

Village of Dixie Inn, Louisiana

Financial Statements

As of and for the Year Ended June 30, 2022

Village of Dixie Inn, Louisiana
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Independent Auditors' Report

The Honorable Mayor, Donna Hoffoss
and the Village Council
Village of Dixie Inn
Dixie Inn, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Dixie Inn, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of Dixie Inn's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Village of Dixie Inn, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Dixie Inn and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Dixie Inn's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may rise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village of Dixie Inn's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Dixie Inn's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 33 – 34, the schedule of proportionate share of net pension liability on page 35, and the schedule of contributions on page 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 inquires, 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 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 the financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Dixie Inn's basic financial statements. The other supplementary information schedules listed in the table of contents and shown on pages 37 – 38 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Village of Dixie Inn prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedule, Justice System Funding Schedule, shown on page 39, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This schedule is presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with GAAS. Such information 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. The 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 GAAS. In our opinion the Justice System Funding Schedule, shown on page 39, is fairly stated in all material respects, in relation to the 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 30, 2022, on our consideration of the Village of Dixie Inn, 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 solely 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 Village of Dixie Inn'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 Village of Dixie Inn's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 30, 2022

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Net Position
June 30, 2022

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| Assets | | | |
| Cash | \$ 793,634 | \$ 76,342 | \$ 869,976 |
| Investments | 155,484 | | 155,484 |
| Receivables | 70,758 | 43,478 | 114,236 |
| Prepaid expenses | 20,245 | 8,654 | 28,899 |
| Internal balances | 42,880 | (42,880) | |
| Restricted assets, cash for customer deposits | | 20,105 | 20,105 |
| Capital assets, not depreciated | 22,000 | 79,007 | 101,007 |
| Capital assets, net | 106,517 | 1,214,810 | 1,321,327 |
| Total Assets | 1,211,518 | 1,399,516 | 2,611,034 |
| Deferred Outflows of Resources | | | |
| Pension related | 55,769 | | 55,769 |
| Liabilities | | | |
| Accounts, salaries and other payables | 22,975 | 44,314 | 67,289 |
| Unearned revenue | | 48,636 | 48,636 |
| Payable from restricted assets: | | | |
| Customer deposits | | 20,105 | 20,105 |
| Non-current liabilities: | | | |
| Due in more than one year | 145,347 | | 145,347 |
| Total liabilities | 168,322 | 113,055 | 281,377 |
| Deferred Inflows of Resources | | | |
| Pension related | 73,817 | | 73,817 |
| Net Position | | | |
| Net investment in capital assets | 128,517 | 1,293,817 | 1,422,334 |
| Restricted for public safety | 2,979 | | 2,979 |
| Unrestricted | 893,652 | (7,356) | 886,296 |
| Total net position | \$ 1,025,148 | \$ 1,286,461 | \$ 2,311,609 |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Activities
For the Year Ended June 30, 2022

| | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Position | | |
|--------------------------------|-------------------|----------------------|----------------------------------|------------------------------------|--|--------------------------|---------------------|
| | Expenses | Charges for Services | Capital Grants and Contributions | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Functions/Programs: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 255,410 | \$ | \$ | \$ | \$ (255,410) | \$ | \$ (255,410) |
| Public safety | 162,389 | 4,217 | | 5,515 | (152,657) | | (152,657) |
| Total governmental activities | <u>417,799</u> | <u>4,217</u> | <u></u> | <u>5,515</u> | <u>(408,067)</u> | <u></u> | <u>(408,067)</u> |
| Business-type activities | | | | | | | |
| Water and Sewer | 296,579 | 207,461 | 4,860 | 17,313 | | (66,945) | (66,945) |
| Garbage collection | 17,711 | 22,773 | | | | 5,062 | 5,062 |
| Total business-type activities | <u>314,290</u> | <u>230,234</u> | <u>4,860</u> | <u>17,313</u> | <u></u> | <u>(61,883)</u> | <u>(61,883)</u> |
| Total government | <u>\$ 732,089</u> | <u>\$ 234,451</u> | <u>\$ 4,860</u> | <u>\$ 22,828</u> | <u>(408,067)</u> | <u>(61,883)</u> | <u>(469,950)</u> |
| General revenues: | | | | | | | |
| | | | | | 276,519 | | 276,519 |
| | | | | | 10,340 | | 10,340 |
| | | | | | 32,295 | | 32,295 |
| | | | | | 334,259 | | 334,259 |
| | | | | | (33,327) | 228 | (33,099) |
| | | | | | 2,690 | | 2,690 |
| | | | | | <u>622,776</u> | <u>228</u> | <u>623,004</u> |
| | | | | | 214,709 | (61,655) | 153,054 |
| | | | | | 810,439 | 1,348,116 | 2,158,555 |
| | | | | | <u>\$ 1,025,148</u> | <u>\$ 1,286,461</u> | <u>\$ 2,311,609</u> |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Balance Sheet
Governmental Fund
June 30, 2022

