

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

JUNE 30, 2021

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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 and each major fund of the Town of Merryville, Louisiana as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Merryville, Louisiana'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 and each major fund of the Town of Merryville, Louisiana as of June 30, 2021, 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 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 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 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 December 3, 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 the effectiveness of the Town of Merryville, Louisiana's 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
December 3, 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2021

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 138,761	\$ 132,180	\$ 270,941
Receivables:			
Ad valorem	170	-	170
Sales taxes	41,374	-	41,374
Franchise taxes	5,657	-	5,657
Traffic fines	3,664	-	3,664
Accounts	-	18,936	18,936
Intergovernmental:			
Alcohol taxes	589	-	589
State mowing contract	3,170	-	3,170
Due from utility fund	20,005	-	20,005
Restricted cash and cash equivalents	41,674	-	41,674
Capital assets not being depreciated	10,600	37,666	48,266
Capital assets being depreciated, net	400,769	2,989,187	3,389,956
Total assets	\$ 666,433	\$ 3,177,969	\$ 3,844,402
LIABILITIES			
Accounts payable	\$ 25,420	\$ 14,270	\$ 39,690
Payroll taxes payable	2,624	938	3,562
Due to general fund	-	20,005	20,005
Due to others	452	-	452
Noncurrent liabilities:			
Customer deposits	-	21,405	21,405
Total liabilities	\$ 28,496	\$ 56,618	\$ 85,114
NET POSITION			
Net investment in capital assets	\$ 411,369	\$ 3,026,853	\$ 3,438,222
Restricted for:			
Sales taxes	81,818	-	81,818
Unrestricted	144,750	94,498	239,248
Total net position	\$ 637,937	\$ 3,121,351	\$ 3,759,288
Total liabilities and net position	\$ 666,433	\$ 3,177,969	\$ 3,844,402

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2021

	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	\$ 168,538	\$ 1,596	\$ -	\$ -	\$ (166,942)	\$ -	\$ (166,942)
Public safety	300,384	171,079	-	50,000	(79,305)	-	(79,305)
Public works	261,724	51,849	-	20,000	(189,875)	-	(189,875)
Recreation	1,438	-	300	50,000	48,862	-	48,862
Total governmental activities	\$ 732,084	\$ 224,524	\$ 300	\$ 120,000	\$ (387,260)	\$ -	\$ (387,260)
Business-type activities:							
Water and sewer	432,392	229,253	-	50,000	-	(153,139)	(153,139)
Total government	\$ 1,164,476	\$ 453,777	\$ 300	\$ 170,000	\$ (387,260)	\$ (153,139)	\$ (540,399)
General revenues:							
Taxes:							
Ad valorem					36,477	-	36,477
Sales					437,839	-	437,839
Alcohol					2,182	-	2,182
Franchise					30,880	-	30,880
Occupational licenses and permits					41,024	-	41,024
Investment earnings					-	37	37
Rentals					3,940	-	3,940
Insurance proceeds					87,310	-	87,310
Miscellaneous					1,226	-	1,226
Transfers					(114,585)	114,585	-
Total general revenues and transfers					526,293	114,622	640,915
Change in net position					139,033	(38,517)	100,516
Net position at beginning of year					498,904	3,159,868	3,658,772
Net position at end of year					\$ 637,937	\$ 3,121,351	\$ 3,759,288

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
June 30, 2021

	Major Fund			Total Governmental Funds
	General	Special Revenue Fund	Capital Project Fund	
ASSETS	General	Sales Tax Fund	LCDBG Fund	
Cash and cash equivalents	\$ 135,183	\$ -	\$ 3,578	\$ 138,761
Receivables:				
Ad valorem taxes	170	-	-	170
Sales taxes	-	41,374	-	41,374
Franchise taxes	5,657	-	-	5,657
Traffic fines	3,664	-	-	3,664
Intergovernmental:				
Alcohol taxes	589	-	-	589
State mowing contract	3,170	-	-	3,170
Due from utility fund	20,005	-	-	20,005
Restricted cash and cash equivalents	-	41,674	-	41,674
Total assets	\$ 168,438	\$ 83,048	\$ 3,578	\$ 255,064
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 24,642	\$ 778	\$ -	\$ 25,420
Payroll taxes payable	2,624	-	-	2,624
Due to others	-	452	-	452
Total liabilities	\$ 27,266	\$ 1,230	\$ -	\$ 28,496
Fund Balances:				
Unassigned	\$ 141,172	\$ -	\$ 3,578	\$ 144,750
Restricted	-	81,818	-	81,818
Total fund balances	\$ 141,172	\$ 81,818	\$ 3,578	\$ 226,568
Total liabilities and fund balances	\$ 168,438	\$ 83,048	\$ 3,578	\$ 255,064

