

VILLAGE OF WATERPROOF, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

AS OF JUNE 30, 2020
AND FOR THE YEAR ENDED

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

VILLAGE OF WATERPROOF, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2020
With Supplementary Information Schedules

TABLE OF CONTENTS

| | Statement | Page |
|---|-----------|-------|
| INDEPENDENT AUDITOR'S REPORT ----- | | 1-3 |
| SECTION I - REQUIRED SUPPLEMENTARY INFORMATION | | |
| Management's Discussion and Analysis ----- | | 4-6 |
| SECTION II - GOVERNMENT-WIDE FINANCIAL STATEMENTS | | |
| Statement of Net Position----- | A | 7 |
| Statement of Activities----- | B | 8 |
| SECTION III - FUND FINANCIAL STATEMENTS | | |
| Governmental Funds: | | |
| Balance Sheet----- | C | 9 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position ----- | D | 10 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance ----- | E | 11 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities----- | F | 12 |
| Proprietary Funds: | | |
| Statement of Net Position----- | G | 13 |
| Statement of Revenues, Expenses, and Changes in Net Position ----- | H | 14 |
| Statement of Cash Flows ----- | I | 15 |
| NOTES TO THE FINANCIAL STATEMENTS----- | | 16-26 |
| SECTION IV - ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION | | |
| Budgetary Comparison Schedule - General Fund----- | | 27 |
| NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION----- | | 28 |
| OTHER SUPPLEMENTARY INFORMATION | | |
| Compensation of the Chief Executive Officer and Governing Board ----- | | 29 |

VILLAGE OF WATERPROOF, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2020
With Supplementary Information Schedules

TABLE OF CONTENTS

| | Exhibit | Page |
|--|---------|-------|
| SECTION V - INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE | | |
| 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 <i>Government Auditing Standards</i> ----- | | 30-31 |
| SECTION VI - SCHEDULE OF FINDINGS | | |
| Schedule of Findings ----- | | 32 |
| Schedule of Prior Audit Findings ----- | | 33-34 |
| Schedule of Current Year Findings, Recommendations, and Corrective Action Plan ----- | | 35-39 |
| Louisiana Legislative Auditor's Finding Template for Reporting Fraud and Misappropriations ----- | A | 40-42 |



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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, 2020, 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.

Basis for Qualified Opinion

Included in the proprietary fund statement of revenues, expenses, and changes in net position is a write-down of accounts receivable of \$74,674, which is included as an operating expense. This write-down is the result of the Village not being able to reconcile its accounts receivable per its financial statements with its accounts receivable included in its subsidiary ledger. The Village adjusted its financial statements to reflect as its accounts receivable the amount of the accounts receivable in its subsidiary ledger. This expense of \$74,674 represents an amount that has not been accounted for.

Qualified Opinion

In our opinion, except for the effects of the write-down of accounts receivable, as explained in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2020, and the respective changes in net position for the year then ended in conformity 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 on page 29 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 July 30, 2021, 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.

Silas Simmons, LLP

Natchez, Mississippi
July 30, 2021

SECTION I
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**VILLAGE OF WATERPROOF, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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, 2020 and 2019. 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, 2020, the Village's net position decreased by \$131,739 and resulted in ending net position of \$1,397,714 at June 30, 2020. Net position decreased by \$57,579 during the year ended June 30, 2019, and resulted in net position of \$1,529,451.

1. The cash balance for the Village was \$82,773 at June 30, 2020. The balance was \$76,172 at June 30, 2019.
2. The governmental activities had \$314,578 in revenues in 2020 and \$309,058 in 2019. These revenues primarily consisted of fines, sales taxes, ad valorem taxes, operating grants, and occupational licenses. Governmental activities had \$405,571 in expenditures in 2020 and \$385,117 in 2019.

The Village's business activities had \$533,959 in revenues in 2020 and \$518,507 in 2019. Revenues consisted primarily of gas and water sales. Business activities had \$574,703 in expenditures in 2020 and \$563,036 in 2019.

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, 2020**

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, 2020 and 2019:

| | Governmental Activities | Business-Type Activities | Totals | |
|---|----------------------------|-----------------------------|---------------------|---------------------|
| | | | 2020 | 2019 |
| Current assets | \$ 61,592 | \$ 80,617 | \$ 142,209 | \$ 157,617 |
| Restricted assets | - | 14,974 | 14,974 | 15,055 |
| Noncurrent assets – capital assets | <u>498,174</u> | <u>1,183,172</u> | <u>1,681,346</u> | <u>1,828,372</u> |
| Total assets | <u>\$ 559,766</u> | <u>\$ 1,278,763</u> | <u>\$ 1,838,529</u> | <u>\$ 2,001,044</u> |
| Deferred outflows of resources | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Current liabilities | \$ 6,949 | \$ 112,437 | \$ 119,386 | \$ 113,913 |
| Noncurrent liabilities | <u>-</u> | <u>321,429</u> | <u>321,429</u> | <u>357,680</u> |
| Total liabilities | <u>\$ 6,949</u> | <u>\$ 433,866</u> | <u>\$ 440,815</u> | <u>\$ 471,593</u> |
| Deferred inflows of resources | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net position | | | | |
| Investment in capital assets, net of related debt | \$ 498,175 | \$ 846,164 | \$ 1,344,339 | \$ 1,545,580 |
| Restricted for debt service and deposits | - | 14,974 | 14,974 | 15,055 |
| Unrestricted | <u>54,642</u> | <u>(16,241)</u> | <u>38,401</u> | <u>(31,184)</u> |
| Total net position | <u>\$ 552,817</u> | <u>\$ 844,897</u> | <u>\$ 1,397,714</u> | <u>\$ 1,529,451</u> |