| Assets | <u>General</u> |
|--|----------------------------|
| Cash | \$ 793,634 |
| Investments | 155,484 |
| Receivables | 70,758 |
| Due from other fund | <u>42,880</u> |
| Total Assets | <u><u>\$ 1,062,756</u></u> |
| Liabilities and Fund Balance | |
| Liabilities: | |
| Accounts, salaries, and other payables | \$ 22,975 |
| Total Liabilities | <u>22,975</u> |
| Fund balance: | |
| Restricted for public safety | 2,979 |
| Unassigned | <u>1,036,802</u> |
| Total Fund Balance | <u>1,039,781</u> |
| Total Liabilities and Fund Balance | <u><u>\$ 1,062,756</u></u> |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2022

| | | |
|---|----|-----------|
| Fund Balance - Governmental Fund | \$ | 1,039,781 |
| <p>Amounts reported for government activities in the Statement of Net Position are different because:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p> | | 128,517 |
| <p>Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are unavailable in the funds</p> | | |
| <p style="padding-left: 40px;">Prepaid expenses</p> | | 20,245 |
| <p style="padding-left: 40px;">Deferred outflows-pension related</p> | | 55,769 |
| <p>Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds</p> | | |
| <p style="padding-left: 40px;">Compensated absences</p> | | (13,794) |
| <p style="padding-left: 40px;">Net pension liability</p> | | (131,553) |
| <p style="padding-left: 40px;">Deferred inflows-pension related</p> | | (73,817) |
| | | (208,364) |
| Net Position of Governmental Activities | \$ | 1,025,148 |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2022

| | General |
|---------------------------------|--------------|
| Revenues: | |
| Taxes | |
| Sales tax | \$ 276,519 |
| Franchise tax | 10,340 |
| Licenses and permits | 32,295 |
| Intergovernmental revenues | |
| State funds | 334,259 |
| Fines and forfeitures | 4,217 |
| Investment earnings (loss) | (33,327) |
| Other revenues | 2,690 |
| Total revenues | 626,993 |
| Expenditures: | |
| Current | |
| General government | 236,752 |
| Public safety | 164,876 |
| Capital outlay | 14,786 |
| Total expenditures | 416,414 |
| Net change in fund balance | 210,579 |
| Fund balance, beginning of year | 829,202 |
| Fund balance, end of year | \$ 1,039,781 |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in the Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2022

| | | |
|--|----|----------|
| Net change in fund balance - governmental fund | \$ | 210,579 |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> | | |
| <p>Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$(14,786) is exceeded by depreciation \$(28,700) in the current period.</p> | | (13,914) |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> | | (475) |
| <p>Resources that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities:</p> | | |
| Non-employer contributions to cost-sharing pension plan | | 5,515 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p> | | |
| Pension expense | | 12,716 |
| Compensated absences | | 288 |
| | | 288 |
| Change in Net Position of Governmental Activities | \$ | 214,709 |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2022

| | | <u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Water and Sewer Fund</u> |
|---------------------------------------|----|--|
| Assets | | |
| Current assets | | |
| Cash | \$ | 76,342 |
| Restricted cash - customer deposits | | 20,105 |
| Receivables | | 43,478 |
| Prepaid expenses | | 8,654 |
| Total current assets | | <u>148,579</u> |
| Noncurrent assets | | |
| Capital assets not depreciated | | 79,007 |
| Capital assets, net | | 1,214,810 |
| Total noncurrent assets | | <u>1,293,817</u> |
| Total assets | | <u>1,442,396</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts, salaries and other payables | | 44,314 |
| Unearned revenue | | 48,636 |
| Due to other fund | | 42,880 |
| Payable from restricted assets: | | |
| Customer deposits | | 20,105 |
| Total liabilities | | <u>155,935</u> |
| Net position | | |
| Net investment in capital assets | | 1,293,817 |
| Unrestricted | | <u>(7,356)</u> |
| Total net position | \$ | <u>1,286,461</u> |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

| | Business-Type Activities Enterprise Fund |
|---|---|
| | Water and Sewer Fund |
| Operating Revenues | |
| Charges for services | |
| Water sales | \$ 115,868 |
| Sewer charges | 80,240 |
| Other fees | 11,353 |
| Total operating revenues | 207,461 |
| Operating Expenses | |
| Salaries and wages | 95,398 |
| Chemicals and supplies | 16,296 |
| Office expense | 7,096 |
| Utilities | 20,823 |
| Legal and accounting | 10,298 |
| Repair and maintenance | 56,749 |
| Insurance | 11,687 |
| Depreciation | 78,232 |
| Total operating expenses | 296,579 |
| Operating income (loss) | (89,118) |
| Non-Operating Revenues (Expenses) | |
| Intergovernmental revenue | 17,313 |
| Interest income | 228 |
| Garbage fees | 22,773 |
| Garbage collection fees | (17,711) |
| Total non-operating revenues (expenses) | 22,603 |
| Income (loss) before contributions | (66,515) |
| Capital contributions | 4,860 |
| Change in net position | (61,655) |
| Total net position, beginning of year | 1,348,116 |
| Total net position, end of year | \$ 1,286,461 |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

