

VILLAGE OF WATERPROOF, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

AS OF JUNE 30, 2022
AND FOR THE YEAR ENDED

WITH
INDEPENDENT AUDITOR'S REPORTS



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

VILLAGE OF WATERPROOF, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2022
With Supplementary Information Schedules

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VILLAGE OF WATERPROOF, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2022
With Supplementary Information Schedules

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Jarrod Bottley, Mayor
and the Board of Aldermen
Village of Waterproof, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Waterproof, Louisiana (the Village) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Waterproof, Louisiana, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4 through 6, and 27, and 28, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation of the Chief Executive Officer and Governing Board and the Justice System Funding Reporting Schedules on page 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Silas Simmons, LLP".

Natchez, Mississippi
June 4, 2023

SECTION I
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**VILLAGE OF WATERPROOF, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

As management of the Village of Waterproof, Louisiana (the Village), we offer readers of the Village's financial statements this narrative overview of the financial activities of the Village for the fiscal years ended June 30, 2022 and 2021. The intent of this discussion and analysis is to look at the Village's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Village's financial performance.

The Village of Waterproof, Louisiana is located on Highway 65 in South Tensas Parish, Louisiana.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of the year ended June 30, 2022, the Village's net position increased by \$38,278 and resulted in ending net position of \$1,334,127 at June 30, 2022. Net position decreased by \$131,739 during the year ended June 30, 2020, and resulted in net position of \$1,397,714.

1. The cash balance for the Village was \$140,411 at June 30, 2022. The balance was \$101,903 at June 30, 2021.
2. The governmental activities had \$394,106 in revenues in 2022 and \$240,633 in 2021. These revenues primarily consisted of fines, sales taxes, ad valorem taxes, operating grants, and occupational licenses. Governmental activities had \$259,017 in expenditures in 2022 and \$312,011 in 2021.
3. The Village's business activities had \$544,127 in revenues in 2022 and \$528,405 in 2021. Revenues consisted primarily of gas and water sales. Business activities had \$640,938 in expenditures in 2022 and \$558,468 in 2021.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year.

The government-wide financial statements outline functions of the Village that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt are also supported by taxes and intergovernmental revenue.

The government-wide financial statements can be found on pages 7 through 8 of this report.

**VILLAGE OF WATERPROOF, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Fund Financial Statements

A fund is an accountability unit to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole.

The basic governmental fund financial statements are presented on pages 9 through 15 of this report.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 16 through 26 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a condensed statement of the Village's net position as of June 30, 2022 and 2021:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Totals</u>	
			<u>2022</u>	<u>2021</u>
Current assets	\$ 131,404	\$ 151,613	\$ 283,017	\$ 172,899
Restricted assets	-	19,947	19,947	15,323
Noncurrent assets – capital assets	<u>370,065</u>	<u>1,046,734</u>	<u>1,416,799</u>	<u>1,564,130</u>
Total assets	<u>\$ 501,469</u>	<u>\$ 1,218,294</u>	<u>\$ 1,719,763</u>	<u>\$ 1,752,352</u>
Deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Current liabilities	\$ 8,592	\$ 94,513	\$ 103,105	\$ 156,929
Noncurrent liabilities	<u>-</u>	<u>282,531</u>	<u>282,531</u>	<u>299,574</u>
Total liabilities	<u>\$ 8,592</u>	<u>\$ 377,044</u>	<u>\$ 385,636</u>	<u>\$ 456,503</u>
Deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net position				
Investment in capital assets, net of related debt	\$ 370,065	\$ 747,160	\$ 1,117,225	\$ 1,248,262
Restricted for debt service and deposits	-	19,947	19,947	15,323
Unrestricted	<u>122,812</u>	<u>74,143</u>	<u>196,955</u>	<u>32,264</u>
Total net position	<u>\$ 492,877</u>	<u>\$ 841,250</u>	<u>\$ 1,334,127</u>	<u>\$ 1,295,849</u>

**VILLAGE OF WATERPROOF, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following is a summary of the Statement of Activities:

	Governmental Activities	Business-Type Activities	Totals	
			2022	2021
Revenues and Transfers				
Program revenues	\$ 245,743	\$ 544,127	\$ 789,870	\$ 684,684
Operating grants	103,052	-	103,052	26,300
General revenues	45,311	-	45,311	57,630
Transfers	<u>(123,651)</u>	<u>123,651</u>	<u>-</u>	<u>-</u>
Total revenues and transfers	<u>\$ 270,455</u>	<u>\$ 667,778</u>	<u>\$ 938,233</u>	<u>\$ 768,614</u>
Expenses				
General government and public safety	\$ 259,017	\$ -	\$ 259,017	\$ 312,011
Interest on debt	-	14,887	14,887	15,972
Combined utility	<u>-</u>	<u>626,051</u>	<u>626,051</u>	<u>542,496</u>
Total expenses	<u>\$ 259,017</u>	<u>\$ 640,938</u>	<u>\$ 899,955</u>	<u>\$ 870,479</u>
Decrease in net position	\$ 11,438	\$ 26,840	\$ 38,278	\$ (101,865)
Net position, beginning	<u>481,439</u>	<u>814,410</u>	<u>1,295,849</u>	<u>1,397,714</u>
Net position, ending	<u>\$ 492,877</u>	<u>\$ 841,250</u>	<u>\$ 1,334,127</u>	<u>\$ 1,295,849</u>

COMMENTS ON GENERAL FUND COMPARISONS

The Village's budget was not amended during the last year. The budgeted expenditures were \$187,272, and the budgeted revenues, including transfers in, were \$250,000.