**VILLAGE OF WATERPROOF, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following is a summary of the Statement of Activities:

| | Governmental Activities | Business-Type Activities | Totals | |
|--------------------------------------|----------------------------|-----------------------------|---------------------|---------------------|
| | | | 2020 | 2019 |
| Revenues and Transfers | | | | |
| Program revenues | \$ 245,663 | \$ 533,959 | \$ 779,619 | \$ 758,554 |
| Operating grants | 17,798 | - | 17,798 | 71,344 |
| General revenues | 51,117 | - | 51,117 | 60,676 |
| Transfers | <u>18,009</u> | <u>(18,009)</u> | <u>-</u> | <u>-</u> |
| Total revenues and transfers | <u>\$ 332,587</u> | <u>\$ 515,950</u> | <u>\$ 848,534</u> | <u>\$ 890,574</u> |
| Expenses | | | | |
| General government and public safety | \$ 405,571 | \$ - | \$ 405,571 | \$ 385,117 |
| Interest on debt | - | 15,829 | 15,829 | 16,947 |
| Combined utility | <u>-</u> | <u>558,874</u> | <u>558,874</u> | <u>546,089</u> |
| Total expenses | <u>\$ 405,571</u> | <u>\$ 574,703</u> | <u>\$ 980,274</u> | <u>\$ 948,153</u> |
| Decrease in net position | \$ (72,984) | \$ (58,753) | \$ (131,737) | \$ (57,579) |
| Net position, beginning | <u>625,801</u> | <u>903,650</u> | <u>1,529,451</u> | <u>1,587,030</u> |
| Net position, ending | <u>\$ 552,817</u> | <u>\$ 844,897</u> | <u>\$ 1,397,714</u> | <u>\$ 1,529,451</u> |

COMMENTS ON GENERAL FUND COMPARISONS

The Village's budget was not amended during the last year. The budgeted expenditures were \$298,650, and the budgeted revenues, including transfers in, were \$280,000.

CAPITAL ASSETS

As of June 30, 2020, the Village had \$498,175 invested in capital assets in the governmental activities and \$1,183,172 in the business-type activities net of accumulated depreciation.

There were no capital asset additions in either fund in the current year.

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, 2020

| | Governmental Activities | Business- Type Activities | Total |
|---|----------------------------|---------------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash | \$ 48,688 | \$ 34,085 | \$ 82,773 |
| Receivables, net of allowance for uncollectible amounts | 12,904 | 43,276 | 56,180 |
| Inventory | - | 3,256 | 3,256 |
| Restricted assets | - | 14,965 | 14,965 |
| Assigned assets | - | 9 | 9 |
| Capital assets, net | 498,174 | 1,183,172 | 1,681,346 |
| | <u>\$ 559,766</u> | <u>\$ 1,278,763</u> | <u>\$ 1,838,529</u> |
| Total assets | | | |
| Deferred outflows of resources | \$ - | \$ - | \$ - |
| <u>LIABILITIES</u> | | | |
| Accounts, salaries, and other payables | \$ 6,949 | \$ 83,952 | \$ 90,901 |
| Customer deposits | - | 12,907 | 12,907 |
| Long-term liabilities: | | | |
| Due within one year | - | 21,578 | 21,578 |
| Due in more than one year | - | 315,429 | 315,429 |
| | <u>\$ 6,949</u> | <u>\$ 433,866</u> | <u>\$ 440,815</u> |
| Total liabilities | | | |
| Deferred inflows of resources | \$ - | \$ - | \$ - |
| <u>NET POSITION</u> | | | |
| Invested in capital assets, net of related debt | \$ 498,174 | \$ 846,164 | \$ 1,344,338 |
| Restricted for: | | | |
| Debt service | - | 14,928 | 14,928 |
| Customer deposits | - | 37 | 37 |
| Assigned to: | | | |
| Wastewater treatment plant | - | 9 | 9 |
| Unrestricted | 54,643 | (16,241) | 38,402 |
| | <u>\$ 552,817</u> | <u>\$ 844,897</u> | <u>\$ 1,397,714</u> |
| Total net position | | | |