| | Business-Type Activities Enterprise Fund <u>Water and Sewer Fund</u> |
|---|--|
| Cash Flows from Operating Activities | |
| Receipts from customers and users | \$ 204,533 |
| Payments to employees for services | (93,379) |
| Payments to suppliers | (90,490) |
| Net cash provided by operating activities | <u>20,664</u> |
| Cash Flows from Noncapital Financing Activities | |
| Intergovernmental grant income | 65,949 |
| Other | 5,062 |
| Net cash provided by noncapital financing activities | <u>71,011</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Capital contributions | 4,860 |
| Purchases of fixed assets | (71,784) |
| Net cash (used) in capital and related financing activities | <u>(66,924)</u> |
| Cash Flows from Investing Activities: | |
| Interest income | 228 |
| Net cash provided by investing activities | <u>228</u> |
| Net increase in cash | 24,979 |
| Cash, beginning of year | <u>71,468</u> |
| Cash, end of year | <u>\$ 96,447</u> |
| Cash is reflected on the statement of net position as follows: | |
| Cash | \$ 76,342 |
| Restricted cash | 20,105 |
| Total | <u>\$ 96,447</u> |
| Reconciliation of Operating Income(loss) to Net Cash Provided (used) by Operating Activities: | |
| Operating income (loss) | \$ (89,118) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Depreciation expense | 78,232 |
| (Increase) decrease in receivables | (20,162) |
| (Increase) decrease in prepaid expenses | (1,340) |
| Increase (decrease) in accounts payable | 14,162 |
| Increase (decrease) in due to other fund | 35,895 |
| Increase (decrease) in customer deposits | 2,995 |
| Net cash provided by operating activities | <u>\$ 20,664</u> |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022

Introduction

The Village of Dixie Inn, Louisiana (The Village) was incorporated August 8, 1962, under the provisions of the Lawrason Act. The Village is located in the Parish of Webster, being in the northwest corner of the State of Louisiana.

Elected officials of the Village of Dixie Inn are a mayor, and three (3) aldermen, who are elected every four years. The affairs of the Village are conducted and managed by the mayor and the board of aldermen.

(1) Summary of Significant Accounting Policies

The Village of Dixie Inn's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village of Dixie Inn are discussed below.

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Village of Dixie Inn is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Village of Dixie Inn), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Village of Dixie Inn are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB established criteria for determining which component units should be considered part of the Village of Dixie Inn for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Village to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The Village of Dixie Inn's basic financial statements include both government-wide (reporting the funds maintained by the Village of Dixie Inn as a whole) and fund financial statements (reporting the Village of Dixie Inn's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's general fund is classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Village of Dixie Inn's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village of Dixie Inn's functions. The functions are also supported by general government revenues (sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. 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 the proprietary fund's principal ongoing operations of providing water and sewer services.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

The net costs (by function) are normally covered by general revenue (sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Village of Dixie Inn as an entity and the change in the Village of Dixie Inn's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Village of Dixie Inn are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Village of Dixie Inn:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Village of Dixie Inn:
 - a. General fund is the general operating fund of the Village of Dixie Inn. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Utility Fund – accounts for the provision of water and sewer services of the Village.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Village's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|----------------------------|-------------|
| Buildings and improvements | 10–40 years |
| Land improvements | 10–30 years |
| Infrastructure | 25–50 years |
| Furniture and equipment | 5–15 years |
| Vehicles | 5–15 years |
| Other equipment | 5–10 years |
| Water and sewer systems | 5–40 years |

GASBS requires the Village to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

H. Revenues

Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Village is entitled to the funds.

I. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Sales Taxes

The Village receives proceeds from a two percent sales and use tax, the revenue from which may be used for any lawful purpose.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

K. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

L. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

M. Postretirement Benefits

The Village provides no postretirement benefits to its employees.

N. Bad Debts

The Village uses the direct charge-off method of accounting for water and sewer system receivables. Although this method is not in accordance with generally accepted accounting principles, the overall effect on the financial statements is immaterial.

O. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Water and Sewer Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village currently has deferred outflows of resources related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village currently has deferred inflows of resources related to pensions.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

Q. Fund Balance

GASB has issued standards which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the Village's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expensed by the Mayor, an appointed body or official the Village Alderman has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.
5. Unassigned fund balance are the residual classification for the Village's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the Village's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

R. Compensated Absences

The vacation policy of the Village provided for the accumulation of leave during the year but does not allow any carryforward of that time. Sick leave policy of the Village provides for accumulation of sick leave but payable only upon separation of employment and meeting certain conditions.