CAPITAL ASSETS

As of June 30, 2022, the Village had \$370,065 invested in capital assets in the governmental activities and \$1,046,734 in the business-type activities net of accumulated depreciation.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Mayor Jarrod Bottley at (318) 749-5233.

SECTION II
GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF WATERPROOF, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash	\$ 89,359	\$ 51,052	\$ 140,411
Receivables, net of allowance for uncollectible amounts	42,045	97,305	139,350
Inventory	-	3,256	3,256
Restricted assets	-	19,938	19,938
Assigned assets	-	9	9
Capital assets, net	370,065	1,046,734	1,416,799
Total assets	\$ 501,469	\$ 1,218,294	\$ 1,719,763
Deferred outflows of resources	\$ -	\$ -	\$ -
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 8,592	\$ 64,382	\$ 72,974
Customer deposits	-	13,088	13,088
Long-term liabilities:			
Due within one year	-	17,043	17,043
Due in more than one year	-	282,531	282,531
Total liabilities	\$ 8,592	\$ 377,044	\$ 385,636
Deferred inflows of resources	\$ -	\$ -	\$ -
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	\$ 370,065	\$ 747,160	\$ 1,117,225
Restricted for:			
Debt service	-	17,517	17,517
Customer deposits	-	2,421	2,421
Assigned to:			
Wastewater treatment plant	-	9	9
Unrestricted	122,812	74,143	196,955
Total net position	\$ 492,877	\$ 841,250	\$ 1,334,127

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF WATERPROOF, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

STATEMENT B

	<u>Program Revenues</u>		<u>Net (Expenses), Revenues and Changes in Net Position</u>		<u>Total</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>
<u>Governmental Activities</u>						
General government and public safety	\$ 259,017	\$ 236,321	\$ 103,052	\$ 80,356	\$ -	\$ 80,356
Total governmental activities	<u>\$ 259,017</u>	<u>\$ 236,321</u>	<u>\$ 103,052</u>	<u>\$ 80,356</u>	<u>\$ -</u>	<u>\$ 80,356</u>
<u>Business-Type Activities</u>						
Utilities	\$ 640,937	544,126	\$ -	\$ -	\$ (96,811)	\$ (96,811)
Total business-type activities	<u>\$ 640,937</u>	<u>\$ 544,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (96,811)</u>	<u>\$ (96,811)</u>
Total	<u><u>\$ 899,954</u></u>	<u><u>\$ 780,447</u></u>	<u><u>\$ 103,052</u></u>	<u><u>\$ 80,356</u></u>	<u><u>\$ (96,811)</u></u>	<u><u>\$ (16,455)</u></u>
General Revenue:						
Taxes				\$ 40,249	\$ -	\$ 40,249
Licenses				9,422	-	9,422
Miscellaenous				5,062	-	5,062
Transfers				(123,651)	123,651	-
Total general revenues and transfers				<u>\$ (68,918)</u>	<u>\$ 123,651</u>	<u>\$ 54,733</u>
Change in net position				\$ 11,438	\$ 26,840	\$ 38,278
Net position, beginning of year				<u>481,439</u>	<u>814,410</u>	<u>1,295,849</u>
Net position, end of year				<u><u>\$ 492,877</u></u>	<u><u>\$ 841,250</u></u>	<u><u>\$ 1,334,127</u></u>

The accompanying notes are an integral part of this financial statement.

SECTION III
FUND FINANCIAL STATEMENTS

**VILLAGE OF WATERPROOF, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	\$ 89,359
Receivables, net of allowances for uncollectibles	<u>42,045</u>
Total assets	<u><u>\$ 131,404</u></u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts, salaries, and other payables	<u>\$ 8,592</u>
Total liabilities	<u>\$ 8,592</u>
Fund balance:	
Unassigned	<u>\$ 122,812</u>
Total liabilities and fund balance	<u><u>\$ 131,404</u></u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF WATERPROOF, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Fund Balances, Total Governmental Funds (Statement C)	\$	122,812
Amounts reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, net of depreciation		<u>370,065</u>
Net Position of Governmental Activities (Statement A)	\$	<u><u>492,877</u></u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF WATERPROOF, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>
<u>REVENUES</u>	
Taxes	\$ 40,249
Licenses and permits	9,422
Intergovernmental revenues - Federal	102,634
Intergovernmental revenues - State	418
Fines	236,321
Miscellaneous	5,062
	<hr/>
Total revenues	\$ 394,106
<u>EXPENDITURES</u>	
Current:	
General government and public safety	\$ 194,963
	<hr/>
Total expenditures	\$ 194,963
	<hr/>
Excess of revenues over expenditures	\$ 199,143
	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfers out	\$ (123,651)
	<hr/>
Total other financing sources (uses)	\$ (123,651)
	<hr/>
Net change in fund balance	\$ 75,492
	<hr/>
Fund balances, beginning of year	47,320
	<hr/>
Fund balances, end of year	\$ 122,812
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF WATERPROOF, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$	75,492
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Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives. Thus, the change in net position differs from the change in fund balance by the amount that depreciations of \$64,052 exceeded capital outlays of \$0.