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2021

Total fund balance - total governmental funds	\$	226,568
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>411,369</u>
Net position of governmental activities	\$	<u><u>637,937</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, 2021

	Major Fund			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Project Fund	
	General Fund	Sales Tax Fund	LCDBG Fund	
Revenues				
Taxes:				
Ad valorem	\$ 36,477	\$ -	\$ -	\$ 36,477
Sales	-	437,839	-	437,839
Franchise	30,880	-	-	30,880
Charges for services	53,445	-	-	53,445
Intergovernmental:				
Alcohol taxes	2,182	-	-	2,182
Federal grants	50,000	-	-	50,000
State grants	50,000	-	-	50,000
Occupational licenses and permits	-	41,024	-	41,024
Fines and forfeitures	171,079	-	-	171,079
Rentals	3,940	-	-	3,940
Donations	20,300	-	-	20,300
Miscellaneous	1,226	-	-	1,226
Total revenues	<u>\$ 419,529</u>	<u>\$ 478,863</u>	<u>\$ -</u>	<u>\$ 898,392</u>
Expenditures				
General government	\$ 148,647	\$ 9,490	\$ -	\$ 158,137
Public safety	280,360	-	-	280,360
Public works	251,318	-	-	251,318
Recreation	1,438	-	-	1,438
Capital outlay	95,998	-	-	95,998
Total expenditures	<u>\$ 777,761</u>	<u>\$ 9,490</u>	<u>\$ -</u>	<u>\$ 787,251</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (358,232)</u>	<u>\$ 469,373</u>	<u>\$ -</u>	<u>\$ 111,141</u>
Other financing sources (uses)				
Transfer in	\$ 362,399	\$ -	\$ -	\$ 362,399
Transfer out	(12,850)	(464,134)	-	(476,984)
Insurance proceeds	87,310	-	-	87,310
Total other financing sources (uses)	<u>\$ 436,859</u>	<u>\$ (464,134)</u>	<u>\$ -</u>	<u>\$ (27,275)</u>
Net change in fund balance	\$ 78,627	\$ 5,239	\$ -	\$ 83,866
Fund balances at beginning of year	<u>62,545</u>	<u>76,579</u>	<u>3,578</u>	<u>142,702</u>
Fund balances at end of year	<u>\$ 141,172</u>	<u>\$ 81,818</u>	<u>\$ 3,578</u>	<u>\$ 226,568</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, 2021

Net change in fund balances - total governmental funds	\$	83,866
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.		(40,831)
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>95,998</u>
Change in net position of governmental activities	\$	<u><u>139,033</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Fund
June 30, 2021

	Business-type Activities - <u>Enterprise Fund</u> Water and Sewer
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 132,180
Receivables:	
Accounts	18,936
Total current assets	<u>\$ 151,116</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 37,666
Capital assets being depreciated, net	2,989,187
Total noncurrent assets	<u>\$ 3,026,853</u>
 Total assets	 <u><u>\$ 3,177,969</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 14,270
Payroll taxes payable	938
Due to general fund	20,005
Total current liabilities	<u>\$ 35,213</u>
Noncurrent Liabilities	
Customer deposits	<u>\$ 21,405</u>
 Total liabilities	 <u>\$ 56,618</u>
NET POSITION	
Net investment in capital assets	\$ 3,026,853
Unrestricted	94,498
 Total net position	 <u>\$ 3,121,351</u>
 Total liabilities and net position	 <u><u>\$ 3,177,969</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, 2021