S. Pension Plan

The Village is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plan as described in Note 12. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position have been determined on the same basis as they are reported by the plan.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

T. Fair Value Measurement

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(2) Budgets

The Village follows the following budget practices:

- (a) The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
- (b) The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. 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.
- (d) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Board of Aldermen.
- (e) Budgetary appropriations lapse at the end of each fiscal year.

The budget for the General Fund was adopted on a budgetary basis - cash for the year ended June 30, 2022. There were no budget amendments made to the original budget.

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Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

(3) Cash and Cash Equivalents

At June 30, 2022, the Village of Dixie Inn had cash and cash equivalents (book balances) totaling \$890,081, of which \$20,105 is shown as restricted. 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.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2022, the Village's bank balances totaling \$633,406 were exposed to custodial credit risk as follows:

| | |
|---|-------------------|
| Uninsured and collateral held by the pledging bank's trust department not in the Village's name | <u>\$ 633,406</u> |
|---|-------------------|

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(4) Investments

The investments in U.S. Government Securities are registered in the name of the Village and are held in a brokerage account insured by the SIPC. These investments are presented in the financial statements at fair value using level 2 fair value measurements.

The following is a summary of investments as of June 30, 2022:

| | Fair Value/ Carrying Amount | Cost |
|------------------------------|--------------------------------|-------------------|
| Governmental Funds | | |
| US Agency & Government Bonds | <u>\$ 155,484</u> | <u>\$ 181,950</u> |

Investment earnings (loss) for the year ended June 30, 2022 consists of the following for the governmental fund and the governmental activities fund:

| | |
|-------------------------------------|---------------------|
| Change in fair value of investments | \$ (38,419) |
| Interest income | <u>5,092</u> |
| Investment earnings (loss) | <u>\$ (33,327)</u> |

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

(5) Receivables

Receivables at June 30, 2022 are as follows:

| | | |
|---------------------------|----|---------------|
| Governmental activities: | | |
| Sales and use taxes | \$ | 23,482 |
| Franchise | | 2,259 |
| Intergovernmental | | 40,475 |
| Licenses and permits | | 4,291 |
| Other | | 251 |
| | | <u>70,758</u> |
| Business-type activities: | | |
| Water and sewer charges | | 26,244 |
| Intergovernmental | | 17,234 |
| | \$ | <u>43,478</u> |

(6) Restricted Cash – Customers' Deposits

Deposits held for customers that are currently active on the water system total \$20,105 at June 30, 2022.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

(7) Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2022 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------------|-----------|-------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 14,000 | \$ | \$ | \$ 14,000 |
| Equipment in process | 3,800 | 4,200 | | 8,000 |
| Total capital assets, not being depreciated | 17,800 | 4,200 | | 22,000 |
| Capital assets, being depreciated | | | | |
| Buildings | 28,772 | | | 28,772 |
| Improvements other than buildings | 369,007 | | | 369,007 |
| Machinery and equipment | 155,681 | 10,586 | | 166,267 |
| Total capital assets, being depreciated | 553,460 | 10,586 | | 564,046 |
| Less accumulated depreciation for: | | | | |
| Buildings | (26,823) | (1,017) | | (27,840) |
| Improvements other than buildings | (298,747) | (7,791) | | (306,538) |
| Machinery and equipment | (103,259) | (19,892) | | (123,151) |
| Total accumulated depreciation | (428,829) | (28,700) | | (457,529) |
| Total capital assets being depreciated, net | 124,631 | (18,114) | | 106,517 |
| Governmental activities capital assets, net | \$ 142,431 | \$ (13,914) | \$ | \$ 128,517 |

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|------------|-----------|-------------------|
| Business-Type Activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,045 | \$ | \$ | \$ 1,045 |
| Construction in progress | 6,178 | 71,784 | | 77,962 |
| Total capital assets, not being depreciated | 7,223 | 71,784 | | 79,007 |
| | | | | |
| Capital assets, being depreciated | | | | |
| Buildings | 478,785 | | | 478,785 |
| Improvements other than buildings | 1,812,967 | | | 1,812,967 |
| Machinery and equipment | 77,287 | | | 77,287 |
| Total capital assets, being depreciated | 2,369,039 | | | 2,369,039 |
| | | | | |
| Less accumulated depreciation for: | | | | |
| Buildings | (232,829) | (11,895) | | (244,724) |
| Improvements other than buildings | (779,243) | (63,465) | | (842,708) |
| Machinery and equipment | (63,925) | (2,872) | | (66,797) |
| Total accumulated depreciation | (1,075,997) | (78,232) | | (1,154,229) |
| | | | | |
| Total capital assets being depreciated, net | 1,293,042 | (78,232) | | 1,214,810 |
| | | | | |
| Business-type activities capital assets, net | \$ 1,300,265 | \$ (6,448) | \$ | \$ 1,293,817 |

Depreciation expense for the year ended June 30, 2022 was charged as follows:

Governmental activities:

| | |
|---------------|-----------|
| General | \$ 18,471 |
| Public safety | 10,229 |
| Total | \$ 28,700 |

Business-Type activities

| | |
|-------|-----------|
| Sewer | \$ 38,017 |
| Water | 40,215 |
| Total | \$ 78,232 |

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

(8) Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village attempts to minimize risk from significant losses through the purchase of insurance.