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

VILLAGE OF WATERPROOF, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

STATEMENT B

| | Expenses | Program Revenues | | Net (Expenses), Revenues and Changes in Net Position | | Total |
|--|-------------------|-------------------------|---------------------|---|-----------------------------|---------------------|
| | | Charges for Services | Operating Grants | Governmental Activities | Business-Type Activities | |
| <u>Governmental Activities</u> | | | | | | |
| General government and public safety | \$ 405,571 | \$ 245,663 | \$ 17,798 | \$ (142,110) | \$ - | \$ (142,110) |
| Total governmental activities | <u>\$ 405,571</u> | <u>\$ 245,663</u> | <u>\$ 17,798</u> | <u>\$ (142,110)</u> | <u>\$ -</u> | <u>\$ (142,110)</u> |
| <u>Business-Type Activities</u> | | | | | | |
| Utilities | \$ 574,703 | \$ 533,959 | \$ - | \$ - | \$ (40,744) | \$ (40,744) |
| Total business-type activities | <u>\$ 574,703</u> | <u>\$ 533,959</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (40,744)</u> | <u>\$ (40,744)</u> |
| Total | <u>\$ 980,274</u> | <u>\$ 779,622</u> | <u>\$ 17,798</u> | <u>\$ (142,110)</u> | <u>\$ (40,744)</u> | <u>\$ (182,854)</u> |
| General Revenue: | | | | | | |
| Taxes | | | | \$ 34,911 | \$ - | \$ 34,911 |
| Licenses | | | | 16,206 | - | 16,206 |
| Transfers | | | | 18,009 | (18,009) | - |
| Total general revenues and transfers | | | | <u>\$ 69,126</u> | <u>\$ (18,009)</u> | <u>\$ 51,117</u> |
| Change in net position | | | | \$ (72,984) | \$ (58,753) | \$ (131,737) |
| Net position, beginning of year | | | | 625,801 | 903,650 | 1,529,451 |
| Net position, end of year | | | | <u>\$ 552,817</u> | <u>\$ 844,897</u> | <u>\$ 1,397,714</u> |

SECTION III
FUND FINANCIAL STATEMENTS

VILLAGE OF WATERPROOF, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

| | <u>General Fund</u> |
|---|-------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 48,688 |
| Receivables, net of allowances for uncollectibles | <u>12,904</u> |
| Total assets | <u><u>\$ 61,592</u></u> |
| <u>LIABILITIES AND FUND BALANCE</u> | |
| Liabilities: | |
| Accounts, salaries, and other payables | <u>\$ 6,949</u> |
| Total liabilities | <u>\$ 6,949</u> |
| Fund balance: | |
| Unassigned | <u>\$ 54,643</u> |
| Total liabilities and fund balance | <u><u>\$ 61,592</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, 2020

| | | |
|---|----|-----------------------|
| Fund Balances, Total Governmental Funds (Statement C) | \$ | 54,643 |
| <p>Amounts reported for governmental activities in the Statement of Net Position (Statement A) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p> | | |
| Capital assets, net of depreciation | | <u>498,174</u> |
| Net Position of Governmental Activities (Statement A) | \$ | <u><u>552,817</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, 2020

| | <u>General Fund</u> |
|--|-------------------------|
| <u>REVENUES</u> | |
| Taxes | \$ 34,911 |
| Licenses and permits | 16,206 |
| Intergovernmental revenues | 17,798 |
| Fines | <u>245,663</u> |
| Total revenues | <u>\$ 314,578</u> |
| <u>EXPENDITURES</u> | |
| Current: | |
| General government and public safety | \$ 311,519 |
| Fraud loss | 30,000 |
| Capital outlay | <u>218</u> |
| Total expenditures | <u>\$ 341,737</u> |
| Excess of revenues under expenditures | <u>\$ (27,159)</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | |
| Transfers in | <u>\$ 18,009</u> |
| Total other financing sources (uses) | <u>\$ 18,009</u> |
| Net change in fund balance | \$ (9,150) |
| Fund balances, beginning of year | <u>63,793</u> |
| Fund balances, end of year | <u><u>\$ 54,643</u></u> |

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, 2020

| | | |
|---|----|---------|
| Net Change in Fund Balances, Total Governmental Funds (Statement E) | \$ | (9,150) |
|---|----|---------|

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 \$218.

