,159,868</b>
<b>Total liabilities and net position</b>	<b>\$ 468,474</b>	<b>\$ 2,745,886</b>	<b>\$ 3,214,360</b>

Combining Schedule of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Fund		
	Water System	Sewer System	Utility Fund Total
Operating revenues			
Charges for services	\$ 93,619	\$ 124,505	\$ 218,124
Operating expenses			
Personal services	\$ 64,303	\$ 85,517	\$ 149,820
Supplies	14,351	19,022	33,373
Contractual services	48,030	62,459	110,489
Depreciation	24,768	70,891	95,659
Total operating expenses	\$ 151,452	\$ 237,889	\$ 389,341
Income (loss) from operations	\$ (57,833)	\$ (113,384)	\$ (171,217)
Nonoperating revenues (expenses)			
Investment income	\$ 35	\$ 46	\$ 81
Miscellaneous income	117	153	270
Total nonoperating revenues (expenses)	\$ 152	\$ 199	\$ 351
Income (loss) before contributions and transfers	\$ (57,681)	\$ (113,185)	\$ (170,866)
Transfers in	\$ 45,454	\$ 59,112	\$ 104,566
Transfers out	-	(13,578)	(13,578)
Change in net position	\$ (12,227)	\$ (67,651)	\$ (79,878)
Net position at beginning of year	466,792	2,714,524	3,181,316
Equity transfer	-	58,430	58,430
Net position at end of year	\$ 454,565	\$ 2,705,303	\$ 3,159,868

Schedule of Compensation, Benefits and  
Other Payments to Agency Head  
For the Year ended June 30, 2020

<u>Agency Head Name - David Eaves</u>	<u>Amount</u>	
Salary	S	8,400
Benefits - insurance		-
Benefits - retirement		-
Deferred compensation		-
Benefits - other		-
Car allowance		-
Vehicle provided by government		-
Cell phone		-
Dues		-
Vehicle rental		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Housing		-
Unvouchered expenses		-
Special meals		-
Other		-

## OTHER REPORTS

Schedule of Prior Year Audit Findings  
Year Ended June 30, 2020

Finding – Financial Statement Audit

Audit Finding No. 2019-1

Payroll tax deposit penalties

Condition: On several occasions Federal payroll tax deposits were paid late creating late payment penalties for the Town.

Criteria: Internal Revenue Service regulations have specific dates that Federal payroll tax deposits are due depending on the size of the payroll.

Cause and Condition: At times cash flow was insufficient to pay both payroll and payroll tax deposits and the payroll tax deposits were not timely made.

Effect of Condition: Violation of Federal payroll tax deposit regulations.

Recommendation: We recommend that cash flow be monitored in advance of payroll and payroll tax deposits in order to maintain sufficient funds to pay salaries and timely make the Federal payroll tax deposits.

Date of Initial Occurrence - June 30, 2019

Corrective Action Taken - Yes

Schedule of Current Year Audit Findings and Management's Response  
Year Ended June 30, 2020Finding – Financial Statement AuditAudit Finding No. 2020-1Budget Not Amended When Budget Variances Exceeded Allowable Limit

Condition:	Actual revenues in the general fund fell short of budgeted revenues by 18.97% and the budget was not amended for the shortfall.
Criteria:	The Louisiana Budget Act requires that anytime actual revenues fall short of budgeted revenues by more than 5.00% the budget should be amended.
Cause and Condition:	State grant revenues and miscellaneous revenues were not amended when the amounts were not received.
Effect of Condition:	Violation of the Louisiana Budget Act.
Recommendation:	We recommend that the budget be more closely monitored and anytime that actual revenues fall short of budgeted revenues by more than 5.00% the Mayor be notified and the budget presented to the board for amendment. Also, the Town should work more closely with their CPA in preparing and amending budgets.



# Town of Merryville

1009 Hwy 110 W.  
Merryville, LA 70653  
Phone: (337) 825-8740

David E. Leves, Jr.  
Mayor

Shelia L. Smith  
Mayor Pro-Tem

March 24, 2021

Mr. Daryl G. Purpera, CPA, CFE

Louisiana Legislative Auditor

1600 North Third Street

P.O. Box 94397

Baton Rouge, La 70804-9397

Dear Mr. Purpera,

The Town of Merryville had one finding with our Audit for the fiscal year ending June 30, 2020.

Our revenue in the general fund fell short by 18.97% and the budget was not amended for the shortfall.

In the future we will closely monitor our revenue and if the revenue falls short of the expenditures by more than 5%, the budget will be presented to the board for amendment.

Sincerely yours,

Shelia L. Smith,

Mayor

In accordance with Federal law and U.S.D.A. policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Sheila Smith, Mayor  
and the Members of the Board of Aldermen  
Town of Merryville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Merryville, Louisiana as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Merryville, Louisiana's basic financial statements, and have issued our report thereon dated March 8, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Merryville, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Merryville, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Merryville, Louisiana's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Merryville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings and management's response as Audit Finding No. 2020-1.

The Honorable Sheila Smith, Mayor  
and Members of the Board of Aldermen  
Town of Merryville, Louisiana

**Town of Merryville, Louisiana’s Response to Findings**

Town of Merryville, Louisiana’s response to the findings identified in our audit is described in the accompanying schedule of current year audit findings and management’s response. The Town of Merryville, Louisiana’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DeRidder, Louisiana  
March 8, 2021