(9) Subsequent Events

Subsequent events have been evaluated through December 30, 2022, the date the financial statements were available to be issued.

(10) Accounts, Salaries and Other Payables

Accounts, salaries and other payables at June 30, 2022 consisted of the following:

| | Governmental Activities | Business-type Activities | Total |
|----------------------------|----------------------------|-----------------------------|-----------|
| Accounts | \$ 14,237 | \$ 24,255 | \$ 38,492 |
| Salaries and payroll taxes | 8,738 | 20,059 | 28,797 |
| Total | \$ 22,975 | \$ 44,314 | \$ 67,289 |

(11) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|-----------------------------|----------------------|-----------|------------|-------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Other long-term liabilities | | | | | |
| Net pension liability | \$ 221,234 | \$ | \$ 89,681 | \$ 131,553 | \$ |
| Compensated absences | 14,082 | | 288 | 13,794 | |
| | \$ 235,316 | \$ | \$ 89,969 | \$ 145,347 | \$ |

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2022
(Continued)

(12) Retirement

Certain police officers are members of the Municipal Police Employees Retirement System. All other municipal employees participate in the Village's Defined Contribution Plan. All employees of the Village of Dixie Inn are covered by the Federal Social Security System. Pertinent information relative to each plan follows:

Municipal Police Employee's Retirement System

The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer plan administered by a separate board of trustees. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana, 70809.

Plan Description

Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2022
(Continued)

years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2022
(Continued)

Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Employer Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 10% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2022, total contributions due from employers and employees was 43.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 33.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 36.25% and 7.5%, respectively. The Village contributions to the System for the years ended June 30, 2022, 2021, and 2020 were \$25,214, \$25,411, and \$24,028, respectively. Included in accounts payable at June 30, 2022, is \$2,801 of employer contributions for the month of June, 2022.

Non-Employer Contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions totaling \$5,515 are recognized as revenue during the year ended June 30, 2022 and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Village reported a liability of \$131,553 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on the employer's contributions to the System during the year ended June 30, 2021, as compared to the total of all employers' contributions to the System for the year ended June 30, 2021. At June 30, 2021, the Village's proportion was .024679%, which was an increase of .000742% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Village recognized pension expense of \$11,959, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$413.

At June 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2022
(Continued)

| | Governmental Activities | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ | \$ 4,051 |
| Changes of assumptions | 14,569 | 3,753 |
| Net difference between projected and actual earnings on pension plan investments | | 61,425 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 15,704 | 4,588 |
| Difference between actual contributions and proportionate share of contributions | 282 | |
| Employer contributions subsequent to the measurement Date | 25,214 | |
| Total | \$ 55,769 | \$ 73,817 |

The Village reported a total of \$25,214 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021, which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

| Year | Amount |
|-------|--------------|
| 2023 | \$ (7,054) |
| 2024 | (4,754) |
| 2025 | (10,036) |
| 2026 | (21,398) |
| Total | \$ (43,242) |

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

| | |
|-------------------------------------|--|
| Valuation Date | June 30, 2021 |
| Actuarial Cost Method | Entry Age Normal Cost |
| Investment Rate of Return | 6.75%, net of investment expense, decreased from 6.95% in 2020 |
| Expected Remaining Service Lives | 4 years |
| Inflation Rate | 2.5% |

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2022
(Continued)

| | <u>Years of Service</u> | <u>Salary Growth Rate</u> |
|---|---|---------------------------|
| Salary increases, including inflation and merit | 1 – 2 above 2 | 12.3% 4.70% |
| Mortality | <p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> | |
| Cost-of-Living Adjustments | <p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p> | |

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2021 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> |
|------------------------------------|--------------------------------|---|
| Equity | 55.50% | 3.47% |
| Fixed income | 30.50% | 0.59% |
| Alternatives | 14.00% | 1.01% |
| Totals | <u>100%</u> | <u>5.07%</u> |
| Inflation | | <u>2.23%</u> |
| Expected Arithmetic Nominal Return | | <u>7.30%</u> |

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2022
(Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate.

| | Changes in Discount Rate | | |
|-----------------------|--------------------------|------------|-----------|
| | 1% | Current | 1% |
| | Decrease | Discount | Increase |
| | 5.75% | Rate | 7.75% |
| Net Pension Liability | \$ 229,275 | \$ 131,553 | \$ 49,987 |

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2022 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions or Other Inputs:

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2022
(Continued)

Pension Plans Fiduciary Net Positions

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2021. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lila.la.gov.