(64,054)

Change in Net Position of Governmental Activities (Statement B)	\$	<u>11,438</u>
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11,438

The accompanying notes are an integral part of this financial statement.

VILLAGE OF WATERPROOF, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Utility Fund
<u>ASSETS</u>	
Current assets:	
Cash	\$ 51,052
Accounts receivable, utility sales - net of allowance for doubtful accounts	97,305
Inventory	3,256
Total current assets	\$ 151,613
Noncurrent assets:	
Restricted assets:	
Bond reserve fund	\$ 2,020
Bond contingency fund	15,497
Customer deposits	2,421
Total restricted assets	\$ 19,938
Assigned assets:	
Wastewater contingency fund	\$ 9
Total noncurrent assets	\$ 19,947
Capital assets:	
Property, plant, and equipment	\$ 5,614,108
Less accumulated depreciation	(4,567,374)
Net capital assets	\$ 1,046,734
Total assets	\$ 1,218,294
<u>LIABILITIES</u>	
Current liabilities payable from current assets:	
Accounts payable	\$ 64,382
Total current liabilities payable from current assets	\$ 64,382
Current liabilities payable from restricted assets:	
Customer deposits	\$ 13,088
Current portion of long-term debt	17,043
Total current liabilities payable from restricted assets	\$ 30,131
Long-term liabilities	\$ 282,531
Total liabilities	\$ 377,044
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	\$ 747,160
Restricted for debt service	17,517
Restricted for customer deposits	2,421
Assigned to Wastewater Treatment Plant	9
Unrestricted	74,143
Total net position	\$ 841,250

The accompanying notes are an integral part of this financial statement.

VILLAGE OF WATERPROOF, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Utility Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Gas sales	\$ 106,929
Water sales	345,283
Sewer service sales	47,690
Garbage sales	37,651
Other income	6,573
Total operating revenues	<u>\$ 544,126</u>
<u>OPERATING EXPENSES</u>	
Gas purchases	\$ 146,231
Water purchases	139,145
Salaries	42,572
Depreciation	83,277
Utilities	21,489
Plant supplies	12,451
Payroll taxes	3,634
Repairs	45,646
Testing and outside services	30,694
Office supplies	5,831
Professional fees	25,000
Dues and subscriptions	4,460
Automobile expenses	5,142
Insurance	30,621
Other expenses	29,857
Total operating expenses	<u>\$ 626,050</u>
Operating income	<u>\$ (81,924)</u>
Nonoperating expenses	
Interest expense	\$ 14,887
Total nonoperating expenses	<u>\$ 14,887</u>
Operating transfers	
Transfers in	\$ 123,651
Total operating transfers	<u>\$ 123,651</u>
Net changes in net position	\$ 26,840
Net position, beginning of year	<u>814,410</u>
Net position, end of year	<u>\$ 841,250</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF WATERPROOF, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Cash flows from operating activities:	
Cash received from customers	\$ 511,489
Cash received from other income	6,573
Cash paid to employees	(42,572)
Cash paid to suppliers	(550,469)
Net cash provided by operating activities	<u>\$ (74,979)</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	\$ 123,651
Decrease in customer deposits	(65)
Net cash used for noncapital financing activities	<u>\$ 123,586</u>
Cash flows from capital and related financing activities:	
Principal paid on notes payable	\$ (16,294)
Interest paid on notes payable	(14,887)
Net cash used for capital and related financing activities	<u>\$ (31,181)</u>
Net increase in cash	\$ 17,426
Cash at beginning of year	53,573
Cash at end of year	<u>\$ 70,999</u>
Reconciliation of operating loss to net cash provided by:	
Operating income	<u>\$ (81,924)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	\$ 83,277
Changes in assets and liabilities:	
Increase in accounts receivable	(26,064)
Increase in accounts payable	(50,268)
Total adjustments	<u>\$ 6,945</u>
Net cash provided by operating activities	<u>\$ (74,979)</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

INTRODUCTION

The Village of Waterproof, Louisiana (the Village) is a municipal corporation governed by an elected mayor.

1. The Village was incorporated under the provisions of the Lawrason Act as a village in 1862.
2. The purpose of the Village is to provide utility services, public safety (police and fire), streets, sanitation, and general administrative services.
3. The Board of Aldermen consists of three elected members that are each paid \$500 per month.
4. The Village is located in the southern portion of Tensas Parish, Louisiana. Tensas Parish is located in northeast Louisiana.
5. The population of the Village is approximately 811 people.
6. The Village has approximately 10 full-time employees.
7. The Village has approximately 300 utility customers.