(63,834)

| | | |
|---|----|-----------------|
| Change in Net Position of Governmental Activities (Statement B) | \$ | <u>(72,984)</u> |
|---|----|-----------------|

(72,984)

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

VILLAGE OF WATERPROOF, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

| | Utility Fund |
|---|-----------------|
| <u>ASSETS</u> | |
| Current assets: | |
| Cash | \$ 34,085 |
| Accounts receivable, utility sales [net of allowance for doubtful accounts of (\$235,000)] | 43,276 |
| Inventory | 3,256 |
| Total current assets | \$ 80,617 |
| Noncurrent assets: | |
| Restricted assets: | |
| Bond reserve fund | \$ 850 |
| Bond contingency fund | 14,078 |
| Customer deposits | 37 |
| Total restricted assets | \$ 14,965 |
| Assigned assets: | |
| Wastewater contingency fund | \$ 9 |
| Total noncurrent assets | \$ 14,974 |
| Capital assets: | |
| Property, plant, and equipment | \$ 5,587,085 |
| Less accumulated depreciation | (4,403,913) |
| Net capital assets | \$ 1,183,172 |
| Total assets | \$ 1,278,763 |
| <u>LIABILITIES</u> | |
| Current liabilities payable from current assets: | |
| Accounts payable | \$ 83,952 |
| Total current liabilities payable from current assets | \$ 83,952 |
| Current liabilities payable from restricted assets: | |
| Customer deposits | \$ 12,907 |
| Current portion of long-term debt | 15,578 |
| Total current liabilities payable from restricted assets | \$ 28,485 |
| Long-term liabilities | \$ 321,429 |
| Total liabilities | \$ 433,866 |
| <u>NET POSITION</u> | |
| Invested in capital assets, net of related debt | \$ 846,164 |
| Restricted for debt service | 14,928 |
| Restricted for customer deposits | 37 |
| Assigned to Wastewater Treatment Plant | 9 |
| Unrestricted | (16,241) |
| Total net position | \$ 844,897 |

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, 2020

| | Utility Fund |
|----------------------------------|-----------------|
| <u>OPERATING REVENUES</u> | |
| Charges for services: | |
| Gas sales | \$ 144,953 |
| Water sales | 302,893 |
| Sewer service sales | 37,376 |
| Garbage sales | 34,668 |
| Intergovernmental: | |
| Other income | 14,069 |
| Total operating revenues | \$ 533,959 |
| <u>OPERATING EXPENSES</u> | |
| Gas purchases | \$ 120,816 |
| Water purchases | 126,756 |
| Salaries | 26,780 |
| Provision for bad debts | 74,674 |
| Depreciation | 83,192 |
| Utilities | 29,632 |
| Plant supplies | 2,210 |
| Payroll taxes | 1,786 |
| Repairs | 13,722 |
| Testing and outside services | 29,080 |
| Office supplies | 1,391 |
| Dues and subscriptions | 2,883 |
| Automobile expenses | 12,387 |
| Insurance | 4,372 |
| Other expenses | 29,192 |
| Total operating expenses | \$ 558,873 |
| Operating income | \$ (24,914) |
| Nonoperating expenses | |
| Interest expense | \$ 15,830 |
| Total nonoperating expenses | \$ 15,830 |
| Operating transfers | |
| Transfers out | \$ (18,009) |
| Total operating transfers | \$ (18,009) |
| Net changes in net position | \$ (58,753) |
| Net position, beginning of year | 903,650 |
| Net position, end of year | \$ 844,897 |

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, 2020

| | |
|--|-------------------------|
| Cash flows from operating activities: | |
| Cash received from customers | \$ 537,367 |
| Cash paid to employees | (26,780) |
| Cash paid to suppliers | (440,662) |
| Net cash provided by operating activities | <u>\$ 69,925</u> |
| Cash flows for noncapital financing activities: | |
| Transfers to other funds | \$ (18,009) |
| Decrease in customer deposits | (83) |
| Net cash used for noncapital financing activities | <u>\$ (18,092)</u> |
| Cash flows from capital and related financing activities: | |
| Principal paid on notes payable | \$ (22,578) |
| Interest paid on notes payable | (15,830) |
| Net cash used for capital and related financing activities | <u>\$ (38,408)</u> |
| Net increase in cash | \$ 13,425 |
| Cash at beginning of year | 35,634 |
| Cash at end of year | <u><u>\$ 49,059</u></u> |
| Reconciliation of operating loss to net cash provided by: | |
| Operating income | <u>\$ (24,914)</u> |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Depreciation | \$ 83,192 |
| Changes in assets and liabilities: | |
| Decrease in accounts receivable | 3,411 |
| Increase in accounts payable | 8,236 |
| Total adjustments | <u>\$ 94,839</u> |
| Net cash provided by operating activities | <u><u>\$ 69,925</u></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, 2020**

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 304 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, 2020

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, 2020

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). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020**

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, 2020**

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, 2020

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, 2020, the Village has cash and cash equivalents (book balances) totaling \$97,747. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2020, the Village has \$108,090 in deposits (collected bank balances). These deposits are secured from risk by \$108,090 of federal deposit insurance.