Defined Contribution Plan

For the year ended June 30, 2022, the Village of Dixie Inn participated in a defined contribution plan, as set forth under section 457(b) of the Internal Revenue Code. The participants may contribute the lesser of \$8,000 or 25% of their yearly compensation. Employer contribution requirements are established and may be amended by the Village. The Village currently contributes 5% of the employee's annual compensation. For the years ended June 30, 2022, 2021, and 2020, employee and employer contributions to the plan were \$7,310, \$8,049, and \$9,818, respectively.

(13) Commitments

The Village entered into contracts for a water and sewer system improvement projects and other improvements totaling approximately \$893,463. Costs incurred for those projects as of June 30, 2022 was \$88,030. Funding for the projects consists of grants, state and local funds.

(14) Interfund Balances

Interfund balances are the results of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At June 30, 2022, the water and sewer fund owed the general fund \$42,880 for operational purposes.

(15) On-Behalf Payments

Public safety employees of the Village received a total of \$8,000 in supplemental pay from the State of Louisiana. The Village recognizes this supplemental pay received by the employees as revenues and expenditures of the Village.

(16) Unearned Revenue

Unearned revenue at June 30, 2022, as reported in the statements of net position, consist of funds received under Coronavirus State and Local Fiscal Recovery Funds which had not yet been used/expended. The Village plans to utilize those funds in the subsequent year.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Cash Basis) and Actual
General Fund
For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | <u>Actual Amount</u> | <u>Variance with</u> <u>Final Budget</u> |
|---------------------------------|-----------------------------|----------------------|---|
| | <u>Original & Final</u> | <u>Cash Basis</u> | <u>Positive</u> <u>(Negative)</u> |
| Revenues | | | |
| Sales tax | \$ 200,000 | \$ 278,819 | \$ 78,819 |
| Franchise tax | 8,500 | 10,200 | 1,700 |
| Licenses and permits | 22,500 | 34,805 | 12,305 |
| Intergovernmental revenues | 225,950 | 302,444 | 76,494 |
| Fines and forfeitures | 8,200 | 4,597 | (3,603) |
| Investment earnings | 1,000 | 5,092 | 4,092 |
| Miscellaneous | 6,550 | 3,992 | (2,558) |
| Total revenues | <u>472,700</u> | <u>639,949</u> | <u>167,249</u> |
| Expenditures | | | |
| General government | 232,905 | 236,115 | (3,210) |
| Public safety | 182,700 | 163,057 | 19,643 |
| Capital outlay | 54,500 | 14,786 | 39,714 |
| Total expenditures | <u>470,105</u> | <u>413,958</u> | <u>56,147</u> |
| Net change in fund balance | 2,595 | 225,991 | 223,396 |
| Fund balance, beginning of year | <u>650,055</u> | <u>723,127</u> | <u>73,072</u> |
| Fund balance, end of year | <u>\$ 652,650</u> | <u>\$ 949,118</u> | <u>\$ 296,468</u> |

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Required Supplementary Information
For the Year Ended June 30, 2022

The Village's budget is adopted on a cash basis for the general fund. There were no amendments to the June 30, 2022 budget. The budget comparison schedule included in the accompanying financial statements includes the original and final budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

| | <u>General Fund</u> |
|---|-------------------------|
| Net change in fund balance | \$ 225,991 |
| Adjustments: | |
| Revenue accruals – net | (12,956) |
| Expenditure accruals – net | <u>(2,456)</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis) | <u>\$ 210,579</u> |

Village of Dixie Inn
Dixie Inn, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2022

Municipal Police Employees' Retirement System

| Year Ended June 30 | Proportion of the net pension liability | Proportionate share of the net pension liability | Covered-employee payroll | Proportionate share of the net pension liability as a percentage of its covered-employee payroll | Plan fiduciary net position as a percentage of the total pension liability |
|-----------------------|---|--|-----------------------------|---|--|
| 2022 | 0.024679% | \$ 131,553 | \$ 75,293 | 174.72% | 84.09% |
| 2021 | 0.023937% | 221,234 | 73,934 | 299.23% | 70.94% |
| 2020 | 0.021275% | 193,213 | 71,919 | 268.65% | 71.01% |
| 2019 | 0.023601% | 199,524 | 69,647 | 286.48% | 71.89% |
| 2018 | 0.02243% | 195,841 | 66,966 | 292.45% | 70.08% |
| 2017 | 0.02309% | 216,456 | 65,190 | 332.04% | 66.04% |
| 2016 | 0.02334% | 182,845 | 62,433 | 292.87% | 70.73% |
| 2015 | 0.02334% | 145,454 | 60,261 | 241.37% | 70.73% |

*Amounts presented were determined as of the measurement date (fiscal year ended June 30).