The Governmental Accounting Standards Board (GASB) Statement 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes, set rates or charges, and issue bonded debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough, thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental fund:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Village reports the following major proprietary fund:

The *Utility Fund* accounts for operations where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. In the case of the Village, this includes the operation of the Village's gas, water, garbage, and sewer systems.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the proprietary funds are the sales of water, gas, garbage, and sewer services to both residential and commercial customers. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. *Cash and Cash Equivalents*

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

D. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. *Receivables and Payables* (continued)

All fines and utility charges receivables are shown net of an allowance for uncollectibles. The Village provides for uncollectibles based upon analysis of the receivables portfolio and historical collection statistics.

Property taxes are levied on a calendar-year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
General fund	14.00	14.00	Permanent
Corporate purposes	14.00	14.00	2026

E. *Inventories and Prepaid Items*

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. *Restricted Assets*

Certain assets of the business-type activities fund of the Village have been restricted for debt service, grant expenditures, and customers' deposits.

G. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost, or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There were no major projects capitalized during the current fiscal year.

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets (continued)

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

Description	Estimated Lives
Gas lines, sewer lines, and water plant	50 years
Vehicles and equipment	3-10 years

H. Compensated Absences

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

The Village grants one week of vacation after one year of service and two weeks of vacation after two years of service. Each employee is entitled to 10 sick days per year. Vacation or sick pay does not accumulate. The Village's policy concerning compensation for unpaid vacation pay or sick pay is that upon termination of an employee, vacation days and sick days not previously used by the employee are not reimbursed.

I. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

J. Measurement Focus/Basis of Accounting

Fund Equity

Beginning with fiscal year 2014, the Village implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable Fund Balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance - amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. *Measurement Focus/Basis of Accounting* (continued)

Fund Equity (continued)

- Unassigned Fund Balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Village establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Aldermen through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In the general fund, the Village strives to maintain an unassigned fund balance to be used for unanticipated emergencies.

Government-Wide Financial Statements

The page labeled Statement of Net Position (Statement A) and the page labeled Statement of Activities (Statement B) display information about the Village as a whole. These statements include all the financial activities of the Village. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues

Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the Village's general revenues.

K. *Estimates*

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION

The Village uses the following budget practices:

1. The Village prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than 15 days prior to the beginning of each fiscal year. The Village approves a budget for the general fund only.

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least 10 days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a cash basis.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2022, the Village has cash and cash equivalents (book balances) totaling \$160,536. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2022, the Village has \$159,303 in deposits (collected bank balances). These deposits are secured from risk by \$159,303 of federal deposit insurance.

NOTE 4 - RECEIVABLES

The receivables for June 30, 2022, are as follows:

<u>Class of Receivables</u>	<u>General Fund</u>	<u>Utility Fund</u>
Fines	\$ 42,045	\$ -
Utility fees	-	148,859
Less allowance for uncollectibles	-	<u>(51,554)</u>
Total	<u>\$ 42,045</u>	<u>\$ 97,305</u>

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 5 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being				
Depreciated:				
Land	\$ 23,308	\$ -	\$ -	\$ 23,308
Total capital assets not being depreciated	<u>\$ 23,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,308</u>
Capital assets being depreciated:				
Buildings	\$ 340,190	\$ -	\$ -	\$ 340,190
Machinery and equipment	539,873	-	-	539,873
Streets	<u>547,718</u>	<u>-</u>	<u>-</u>	<u>547,718</u>
Total capital assets being depreciated	<u>\$ 1,427,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,427,781</u>
Less accumulated depreciation for:				
Buildings	\$ (203,834)	\$ (7,351)	\$ -	\$ (211,185)
Machinery and equipment	(475,247)	(20,189)	-	(495,436)
Streets	<u>(337,889)</u>	<u>(36,514)</u>	<u>-</u>	<u>(374,403)</u>
Total accumulated depreciation	<u>\$ (1,016,970)</u>	<u>\$ (64,054)</u>	<u>\$ -</u>	<u>\$ (1,081,024)</u>
Governmental activities, capital assets, net	<u>\$ 434,119</u>	<u>\$ (64,054)</u>	<u>\$ -</u>	<u>\$ 370,065</u>

Depreciation expense of \$64,055 for the year ended June 30, 2022, was charged to the following governmental functions:

Police and fire	<u>\$ 64,055</u>
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VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Business-Type Activities:</u>				
Capital assets not being Depreciated:				
Land	\$ 38,860	\$ -	\$ -	\$ 38,860
Capital assets being depreciated:				
Water system lines and equipment	\$ 3,200,271	\$ -	\$ -	\$ 3,200,271
Gas system lines and equipment	817,952	-	-	817,952
Sewer system lines and equipment	1,417,244	-	-	1,417,244
Garbage vehicles and equipment	<u>139,781</u>	<u>-</u>	<u>-</u>	<u>139,781</u>
Total capital assets being depreciated	<u>\$ 5,575,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,575,248</u>
Less accumulated depreciation for:				
Water system lines and equipment	\$ (2,527,976)	\$ (58,493)	\$ -	\$ (2,586,469)
Gas system lines and equipment	(817,952)	-	-	(817,952)
Sewer system lines and equipment	(998,388)	(24,784)	-	(1,023,172)
Garbage vehicles and equipment	<u>(139,781)</u>	<u>-</u>	<u>-</u>	<u>(139,781)</u>
Total accumulated depreciation	<u>\$ (4,484,097)</u>	<u>\$ (83,277)</u>	<u>\$ -</u>	<u>\$ (4,567,374)</u>
Business-type activities, capital assets, net	<u>\$ 1,130,011</u>	<u>\$ (83,277)</u>	<u>\$ -</u>	<u>\$ 1,046,734</u>