NOTE 4 - RECEIVABLES

The receivables for June 30, 2020, are as follows:

| <u>Class of Receivables</u> | <u>General Fund</u> | <u>Utility Fund</u> |
|-----------------------------------|-------------------------|-------------------------|
| Fines | \$ 12,904 | \$ - |
| Utility fees | - | 278,276 |
| Less allowance for uncollectibles | - | (235,000) |
| Total | <u>\$ 12,904</u> | <u>\$ 43,276</u> |

VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|-----------------|---------------------------|
| Governmental activities: | | | | |
| 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 | 539,655 | 218 | - | 539,873 |
| Streets | <u>547,718</u> | <u>-</u> | <u>-</u> | <u>547,718</u> |
| Total capital assets being depreciated | <u>\$ 1,427,563</u> | <u>\$ 218</u> | <u>\$ -</u> | <u>\$ 1,427,781</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | \$ (187,414) | \$ (9,069) | \$ - | \$ (196,483) |
| Machinery and equipment | (436,590) | (18,468) | - | (455,058) |
| Streets | <u>(264,859)</u> | <u>(36,515)</u> | <u>-</u> | <u>(301,374)</u> |
| Total accumulated depreciation | <u>\$ (888,863)</u> | <u>\$ (64,052)</u> | <u>\$ -</u> | <u>\$ (952,915)</u> |
| Governmental activities, capital assets, net | <u>\$ 562,008</u> | <u>\$ (63,834)</u> | <u>\$ -</u> | <u>\$ 498,174</u> |

Depreciation expense of \$64,052 for the year ended June 30, 2020, was charged to the following governmental functions:

| | |
|-----------------|------------------|
| Police and fire | <u>\$ 64,052</u> |
|-----------------|------------------|

VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS (continued)

| | <u>Beginning Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|-----------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets not being | | | | |
| Depreciated: | | | | |
| Land | \$ 38,860 | \$ - | \$ - | \$ 38,860 |
| Capital assets being depreciated: | | | | |
| Water system lines and equipment | \$ 3,173,248 | \$ - | \$ - | \$ 3,173,248 |
| 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>\$ 5,548,225</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,548,225</u> |
| Less accumulated depreciation for: | | | | |
| Water system lines and equipment | \$ (2,420,169) | \$ (53,678) | \$ - | \$ (2,473,847) |
| Gas system lines and equipment | (812,187) | (4,612) | - | (816,799) |
| Sewer system lines and equipment | (948,584) | (24,902) | - | (973,486) |
| Garbage vehicles and equipment | <u>(139,781)</u> | <u>-</u> | <u>-</u> | <u>(139,781)</u> |
| Total accumulated depreciation | <u>\$ (4,320,721)</u> | <u>\$ (83,192)</u> | <u>\$ -</u> | <u>\$ (4,403,913)</u> |
| Business-type activities, capital assets, net | <u>\$ 1,266,364</u> | <u>\$ (83,192)</u> | <u>\$ -</u> | <u>\$ 1,183,172</u> |

NOTE 6 - INTERFUND TRANSFERS

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

| | | |
|---------------------|----------------------|------------------|
| <u>Transfers In</u> | <u>Transfers Out</u> | |
| Governmental fund | Proprietary fund | <u>\$ 18,009</u> |

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2020:

| | <u>Certificates of Indebtedness</u> | <u>Revenue Bonds</u> | <u>Total</u> |
|--|---|--------------------------|-------------------|
| Long-term obligations at beginning of year | \$ 13,000 | \$ 346,585 | \$ 359,585 |
| Reductions | <u>(7,000)</u> | <u>(15,578)</u> | <u>(22,578)</u> |
| Long-term obligations at end of year | <u>\$ 6,000</u> | <u>\$ 331,007</u> | <u>\$ 337,007</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, 2020:

| | <u>Certificates of Indebtedness</u> | <u>Revenue Bonds</u> | <u>Total</u> |
|--------------------------------------|---|--------------------------|-------------------|
| Current portion | \$ 6,000 | \$ 15,578 | \$ 21,578 |
| Long-term portion | <u>-</u> | <u>315,429</u> | <u>315,429</u> |
| Long-term obligations at end of year | <u>\$ 6,000</u> | <u>\$ 331,007</u> | <u>\$ 337,007</u> |

Long-term debt at June 30, 2020, consists of the following:

| | |
|--|-------------------|
| Certificates of Indebtedness - \$50,000 in certificates of indebtedness due in semi-annual installments of \$6,810 to \$8,240 through June 2021, bearing interest at 3%. | \$ 6,000 |
| 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>331,007</u> |
| | <u>\$ 337,007</u> |

The annual requirements to amortize long-term debt outstanding at June 30, 2020, are as follows:

| <u>Year ending June 30,</u> | <u>Certificates of Indebtedness</u> | | <u>Revenue Bonds</u> | | <u>Total</u> | |
|-----------------------------|-------------------------------------|-----------------|----------------------|-------------------|-------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2021 | \$ 6,000 | \$ 180 | \$ 15,578 | \$ 15,603 | \$ 21,578 | \$ 15,843 |
| 2022 | - | - | 16,294 | 14,887 | 16,294 | 14,887 |
| 2023 | - | - | 17,043 | 14,138 | 17,043 | 14,138 |
| 2024 | - | - | 17,826 | 13,355 | 17,826 | 13,355 |
| 2025 | - | - | 102,389 | 53,516 | 102,389 | 53,516 |
| 2026-2030 | - | - | 127,920 | 27,985 | 127,920 | 27,985 |
| 2031-2035 | <u>-</u> | <u>-</u> | <u>33,957</u> | <u>2,646</u> | <u>33,957</u> | <u>2,646</u> |
| Total | <u>\$ 6,000</u> | <u>\$ 180</u> | <u>\$ 331,007</u> | <u>\$ 142,130</u> | <u>\$ 337,007</u> | <u>\$ 142,370</u> |