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Operating revenues	
Charges for services	<u>\$ 229,253</u>
Operating expenses	
Personal services	\$ 159,547
Supplies	35,723
Contractual services	125,654
Depreciation	111,468
Total operating expenses	<u>\$ 432,392</u>
Income (loss) from operations	<u>\$ (203,139)</u>
Nonoperating revenues	
Investment income	<u>\$ 37</u>
Income (loss) before contributions and transfers	\$ (203,102)
Transfers in	\$ 143,861
Transfers out	(29,276)
Capital contributions	<u>50,000</u>
Change in net position	\$ (38,517)
Net position at beginning of year	<u>\$ 3,159,868</u>
Net position at end of year	<u><u>\$ 3,121,351</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	Business-type Activities Enterprise Fund
	Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 226,359
Cash payments to suppliers for goods and services	(156,530)
Cash payments to employees for services	(159,480)
Net cash used by operating activities	\$ (89,651)
Cash flows from capital financing activities:	
Acquisition of fixed assets	\$ (83,475)
Capital contributions received	50,000
Net cash used by capital financing activities	\$ (33,475)
Cash flows from noncapital financing activities:	
Transfers from other funds	\$ 143,861
Transfers out to other funds	(29,276)
Funds paid to general fund	(3,815)
Net cash provided by noncapital financing activities	\$ 110,770
Cash flow from investing activities:	
Interest on cash and investments	\$ 37
Net increase (decrease) in cash and cash investments	\$ (12,319)
Cash and cash equivalents, July 1, 2020	144,499
Cash and cash equivalents, June 30, 2021	\$ 132,180
Reconciliation of income (loss) from operations to net cash used by operating activities:	
Loss from operations	\$ (203,139)
Adjustments to reconcile income (loss) from operations to net cash used by operating activities:	
Depreciation	\$ 111,468
Change in assets and liabilities:	
Increase in accounts receivable	(3,921)
Increase in payroll taxes payable	67
Increase in accounts payable	4,847
Increase in customer deposits payable	1,027
Net cash used by operating activities	\$ (89,651)

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, 2021

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 fourteen 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 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.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

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.

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.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

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.

<u>Property Tax Calendar</u>	
Assessment date	January 1, 2020
Levy date	June 30, 2020
Tax bills mailed	October 15, 2020
Total taxes are due	December 31, 2020
Penalties & interest due	January 31, 2021
Lien date	January 31, 2021
Tax sale	May 15, 2021

For the year ended June 30, 2021, taxes of 8.34 mills were levied on property with an assessed valuation totaling \$2,659,899, and were dedicated as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			Renewed Annually
General corporate tax	8.34	8.34	

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 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.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

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

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Central Louisiana Electric, Co.	Utility	\$ 190,220	7.15%	\$ 1,586
Texas Petroleum Investment Co.	Gas & Oil	283,897	10.67%	2,368
Total		\$ 474,117	17.82%	\$ 3,954

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.

Town of Merryville, Louisiana

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.

3. CASH AND CASH EQUIVALENTS

At June 30, 2021, the municipality has cash and cash equivalents (book balances) totaling \$312,615 as follows:

Demand deposits	\$ 259,686
Petty cash	250
Money market investment accounts	52,679
Total	<u>\$ 312,615</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, 2021, the municipality has \$315,855 in deposits (collected bank balances). These deposits are secured from risk by \$315,855 of federal deposit insurance.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual fund had actual expenditures over budgeted appropriations for the year ended June 30, 2021.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
Sales Tax Fund	\$ 8,000	\$ 9,000	\$ 9,490	\$ 490

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

4. RECEIVABLES

The receivables of \$73,560 at June 30, 2021, are as follows:

Class of receivable	General Fund	Special Revenue Fund	Proprietary Fund	Total
Taxes:				
Ad valorem	\$ 170	\$ -	\$ -	\$ 170
Sales and use	-	41,374	-	41,374
Franchise	5,657	-	-	5,657
Accounts	-	-	18,936	18,936
Traffic fines	3,664	-	-	3,664
Intergovernmental:				
Alcohol taxes	589	-	-	589
State mowing contract	3,170	-	-	3,170
Total	<u>\$ 13,250</u>	<u>\$ 41,374</u>	<u>\$ 18,936</u>	<u>\$ 73,560</u>