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers consist of operating transfers between the general fund and the utility fund as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	
Governmental fund	Proprietary fund	<u>\$ 123,651</u>

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2022:

	<u>Revenue Bonds</u>	<u>Total</u>
Long-term obligations at beginning of year	\$ 315,868	\$ 315,868
Reductions	<u>(16,294)</u>	<u>(16,294)</u>
Long-term obligations at end of year	<u>\$ 299,574</u>	<u>\$ 299,574</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2022:

	<u>Revenue Bonds</u>	<u>Total</u>
Current portion	\$ 17,043	\$ 17,043
Long-term portion	<u>282,531</u>	<u>282,531</u>
Long-term obligations at end of year	<u>\$ 299,574</u>	<u>\$ 299,574</u>

Long-term debt at June 30, 2022, consists of the following:

Water Revenue Bonds - \$534,881 in revenue bonds due in annual installments of \$31,181 through July 2035, bearing interest at a rate of 4.5%.	<u>\$ 299,574</u>
	<u>\$ 299,574</u>

The annual requirements to amortize long-term debt outstanding at June 30, 2022, are as follows:

<u>Year ending June 30,</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 17,043	\$ 14,138
2024	17,826	13,355
2025	18,644	12,537
2026	19,501	11,680
2027	20,396	10,785
2028-2031	91,598	33,126
2032-2035	<u>114,566</u>	<u>16,019</u>
Total	<u>\$ 299,574</u>	<u>\$ 111,640</u>

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

The Water Revenue Bonds contain the following bond indenture restrictions:

1. The Village shall maintain a reserve fund into which monthly deposits of \$130 will be made. The reserve fund balance was \$2,020 at June 30, 2022. Deposits shall be made into the fund until a balance of \$31,180 has been accumulated into the fund. At June 30, 2022, the Village was not in compliance with this covenant.
2. The Village shall maintain a contingency fund into which monthly deposits of \$129 will be made. The depreciation fund balance was \$15,947 at June 30, 2022. At June 30, 2022, the Village was not in compliance with this covenant.

NOTE 8 - RETIREMENT SYSTEMS

Employees of the Village are members of the federal social security system. The employer portion of the social security payroll tax is reflected in payroll taxes in the various statements of income.

NOTE 9 - SUBSEQUENT EVENTS

Events that occur after the end of the reporting period, but before the financial statements are available to be issued, must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes.

Management of the Village of Waterproof, Louisiana evaluated the activity of the Village through June 8, 2023 the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements:

VILLAGE OF WATERPROOF, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>	<u>Final Budget</u>
			<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUE</u>				
Taxes	\$ 41,942	\$ 41,942	\$ 40,249	\$ (1,693)
Licenses and permits	11,575	11,575	9,422	(2,153)
Fines	225,000	225,000	206,098	(18,902)
Grant income	102,000	102,000	103,052	1,052
Miscellaneous	-	-	5,062	5,062
Total revenue	<u>\$ 380,517</u>	<u>\$ 380,517</u>	<u>\$ 363,883</u>	<u>\$ (16,634)</u>
<u>EXPENDITURES</u>				
Current:				
General government and administration	\$ 187,272	\$ 187,272	\$ 199,203	\$ (11,931)
Total expenditures	<u>\$ 187,272</u>	<u>\$ 187,272</u>	<u>\$ 199,203</u>	<u>\$ (11,931)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 193,245</u>	<u>\$ 193,245</u>	<u>\$ 164,680</u>	<u>\$ (28,565)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers	\$ (102,000)	\$ (102,000)	\$ (123,651)	\$ (21,651)
Total other financing sources	<u>\$ (102,000)</u>	<u>\$ (102,000)</u>	<u>\$ (123,651)</u>	<u>\$ (21,651)</u>
Net change in fund balances	\$ 91,245	\$ 91,245	\$ 41,029	\$ (50,216)
Fund balances, beginning of year	<u>47,320</u>	<u>47,320</u>	<u>48,330</u>	<u>-</u>
Fund balances, end of year	<u>\$ 138,565</u>	<u>\$ 138,565</u>	<u>\$ 89,359</u>	<u>\$ (50,216)</u>

See Independent Auditor's Report.

SECTION IV
ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF WATERPROOF, LOUISIANA
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2022

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the actual data on the cash basis, and variances between the final budget and the actual data.

2. Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the general fund:

	<u>General Fund</u>
Net change in fund balance - GAAP basis	\$ 75,492
Increase (decrease)	
Net adjustments for revenue accruals	(30,223)
Net adjustments for expenditure accruals	<u>(4,240)</u>
Net change in fund balance - budget basis	<u>\$ 41,029</u>

OTHER SUPPLEMENTARY INFORMATION

**VILLAGE OF WATERPROOF, LOUISIANA
 COMPENSATION OF THE CHIEF EXECUTIVE OFFICER AND GOVERNING BOARD
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

Compensation of Aldermen

Henry Jenkins	\$	6,000
Jaboria Holmes		5,500
Archie Turner, Jr.		<u>6,000</u>
	\$	<u><u>17,500</u></u>

Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer

Agency Head Name: Jarrod Bottley, Mayor 7/1/2021 - 6/30/2022

Salary	\$	12,269
Travel		<u>335</u>
	\$	<u><u>12,604</u></u>

See Independent Auditor's Report.

**VILLAGE OF WATERPROOF, LOUISIANA
 JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
 AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>First Six- Month Period Ended December 31, 2021</u>	<u>Second Six- Month Period Ended June 30, 2022</u>
Beginning Balance of Accounts Collected	\$ <u> -</u>	\$ <u> -</u>
Add: Collections - Criminal fines - other	\$ <u> 62,589</u>	\$ <u> 143,509</u>
Less: Amounts retained by collecting agency Village of Waterproof - Criminal fines - other	\$ <u> (62,589)</u>	\$ <u> (143,509)</u>
Total disbursements/retainage	\$ <u> (62,589)</u>	\$ <u> (143,509)</u>
Ending Balance of Amounts Collected	\$ <u> -</u>	\$ <u> -</u>

SECTION V
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE



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

To the Honorable Jarrod Bottley, Mayor
and the Board of Aldermen
Village of Waterproof, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Waterproof, 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 Waterproof, Louisiana's basic financial statements, and have issued our report thereon dated June 4, 2023.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as Items 2022-1, 2022-4, 2022-5, to be material weaknesses.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Waterproof, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings as Items 2022-2, 2022-3, and 2022-5.

Village of Waterproof, Louisiana's Response to Findings

The Village of Waterproof, Louisiana's response to the findings identified in our audit is described in the accompanying Schedule of Findings. The Village of Waterproof, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Waterproof, Louisiana'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 Village of Waterproof, Louisiana's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natchez, Mississippi
June 4, 2023

**SECTION VI
SCHEDULE OF FINDINGS**

**VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditor's report issued on the basic financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | Yes |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 3. Noncompliance material to the basic financial statements? | Yes |

**VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Reference No.	Description of Finding	Status
Section I - Internal Control and Compliance Material to the Financial Statements:		
2021-1	<p><u>Reconciliation of Utility Accounts Receivable (Internal Control)</u> As reported in previous years, the utility fund accounts receivable subsidiary ledger (Customer Balance Report) is not being reconciled to the accounts receivable account in the general ledger.</p> <p><u>Recommendation</u> We recommend that the Village review the subsidiary ledger and approve write-offs of old outstanding accounts.</p>	Resolved
2021-2	<p><u>Reconciliation of Utility Deposits (Internal Control)</u> The meter deposit balance in the utility system general ledger was not reconciled with the balance in the general ledger during the year.</p> <p><u>Recommendation</u> We recommend that the Village provide, and work with, the external bookkeeper on a monthly basis to be sure that the account is being reconciled appropriately.</p>	Resolved
2021-3	<p><u>Segregation of Duties (Internal Control)</u> Because of the small size of the Village and the small number of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's assets.</p> <p><u>Recommendation</u> We recommend that the Village and Board continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recording of those receipts, depositing funds collected, and review of checks written.</p>	Not resolved
2021-4	<p><u>Late Filing of Audit Report (Compliance Finding)</u> The Village's audited financial statements were not submitted to the Louisiana Legislative Auditor by the statutory date of December 31, 2022.</p> <p><u>Recommendation</u> We recommend that the Village have its books and records available in a more timely manner.</p>	Not resolved
2021-5	<p><u>Compliance with Bond Covenants (Compliance Finding)</u> The Village did not make monthly deposits of \$129 and \$130 into the depreciation and reserve funds, respectively.</p> <p><u>Recommendation</u> We recommend that monthly deposits begin as soon as possible and the Village make deposits to replace those not made in previous months.</p>	Partially resolved

**VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Reference No.	Description of Finding	Status
Section I – Internal Control and Compliance Material to the Financial Statements: (continued)		
2021-6	<p><u>Customer Deposit Cash Account (Internal Control)</u> The customer deposit liability exceeds the amount of cash in the customer deposit bank account. Customer deposits per the general and subsidiary ledgers are \$13,153. The related bank account restricted for these deposits had a balance of \$386 at year end, which leaves an underfunded amount of \$12,767.</p> <p><u>Recommendation</u> We recommend that all customer deposit-related accounts be reviewed and any discrepancies be resolved in a timely manner.</p>	Not resolved
2021-7	<p><u>General Fund Expenditures (Compliance Finding)</u> The Village’s General Fund’s expenditures exceeded its budgeted amount by 29%. The budgeted amount of expenditures was \$187,272 and the actual expenditures were \$242,072. Louisiana Revised Statute 39:1311 requires that expenditures not exceed the budget by more than 5%</p> <p><u>Recommendation</u> We recommend that management regularly review the budget to actual during the year and propose amendments to the budget as necessary to ensure that the 5% threshold is not surpassed</p>	Resolved
2021-8	<p><u>Sales Tax Payments (Internal Control and Compliance Finding)</u> The village did not make sales tax remissions to the Louisiana Department of Revenue between 2018 and 2020.</p> <p><u>Recommendation</u> We recommend that the Village work with the external CPA to get caught up on payments.</p>	Partially
2021-9	<p><u>Fraud Finding (Fraud Finding)</u> During fiscal year ended June 30, 2021, the Village Clerk used public funds for various personal expenditures.</p> <p><u>Recommendation</u> We recommend that the Mayor and Board practice more oversight over the day to day Operations of the Village to alleviate fraud risk.</p>	Resolved

VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022

<u>Reference No.</u>	<u>Description of Finding</u>
Section I - Internal Control and Compliance Material to the Financial Statements:	

**VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Reference No.</u>	<u>Description of Finding</u>
Section I – Internal Control and Compliance Material to the Financial Statements: (continued)	
2022-1	<p><u>Segregation of Duties (Internal Control)</u></p> <p>Condition: Because of the small size of the Village and the small number of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village’s assets.</p> <p>Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving, and check writing.</p> <p>Cause: Small size of the Village and lack of employees.</p> <p>Effect: Material weakness in internal controls.</p> <p>Recommendation: We recommend that the Mayor and Board continue to provide the necessary oversight in their current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.</p> <p>Client Response and Corrective Action: Management will provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.</p> <p>Contact Person: Mayor Jarrod Bottley</p>
2022-2	<p><u>Late Filing of Audit Report (Compliance)</u></p> <p>Condition: The Village’s audited financial statements were not submitted to the Louisiana Legislative Auditor by the statutory due date of December 31, 2022.</p> <p>Criteria: To be in good standing with the State of Louisiana, the audited financial statements must be submitted to the Louisiana Legislative Auditor by December 31, 2022.</p> <p>Cause: The financial statements were due on December 31, 2022, but the books and records were not available until December of 2021. This did not allow enough time to complete the audit.</p> <p>Effect: The Village is on the noncompliance list with the State of Louisiana.</p> <p>Recommendation: We recommend that the Village have its books and records available in a more timely manner. The Village’s audited financial statements must generally be submitted to the Louisiana Legislative Auditor six months after the close of the applicable fiscal year. We recommend the Village have the books and records ready and available for the auditor no later than three months after the close of the applicable fiscal year.</p> <p>Corrective Action Taken: The Village has been making strides to have books and records available in a more timely manner.</p> <p>Contact Person: Mayor Jarrod Bottley</p>

**VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Reference No.</u>	<u>Description of Finding</u>
Section I – Internal Control and Compliance Material to the Financial Statements: (continued)	
2022-3	<p><u>Compliance with Bond Covenants (Compliance)</u></p> <p>Condition: The Village made the required monthly contributions during the fiscal year. However, contributions required in prior periods were not caught up.</p> <p>Criteria: The Water Revenue Bonds in the Proprietary (Utility) Fund contain covenants requiring a deposit of \$130 a month into a Reserve Fund until a balance of \$31,180 has been accumulated, and a deposit of \$129 a month into a contingency fund.</p> <p>Cause: The Village overlooked this requirement in the current year.</p> <p>Effect: The Village is not in compliance with the Water Revenue Bonds.</p> <p>Recommendation: We recommend that monthly deposits begin as soon as possible and the Village make deposits to replace those not made in previous months.</p> <p>Corrective Action Taken: No corrective action has been taken as of June 4, 2023.</p> <p>Contact Person: Mayor Jarrod Bottley</p>
2022-4	<p><u>Customer Deposit Cash Account (Internal Control)</u></p> <p>Condition: The customer deposit liability exceeds the amount of cash in the customer deposit bank account. Customer deposits per the general ledger are \$13,153. The related bank account restricted for these deposits had a balance of \$386 at year end, which left an underfunded amount of \$12,767.</p> <p>Criteria: There should be sufficient cash to cover customer deposits.</p> <p>Effect: Material weakness in internal controls.</p> <p>Cause: Customer deposits asset and liability accounts are not being reviewed and reconciled appropriately.</p> <p>Recommendation: We recommend that all customer deposit-related accounts be reviewed and any discrepancies be resolved in a timely manner.</p> <p>Response: Management will work on this for fiscal year 2023.</p>

**VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Reference No.</u>	<u>Description of Finding</u>
Section I – Internal Control and Compliance Material to the Financial Statements: (continued)	
2022-5	<p><u>Sales Tax Payments (Internal Control and Compliance Finding)</u></p> <p>Condition: The Village had not made sales tax payments from 2018 through 2020.</p> <p>Criteria: The Village should have remitted sales tax payments monthly.</p> <p>Effect: The Village is out of compliance with sales tax payments.</p> <p>Cause: Lack of internal control and procedures in place to prevent noncompliance.</p> <p>Recommendation: We recommend that the Village work with the external CPA to get caught up on payments.</p> <p>Response: Management will work on this for fiscal year 2023.</p> <p>Corrective Action Taken: Management has begun making payments, but still was not caught up as of year-end.</p>

SECTION VII - APPLYING AGREED-UPON PROCEDURES



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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Village of Waterproof, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached supplement to this report on the control and compliance 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 Waterproof's management is responsible for those control and compliance areas identified in the SAUPs.