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Village of Dixie Inn
Dixie Inn, Louisiana
Schedule of Contributions
For the Year Ended June 30, 2022

Municipal Police Employees' Retirement System

| Year Ended June 30 | Statutorily Required Contribution | Contributions in relation to the statutorily required contribution | Contribution Deficiency (Excess) | Covered-employee payroll | Contributions as a percentage of covered-employee payroll |
|-----------------------|---|---|-------------------------------------|-----------------------------|--|
| 2022 | \$ 25,214 | \$ 25,214 | \$ | \$ 84,754 | 29.75% |
| 2021 | 25,411 | 25,411 | | 75,293 | 33.75% |
| 2020 | 24,029 | 24,029 | | 73,934 | 32.50% |
| 2019 | 23,194 | 23,194 | | 71,919 | 32.25% |
| 2018 | 21,417 | 21,417 | | 69,647 | 30.75% |
| 2017 | 21,261 | 21,261 | | 66,966 | 31.75% |
| 2016 | 19,231 | 19,231 | | 65,190 | 29.50% |
| 2015 | 19,666 | 19,666 | | 62,433 | 31.50% |

*Amounts presented were determined as of the end of the fiscal year (June 30).

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Village of Dixie Inn
 Dixie Inn, Louisiana
 Schedule of Compensation Paid Board of Aldermen and Mayor
 For the Year Ended June 30, 2022

| | | |
|--|----|--------|
| Mayor - Kay Stratton (until May 3, 2022) | \$ | 23,000 |
| Mayor - Donna Hoffoss (effective May 10, 2022) | | 2,600 |
| Aldermen: | | |
| Donna Hoffoss (until May 10, 2022) | | 3,795 |
| Marion McKenzie | | 4,450 |
| Lance Milligan | | 4,450 |
| Total | \$ | 38,295 |

Village of Dixie Inn
Dixie Inn, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2022

| <u>Purpose</u> | <u>Amount</u> |
|--|---------------|
| Agency Head: Kay Hallmark-Stratton, Mayor (until May 3, 2022) | |
| Salary | \$ 23,000 |
| Car allowance | 612 |
| Agency Head: Donna Hoffoss, Mayor (effective May 10, 2022) | |
| Salary | \$ 2,600 |

Village of Dixie Inn
 Dixie Inn, Louisiana
 Other Supplementary Information
 Justice System Funding Schedule
 Collecting/Disbursing Schedule
 As Required by Act 87 of the 2020 Regular Legislative Session
 For the Year Ended June 30, 2022

| | July 2021 - December 2021 | January 2022 - June 2022 |
|--|---------------------------------|--------------------------------|
| Cash Basis Presentation | | |
| Beginning Balance of Amounts Collected (i.e. cash on hand) | - | - |
| Add: Collections | | |
| Criminal Fines - Other | 2,515 | 2,082 |
| Subtotal Collections | 2,515 | 2,082 |
| Less: Disbursements to Governments and Nonprofits | | |
| Supreme Court - Criminal Fines - Other | 3 | 1 |
| Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Fines - Other | 10 | 10 |
| North Louisiana Criminalistics Laboratory Commission - Criminal Fines - Other | 150 | 70 |
| State of Louisiana Treasurer - CMIS - Criminal Fines - Other | 5 | 3 |
| Louisiana Commission on Law Enforcement - Criminal Fines - Other | 10 | 6 |
| Ware Youth Center - Criminal Fines - Other | 38 | 22 |
| Less: Amounts Retained by Collecting Agency | | |
| Amounts Self-Disbursed to Collecting Agency - Criminal Fines - Other | 2,299 | 1,970 |
| Subtotal Disbursements/Retainage | 2,515 | 2,082 |
| Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand) | - | - |
| Ending Balance of "Partial Payments" Collected but not Disbursed | - | - |

| Other Information: | | |
|---|---|---|
| Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance) | - | - |
| Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service) | - | - |

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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

Independent Auditors' Report

The Honorable Mayor, Donna Hoffoss
and the Village Council
Village of Dixie Inn
Dixie Inn, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Village of Dixie Inn, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of Dixie Inn's basic financial statements, and have issued our report thereon dated December 30, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Dixie Inn'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 Village of Dixie Inn's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Dixie Inn'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 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of current year audit findings as item 2022-1 that we consider to be a material weakness.

Report on Compliance and Other Matters

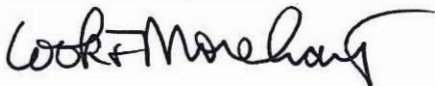
As part of obtaining reasonable assurance about whether Village of Dixie Inn's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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*.

Village of Dixie Inn's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Dixie Inn's response to the finding identified in our audit and described in the accompanying Schedule of Current Year Audit Findings. Village of Dixie Inn's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Cook & Morehart
Certified Public Accountants
December 30, 2022

Village of Dixie Inn
Dixie Inn, Louisiana
Summary Schedule of Prior Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2022

There was one finding for the prior audit for the year ended June 30, 2021, as described below:

2021-1 Material Weakness – Control Over Collections

Finding: Internal controls should be in place to adequately account for all collections at the Village, including proper segregation of duties.