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2021, for the primary government is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
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	95,998	-	156,060
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>\$ 95,998</u>	<u>\$ -</u>	<u>\$ 1,077,678</u>
Less accumulated depreciation for:				
Buildings	\$ 158,926	\$ 9,277	\$ -	\$ 168,203
Vehicles	45,393	14,938	-	60,331
Improvements other than buildings	227,430	12,752	-	240,182
Machinery and equipment	204,329	3,864	-	208,193
Total accumulated depreciation	<u>\$ 636,078</u>	<u>\$ 40,831</u>	<u>\$ -</u>	<u>\$ 676,909</u>
Total capital assets being depreciated, net	<u>\$ 345,602</u>	<u>\$ 55,167</u>	<u>\$ -</u>	<u>\$ 400,769</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	493,226	-	493,226	-
Total capital assets not being depreciated	<u>\$ 530,892</u>	<u>\$ -</u>	<u>\$ 493,226</u>	<u>\$ 37,666</u>
Capital assets being depreciated				
Buildings	\$ 18,328	\$ -	\$ -	\$ 18,328
Improvements other than buildings	6,647,086	493,227	-	7,140,313
Machinery and equipment	224,979	83,474	-	308,453
Total capital assets being depreciated	<u>\$ 6,890,393</u>	<u>\$ 576,701</u>	<u>\$ -</u>	<u>\$ 7,467,094</u>
Less accumulated depreciation for:				
Buildings	\$ 5,367	\$ 459	\$ -	\$ 5,826
Improvements other than buildings	4,164,682	104,116	-	4,268,798
Machinery and equipment	196,390	6,893	-	203,283
Total accumulated depreciation	<u>\$ 4,366,439</u>	<u>\$ 111,468</u>	<u>\$ -</u>	<u>\$ 4,477,907</u>
Total capital assets being depreciated, net	<u>\$ 2,523,954</u>	<u>\$ 465,233</u>	<u>\$ -</u>	<u>\$ 2,989,187</u>

Depreciation expense of \$40,831 for the year ended June 30, 2021, was charged to the following governmental functions:

Public works	\$ 10,406
Public safety	20,024
General administration	10,401
Total	<u>\$ 40,831</u>

6. 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	\$ -	\$ 464,134
General fund	362,399	12,850
Proprietary fund	143,861	29,276
Total	<u>\$ 506,260</u>	<u>\$ 506,260</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Concluded)

7. ACCOUNTS AND OTHER PAYABLES

The payables of \$65,109 at June 30, 2021, are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Payroll taxes	\$ 2,624	\$ -	\$ 938	\$ 3,562
Accounts	24,642	778	14,270	39,690
Customer deposits	-	-	21,405	21,405
Due to others	-	452	-	452
Total	<u>\$ 27,266</u>	<u>\$ 1,230</u>	<u>\$ 36,613</u>	<u>\$ 65,109</u>

8. DUE TO/FROM OTHER FUNDS

The composition of interfund balances on June 30, 2021, are as follows:

	Due to	Due from
General fund	\$ -	\$ 20,005
Utility fund	20,005	-
Total	<u>\$ 20,005</u>	<u>\$ 20,005</u>