The Village 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 control and compliance areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged 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.

Our procedures and findings are included in the supplement to this report.

We were engaged by the Village 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 control and compliance 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 the Village 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 control and compliance 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.

Silas Simmons, LLP

Natchez, Mississippi

June 4, 2023

**VILLAGE OF WATERPROOF, LOUISIANA
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that 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 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 collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cut-off 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.
 - 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 (e.g., determining the reasonableness of fuel card purchases).
 - 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 Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/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.

Exceptions

Through our review, we found that the Village had no written policies and procedures in place for Budgeting, Purchasing, Disbursements, Receipts/Collections, Payroll/Personnel, Contracting, Credit Cards, Travel and Expense Reimbursement, Ethics, Debt Service, Information Technology Disaster Recovery/Business Continuity, and Sexual Harassment.

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 fund 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.

Exceptions

We noted that the Board does not review a monthly budget-to-actual comparison schedule.

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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within two 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.

Exceptions

While bank reconciliations are prepared by a third-party bookkeeper, we noted evidence of reconciliations not being prepared within two months of the statement closing date.

We noted no evidence of Management review of the bank reconciliation prepared by a third-party bookkeeper.

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 five deposit sites (or all deposit sites if less than five).

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., five collection locations for five 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 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/official verifies the reconciliation.
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.
7. Randomly select two deposit dates for each of the five bank accounts selected for Procedure 3 under "Bank Reconciliations" (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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Exceptions

We noted that the individual responsible for collecting cash is also responsible for making deposits.

We noted deposits lacking collection documentation through sequentially pre-numbered receipts.

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 five locations (or all locations if less than five).

9. For each location selected under Procedure 8, 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.
10. For each location selected under Procedure 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 five 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 whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under Procedure 9, as applicable.

Exceptions

In the above procedures, we noted lack of segregation of duties.

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) for the fiscal period, 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.
12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) 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 that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under Procedure 12, 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 that 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.

Were any exceptions found? No

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 five reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five 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 that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that 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 that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Were any exceptions found? No

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 five contracts (or all contracts if less than five) 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.

Were any exceptions found? No

Payroll and Personnel

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

17. Randomly select one pay period during the fiscal period. For the five employees or officials selected under Procedure 16, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe 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.
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.
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.

Were any exceptions found? No

Ethics

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

Were any exceptions found? No.

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.
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).

Exceptions

During our review, we noted that the Village is not in compliance with relevant debt covenants.

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 district attorney of the parish in which the entity is domiciled.
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.

Exceptions

We noted no posting on the Village's premises concerning the misappropriation of funds noted in audit of fiscal year ended June 30, 2021.

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.

Exceptions

During or review, we noted that the Village has no procedures in place for backing up critical data.

Sexual Harassment

26. Using the five randomly selected employees/officials from Procedure 16 under "Payroll and Personnel," 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.
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).
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.

Were any exceptions found? No

VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF EXCEPTIONS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Reference No.</u>	<u>Description of Exception</u>
Exception # 1	<p><u>Polices and Procedures - Procedure 1</u></p> <p>The Village does not have written policies and procedures for Budgeting, Purchasing, Disbursements, Receipts/Collections, Payroll/Personnel, Contracting, Credit Cards, Travel and Expense Reimbursement, Ethics, Debit Service, Information Technology Disaster Recovery/Business Continuity, and Sexual Harassment.</p>
Exception # 2	<p><u>Board and Finance Committee - Procedure 2</u></p> <p>Members of the Board of Alderman does not review a monthly budget-to-actual comparison schedule.</p>
Exception # 3	<p><u>Bank Reconciliation - Procedure 3</u></p> <p>While bank reconciliations are prepared by a third-party bookkeeper, we noted evidence of the reconciliations not being prepared within two months of the statement closing date.</p>
Exception # 4	<p><u>Bank Reconciliation - Procedure 3</u></p> <p>We noted no evidence of Management review of the bank reconciliation prepared by a third-party bookkeeper.</p>
Exception # 5	<p><u>Collections - Procedure 5</u></p> <p>The individual responsible for collecting cash is also responsible for making deposits.</p>
Exception # 6	<p><u>Collections - Procedure 7</u></p> <p>Collections are not properly documented through the issuance of sequentially pre-numbered receipts.</p>
Exception # 7	<p><u>Non Payroll Disbursements - Procedure 9</u></p> <p>Disbursement job duties are not properly segregated.</p>
Exception # 8	<p><u>Debt Service - Procedure 22</u></p> <p>The Village is not in compliance with debt covenants related to reserve fund balance and payments.</p>
Exception # 9	<p><u>Fraud Notice - Procedure 24</u></p> <p>There are no postings on the Village's premises concerning the misappropriation of funds noted in the fiscal year-ended June 30, 2021 audit.</p>

VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF EXCEPTIONS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Reference No.</u>	<u>Description of Exception</u>
Exception # 10	<p><u>Information Technology Disaster Recovery/Business Continuity - Procedure 25</u></p> <p>The Village has no procedures in place for backing up critical data.</p>