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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 \$850 at June 30, 2020. Deposits shall be made into the fund until a balance of \$31,180 has been accumulated into the fund. At June 30, 2020, 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 \$14,078 at June 30, 2020. At June 30, 2020, 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 FRAUD LOSS

During the fiscal year ended June 30, 2020, various expenses were paid out of two of the Village's checking accounts. These expenses were believed to have been personal in nature and were material in amount. The person responsible for these expenditures has since been arrested, with court date pending.

NOTE 10 - 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 December 21, 2020, the date the financial statements were available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of the coronavirus (COVID-19). The pandemic has significantly affected economic conditions in the United States. However, the impact of this event on the Village's activities and financial position cannot be reasonably estimated at this time.

SECTION IV
ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF WATERPROOF, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

| | Budgeted Amounts | | Actual Amounts (Budget Basis) Actual | Variance With Final Budget Positive (Negative) |
|--|--------------------|--------------------|---|---|
| | Original | Final | | |
| <u>Revenue</u> | | | | |
| Taxes | \$ 38,500 | \$ 38,500 | \$ 34,911 | \$ (3,589) |
| Licenses and permits | 16,500 | 16,500 | 16,206 | (294) |
| Fines | 225,000 | 225,000 | 264,262 | 39,262 |
| Grant income | - | - | 17,798 | 17,798 |
| Miscellaneous | - | - | - | - |
| Total revenue | <u>\$ 280,000</u> | <u>\$ 280,000</u> | <u>\$ 333,176</u> | <u>\$ 53,176</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| General government and administration | \$ 298,650 | \$ 298,650 | \$ 358,090 | \$ (59,440) |
| Total expenditures | <u>\$ 298,650</u> | <u>\$ 298,650</u> | <u>\$ 358,090</u> | <u>\$ (59,440)</u> |
| <u>Excess (deficiency) of revenue over expenditures</u> | <u>\$ (18,650)</u> | <u>\$ (18,650)</u> | <u>\$ (24,914)</u> | <u>\$ (6,264)</u> |
| <u>Other financing sources</u> | | | | |
| Transfers | \$ - | \$ - | \$ 18,009 | \$ 18,009 |
| Total other financing sources | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,009</u> | <u>\$ 18,009</u> |
| Net change in fund balances | \$ (18,650) | \$ (18,650) | \$ (6,905) | \$ 11,745 |
| Fund balances - beginning of year | 55,593 | 55,593 | 55,593 | - |
| Fund balances - end of year | <u>\$ 36,943</u> | <u>\$ 36,943</u> | <u>\$ 48,688</u> | <u>\$ 11,745</u> |

See Independent Auditor's Report.

**VILLAGE OF WATERPROOF, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

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 - budget basis | \$ (6,905) |
| Increase (decrease) | |
| Net adjustments for revenue accruals | (18,600) |
| Net adjustments for expenditure accruals | <u>16,355</u> |
| Net change in fund balance - GAAP basis | <u>\$ (9,150)</u> |

See Independent Auditor's Report.

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, 2020

Compensation of Aldermen

| | | |
|--------------------|----|---------------|
| Henry Jenkins | \$ | 6,000 |
| Robert Clarke | | 3,500 |
| Archie Turner, Jr. | | 6,000 |
| Bobby Higginbotham | | <u>1,000</u> |
| | \$ | <u>16,500</u> |

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

| | | |
|-------------------|-----------------------|----------------------|
| Agency Head Name: | Jarrod Bottley, Mayor | 7/1/2019 – 6/30/2020 |
| Salary | | \$ <u>12,000</u> |
| | | \$ <u>12,000</u> |

See Independent Auditor's Report.

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, 2020, 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 July 30, 2021.

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 2020-1, 2020-2, 2020-3, 2020-6, and 2020-7 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 2020-4, 2020-5, 2020-8, and 2020-9.

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.