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

9. RESTRICTED FUND BALANCE

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

Restricted assets:	
Cash	\$ 41,674
Accounts receivable	41,374
Total	<u>\$ 83,048</u>
Less:	
Liabilities payable from restricted assets:	
Sales tax collection fees	\$ 778
Due to others	452
Total	<u>\$ 1,230</u>
Restricted fund balance	<u>\$ 81,818</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 35,000	\$ 35,000	\$ 36,477	\$ 1,477
Franchise fees	39,000	31,000	30,880	(120)
Charges for services	47,440	56,440	53,445	(2,995)
Intergovernmental:				
Alcohol taxes	2,500	2,500	2,182	(318)
Federal grants	35,000	50,000	50,000	-
State grants	43,000	50,000	50,000	-
Fines and forfeitures	260,000	170,000	171,079	1,079
Rentals	6,500	4,000	3,940	(60)
Donations	-	20,000	20,300	300
Miscellaneous	3,000	3,000	1,226	(1,774)
Total revenues	<u>\$ 471,440</u>	<u>\$ 421,940</u>	<u>\$ 419,529</u>	<u>\$ (2,411)</u>
Expenditures				
General government and administration	\$ 285,125	\$ 191,825	\$ 148,647	\$ 43,178
Public safety	259,445	267,869	280,360	(12,491)
Public works	116,000	239,000	251,318	(12,318)
Recreation	1,200	-	1,438	(1,438)
Capital outlay	-	95,000	95,998	(998)
Total expenditures	<u>\$ 661,770</u>	<u>\$ 793,694</u>	<u>\$ 777,761</u>	<u>\$ 15,933</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (190,330)</u>	<u>\$ (371,754)</u>	<u>\$ (358,232)</u>	<u>\$ 13,522</u>
Other financing sources (uses):				
Transfer in	\$ 265,000	\$ 360,000	\$ 362,399	\$ 2,399
Transfer out	-	-	(12,850)	(12,850)
Insurance proceeds	-	90,000	87,310	(2,690)
Total other financing sources (uses):	<u>\$ 265,000</u>	<u>\$ 450,000</u>	<u>\$ 436,859</u>	<u>\$ (13,141)</u>
Net change in fund balance	\$ 74,670	\$ 78,246	\$ 78,627	\$ 381
Fund balances at beginning of year	<u>60,000</u>	<u>62,545</u>	<u>62,545</u>	<u>-</u>
Fund balances at end of year	<u>\$ 134,670</u>	<u>\$ 140,791</u>	<u>\$ 141,172</u>	<u>\$ 381</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, 2021

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 358,000	\$ 435,000	\$ 437,839	\$ 2,839
Occupational licenses	35,000	40,000	41,024	1,024
Total revenues	<u>\$ 393,000</u>	<u>\$ 475,000</u>	<u>\$ 478,863</u>	<u>\$ 3,863</u>
Expenditures				
General government and administration	<u>\$ 8,000</u>	<u>\$ 9,000</u>	<u>\$ 9,490</u>	<u>\$ (490)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 385,000</u>	<u>\$ 466,000</u>	<u>\$ 469,373</u>	<u>\$ 3,373</u>
Other financing sources (uses):				
Transfers out	<u>\$ (385,000)</u>	<u>\$ (465,000)</u>	<u>\$ (464,134)</u>	<u>\$ 866</u>
Net change in fund balance	\$ -	\$ 1,000	\$ 5,239	\$ 4,239
Fund balances at beginning of year	<u>75,000</u>	<u>76,579</u>	<u>76,579</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 75,000</u></u>	<u><u>\$ 77,579</u></u>	<u><u>\$ 81,818</u></u>	<u><u>\$ 4,239</u></u>

OTHER SUPPLEMENTAL INFORMATION

Schedule of Per Diem Paid to Board Members
Year Ended June 30, 2021

<u>Board Members</u>		<u>Total Paid</u>
Sara Sellers	\$	1,325
Dale Reinhardt		1,325
Alison Robberson		1,325
Shelia Smith		125
Carolyn Rhodes		1,075
Darrell Thompson		1,225
	\$	<u>6,400</u>

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year ended June 30, 2021

<u>Agency Head Name - Shelia Smith</u>	<u>Amount</u>
Salary	\$ 7,881
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, 2021

Finding – Financial Statement Audit

Audit Finding No. 2020-1

Budget 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.

Date of Initial Occurrence - June 30, 2020

Corrective Action Taken - Yes

Schedule of Current Year Audit Findings and Management's Response
Year Ended June 30, 2021

There were no current year audit findings as of June 30, 2021.

Windham & Reed, L.L.C.

Certified Public Accountants

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DeRidder, LA 70634
Tel: (337) 462-3211
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John A. Windham, CPA
Charles M. Reed, Jr., CPA

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 and each major fund of the Town of Merryville, Louisiana as of and for the year ended June 30, 2021, 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 December 3, 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) as a basis for designing 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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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.

A handwritten signature in black ink that reads "J. Windham, CPA". The signature is written in a cursive style.

DeRidder, Louisiana
December 3, 2021