Recommendation: Due to the lack of segregation of duties in regards to collections, it may not be cost effective or practical to correct the finding.

Current Status: See repeat finding 2022-1 in current year audit.

Village of Dixie Inn
Dixie Inn, Louisiana
Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2022

There is one finding for the current year audit ended June 30, 2022, as described below:

2022-1 Material Weakness – Control Over Collections

- Criteria:* Internal controls should be in place to adequately account for all collections at the Village, including proper segregation of duties.
- Condition:* The Village Clerk is generally the only employee responsible for collections.
- Cause:* The Village has only one employee, the Village Clerk, that is generally the only employee making collections.
- Effect:* Because the Village Clerk is usually the only employee making collections, this causes a lack of segregation of duties.
- Recommendation:* Due to the lack of segregation of duties in regards to collections, it may not be cost effective or practical to correct the finding.
- Management Response:* The Village of Dixie Inn is a small village with limited funds. Due to the size of our village and the work load involved, it is not feasible to hire more than one employee to run our business office.
- Name of Contact Person:* Donna Hoffoss, Mayor

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Honorable Mayor Donna Hoffoss
And the Village Council
Village of Dixie Inn
Dixie Inn, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Village of Dixie Inn's management is responsible for those C/C areas identified in the SAUPs.

Village of Dixie Inn has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledges that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions (including periodic confirmation with outside

parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes (R.S.)42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Management provided written policies and procedures addressing all of the above except for the following:

Exception: The Village's written policies and procedures in regard to sexual harassment did not include requirements for agency responsibilities and prohibitions and annual reporting.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period

referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Procedures performed. No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Management provided the requested information, along with management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures performed. No exceptions noted.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Procedures performed. Noted the following exceptions:

Exceptions: Employees responsible for collections share cash drawers. Employee responsible for collecting cash is responsible for preparing/making bank deposits, and posting collection entries.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Procedures performed. No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Procedures performed: Noted the following exception:

Exception: For the deposits tested, 3 days deposits were not made within one business day.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Procedures performed. Noted the following exceptions:

Exceptions: The employee responsible for processing payments also adds/modifies vendor files. In addition, the employee/official that is responsible for signing checks also mails out the payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedures performed. No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.].

Procedures performed. No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Procedures performed. No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased).
- 2) Written documentation of the business/public purpose.
- 3) Documentation of the individuals participating in meals (for meal charges only).

Procedures performed. No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The Village had no travel or travel-related expenses during the year ended June 30, 2022.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Procedures performed. No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided the requested information, along with management's representation that the listing is complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Procedures performed. No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

The Village had no termination payments during the year ended June 30, 2022.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Management provided a representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

The Village maintained documentation to demonstrate that required ethics training was completed.

b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Procedures performed. No exceptions noted.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

The Village has no debt.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The Village has no debt.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the Town attorney of the parish in which the entity is domiciled.

The Village's management represented that there were no misappropriations of public funds and assets during the fiscal period.

24. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds

Procedures performed. No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus

software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedures and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Procedures performed, no exception noted.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Procedures performed. No exceptions noted.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Procedures performed. Noted the following exception:

Exception: The Village did not complete the required report for the current fiscal period.

We were engaged by Village of Dixie Inn, to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Village of Dixie Inn, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in black ink, appearing to read "Cook & Morehart", written in a cursive style.

Cook & Morehart
Certified Public Accountants
December 30, 2022



Village of Dixie Inn
60 Shell Street
Minden, Louisiana 71055
Donna Hoffoss, Mayor

December 30, 2022

Cook & Morehart, CPAs
1215 Hawn Ave
Shreveport, LA 71107

Village of Dixie Inn submits the following response to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended June 30, 2022:

Exception: The Village's written policies and procedures in regard to sexual harassment did not include requirements for agency responsibilities and prohibitions and annual reporting.

Management's Response: Management will update the written policies and procedures.

Exceptions: Employees responsible for collections share cash drawers. Employee responsible for collecting cash is responsible for preparing/making bank deposits, and posting collection entries.

Management's Response: Management will consider additional controls but due to the Village's size and number of employees it may not be feasible to implement those controls.

Exception: For the deposits tested, 3 days deposits were not made within one business day.

Management's Response: It is management policy to make deposits as necessary.


Exceptions: The employee responsible for processing payments also adds/modifies vendor files. In addition, the employee/official that is responsible for signing checks also mails out the payments.

Management's Response: Management will consider additional controls but due to the Village's size and number of employees, it may not be feasible to implement those controls.

Exception: The Village did not complete the required sexual harassment report for the current fiscal period.

Management's Response: The Village will prepare the required report on an annual basis.

Sincerely,


Donna Hoffoss
Mayor
Village of Dixie Inn