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

Natchez, Mississippi
July 30, 2021

SECTION VI
SCHEDULE OF FINDINGS

VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|--|-----------|
| 1. Type of auditor's report issued on the basic financial statements: | Qualified |
| 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, 2020**

| Reference No. | Description of Finding | Status |
|---|--|--------------|
| Section I – Internal Control and Compliance Material to the Financial Statements: | | |
| 2019-1 | <p><u>Reconciliation of Utility Accounts Receivable</u> As reported in Finding 2018-1 last year, the utility accounts receivable does not agree with the general ledger and does not appear to represent the accounts receivable of the Village. The balance of the amounts owed to the Village by the customers totals \$438,421, according to the customer balance report. The cash collections in the subsequent month were \$15,805. At the same time, the general ledger indicated the accounts receivable were \$460,351 before an adjustment recommended by the auditor was made.</p> <p><u>Recommendation</u> We recommend that the Village review the subsidiary ledger and approve write-offs of old outstanding accounts.</p> | Not resolved |
| 2019-2 | <p><u>Reconciliation of Utility Deposits</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> | Not resolved |
| 2019-3 | <p><u>Segregation of Duties</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 |
| 2019-4 | <p><u>Late Filing of Audit Report</u> The Village’s audited financial statements were not submitted to the Louisiana Legislative Auditor by the statutory date of December 31, 2018.</p> <p><u>Recommendation</u> We recommend that the Village have its books and records available in a more timely manner.</p> | Not resolved |
| 2019-5 | <p><u>Compliance with Bond Covenants</u> The Village did not make monthly deposits into the depreciation or reserve funds.</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> | Not resolved |

VILLAGE OF WATERPROOF, LOUISIANA
 SCHEDULE OF PRIOR AUDIT FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2020

| Reference No. | Description of Finding | Status |
|---|---|--------------|
| Section I – Internal Control and Compliance Material to the Financial Statements: (continued) | | |
| 2019-6 | <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 \$11,270. The related bank account restricted for these deposits had a balance of \$368 at year end, which leaves an underfunded amount of \$10,902.</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 |
| 2019-7 | <p><u>Recordkeeping (Internal Control)</u> The recordkeeping process failed to properly maintain and secure certain documents.</p> <p><u>Recommendation</u> We recommend that the Village establishes a records-management program to ensure that records are properly safeguarded and maintained.</p> | Not resolved |

**VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2020**

| <u>Reference No.</u> | <u>Description of Finding</u> |
|---|--|
| Section I – Internal Control and Compliance Material to the Financial Statements: | |
| 2020-1 | <p><u>Reconciliation of Utility Accounts Receivable to Subsidiary Ledger</u></p> <p>Condition: 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>Criteria: Basic internal controls require that general ledger accounts reflect the correct balances of assets, liabilities, capital, revenues, and expenses.</p> <p>Cause: The Village has a substantial amount of old accounts receivable on the subsidiary ledger, which results in the subsidiary ledger not being a true representation of accounts receivable.</p> <p>Effect: The general ledger and subsidiary ledger are both in need of attention and correcting. The balance of the amounts owed to the Village by the customers totals \$151,617, according to the customer balance report. The cash collections in the subsequent month were \$17,885. At the same time, the general ledger indicated the accounts receivable were \$380,235 before an adjustment recommended by the auditor was made.</p> <p>Recommendation: We recommend that the Village review the subsidiary ledger and approve write-offs of old outstanding accounts.</p> <p>Corrective Action Taken: No corrective action has been taken as of June 30, 2020.</p> <p>Contact Person: Mayor Jarrod Bottley</p> |
| 2020-2 | <p><u>Reconciliation of Utility Deposit</u></p> <p>Condition: As reported in previous years, the meter deposit subsidiary is not being reconciled to the meter deposit account in the general ledger.</p> <p>Criteria: Basic internal controls require that general ledger accounts reflect the correct balances of assets, liabilities, funds, revenues, and expenses.</p> <p>Cause: The Village does not provide the external bookkeeper with the appropriate report to reconcile the customer deposits monthly.</p> <p>Effect: The general ledger balance of customer meter deposits is not being reconciled to the subsidiary ledger (Deposit Report).</p> <p>Recommendation: 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> <p>Corrective Action Taken: No corrective action has been taken as of June 30, 2020.</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, 2020

| Reference No. | Description of Finding |
|---|--|
| Section I - Internal Control and Compliance Material to the Financial Statements: (continued) | |
| 2020-3 | <p><u>Segregation of Duties</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> |
| 2020-4 | <p><u>Late Filing of Audit Report</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, 2020.</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, 2020.</p> <p>Cause: The financial statements were due on December 31, 2020, but the books and records were not available until May of 2020. 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.</p> <p>Corrective Action Taken: No corrective action has been taken as of June 30, 2020.</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, 2020**

| <u>Reference No.</u> | <u>Description of Finding</u> |
|---|--|
| Section I - Internal Control and Compliance Material to the Financial Statements: (continued) | |
| 2020-5 | <p><u>Compliance with Bond Covenants</u></p> <p>Condition: The Village did not make monthly deposits of \$129 and \$130 into the depreciation and reserve funds, respectively.</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 30, 2020.</p> <p>Contact Person: Mayor Jarrod Bottley</p> |
| 2020-6 | <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 \$12,988. The related bank account restricted for these deposits had a balance of \$118 at year end, which left an underfunded amount of \$12,870.</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 2020.</p> |

**VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2020**

| <u>Reference No.</u> | <u>Description of Finding</u> |
|---|---|
| Section I - Internal Control and Compliance Material to the Financial Statements: (continued) | |
| 2020-7 | <p><u>Recordkeeping (Internal Control)</u></p> <p>Condition: During our audit, we noted several issues related to the Village's recordkeeping process as they were not properly maintaining and securing certain documents. In some instances, records were not available, severely hindering our process.</p> <p>Criteria: Louisiana R.S. 44:36 requires diligence and care in preserving public records.</p> <p>Effect: Without proper records-management processes, public records may be exposed to risk of loss and damage.</p> <p>Cause: The Village does not have appropriate procedures for recordkeeping.</p> <p>Recommendation: We recommend that the Village establish a records-management program to ensure that records are properly safeguarded and maintained.</p> <p>Response: Management will work on this for fiscal year 2021.</p> |
| 2020-8 | <p><u>General Fund Expenditures (Compliance Finding)</u></p> <p>Condition: The Village's General Fund's expenditures exceeded its budgeted amount by 20%. The budgeted amount of expenditures was \$298,650 and the actual expenditures were \$358,090. Louisiana Revised Statute 39:1311 requires that expenditures not exceed the budget by more than 5%.</p> <p>Criteria: Louisiana statute requires that governments' expenditures not surpass the budgeted amount by 5% or more.</p> <p>Effect: Material weakness in internal controls.</p> <p>Cause: There were unanticipated increases in general operating expenses that the Village was not able to make adjustments for in time.</p> <p>Recommendation: 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> <p>Response: Management will work on this for fiscal year 2021.</p> |

**VILLAGE OF WATERPROOF, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2020**

| <u>Reference No.</u> | <u>Description of Finding</u> |
|---|---|
| Section I - Internal Control and Compliance Material to the Financial Statements: (continued) | |
| 2020-9 | <p><u>Sales Tax Payments</u></p> <p>Condition: The Village has not made sales tax payments since 2018.</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 2021.</p> |

VILLAGE OF WATERPROOF, LOUISIANA
LOUISIANA LEGISLATIVE AUDITOR'S FINDING TEMPLATE FOR REPORTING
FRAUD AND MISAPPROPRIATIONS

FOR THE YEAR ENDED JUNE 30, 2020

Legislative Auditor's Finding Template for Reporting Fraud and Misappropriations

- 1 **Element of finding:** What was the basis of the fraud or misappropriation that occurred?
Response: Cash belonging to the Village was used for various personal expenses by the previous clerk.
- 2 **Element of finding:** What funds or assets were the subject of the fraud or misappropriation?
Response: Cash from Sales Taxes and Occupational Licenses.
- 3 **Element of finding:** What was the amount of funds or approximate value of assets involved?
Response: Estimated over \$30,000.
- 4 **Element of finding:** What department or office did the fraud or misappropriation occur?
Response: Town Hall - General.
- 5 **Element of finding:** What period of time did the fraud or misappropriation occur?
Response: June 2019 to November 2020.
- 6 **Element of finding:** What is the title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation?
Response: Village Clerk
- 7 **Element of Finding:** What is the name of the person who committed or is believed to have committed the act of fraud or misappropriation?
Response: Erica Crump.
- 8 **Element of finding:** Is the person who committed or is believed to have committed the act of fraud still employed by the agency?
Response: No.
- 9 **Element of finding:** If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?
Response: N/A.

VILLAGE OF WATERPROOF, LOUISIANA
LOUISIANA LEGISLATIVE AUDITOR'S FINDING TEMPLATE FOR REPORTING
FRAUD AND MISAPPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2020

Legislative Auditor's Finding Template for Reporting Fraud and Misappropriations (continued)

- 10 **Element of finding:** Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?

Response: Yes.

- 11 **Element of finding:** What is the status of the investigation at the date of the auditor's/accountant/s report?

Response: Previous clerk has been arrested by Louisiana State Police.

- 12 **Element of finding:** If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?

Response: Yes.

- 13 **Element of finding:** What is the status of any related adjudication at the date of the auditor's/accountant's report?

Response: Previous clerk has been arrested. Court date is set for late August.

- 14 **Element of finding:** Has restitution been made or has an insurance claim been filed?

Response: Pending court date.

- 15 **Element of finding:** Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523?

Response: Yes.

- 16 **Element of Finding:** Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?

Response: N/A - Yes.

- 17 **Element of finding:** If the answer to the last question is "no", describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner?

Response: See Finding 2020-03.

VILLAGE OF WATERPROOF, LOUISIANA
LOUISIANA LEGISLATIVE AUDITOR'S FINDING TEMPLATE FOR REPORTING
FRAUD AND MISAPPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2020

Legislative Auditor's Finding Template for Reporting Fraud and Misappropriations (continued)

18 **Element of finding:** What is management's plan to ensure that the fraud or misappropriation does not occur in the future?

Response: Management has been working closely with the Louisiana Legislative Auditor to ensure they have appropriate internal controls in place to help mitigate the risk of future occurrences.