

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)
Financial Report

AS OF JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Jefferson Davis Parish Water District No. 4
Jennings, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Jefferson Davis Parish Water District No. 4 (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern

for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that

report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Jay By, William Co., P.C.

Lake Charles, Louisiana
November 29, 2022

BASIC FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH WATER DISTRICT NO.4
(A Component Unit of Jefferson Davis Police Jury)
STATEMENT OF NET POSITION
June 30, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$	214,199
Accounts receivable - customers		61,461
Prepaid items		12,181
Investments		161,125
Total current assets		448,966

Non-current assets:

Restricted investments		151,829
Capital assets (net of accumulated depreciation)		1,647,212
Total non-current assets		1,799,041

TOTAL ASSETS		\$ 2,248,007
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LIABILITIES

Current liabilities:

Accounts payable	\$	6,609
Salaries, payroll and other taxes payable		3,235
Current portion of note payable		27,334
Total current liabilities		37,178

Non-current liabilities:

Note payable		507,468
Customer deposits payable		131,900
Total non-current liabilities		639,368

TOTAL LIABILITIES		676,546
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NET POSITION

Net investment in capital assets		1,112,410
Restricted:		
Restricted for debt service		151,829
Contributions		10,720
Unrestricted		296,502
Total net position		1,571,461

TOTAL NET POSITION		1,571,461
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TOTAL LIABILITIES AND NET POSITION		\$ 2,248,007
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See accompanying notes and independent auditors' report.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

OPERATING REVENUES	
Sales of water	\$ 587,408
Installation fees	47,365
Penalties and reconnection fees	32,786
Other revenues	16,179
Total operating revenues	683,738
OPERATING EXPENSES	
Bad debts	789
Chemicals	28,840
Communications	1,830
Depreciation	87,140
DHH fees	19,135
Fuel and oil	7,316
Insurance	28,466
Installations	40
Licenses and permits	765
Meter reading	2,620
Office expense	17,339
Payroll taxes	10,698
Per diem meetings	7,350
Postage	6,349
Professional fees	19,197
Seminars and training	856
System supplies	136,825
Repairs and maintenance	20,937
Salaries and benefits	133,824
Utilities	33,719
Total operating expenses	564,035
OPERATING INCOME	119,703
NON-OPERATING REVENUES (EXPENSES)	
Interest income	720
Interest expense	(21,318)
Loss on disposal of fixed asset	(651)
Total non-operating revenues (expenses)	(21,249)
Change in net position	98,454
Net position, beginning of year	1,473,007
Net position, end of year	\$ 1,571,461

See accompanying notes and independent auditors' report.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

Cash flows from operating activities:

Receipts from customers and users	\$ 665,716
Payments to suppliers of goods and services	(328,481)
Payments to employees	(144,703)
Net cash provided by operating activities	192,532

Cash flows from capital and related financing activities

Purchases of capital assets	(7,807)
Principal paid on capital debt	(134,282)
Interest paid on capital debt	(21,473)
Net cash used by capital and related financing activities	(163,562)

Cash Flows From Investing Activities

Increase in investments	(1,214)
Interest and dividends received	720
Net cash used by investing activities	(494)

Net increase in cash and cash equivalents 28,476

Cash and cash equivalents, beginning of year	185,723
Cash and cash equivalents, end of year	\$ 214,199

Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 119,703
Adjustments:	
Depreciation expense	87,140
Increase in accounts receivable	(13,832)
Increase decrease in prepaids	(2,336)
Increase in accounts payable	6,228
Decrease in salary and payroll expense payable	(181)
Decrease in customer deposits	(4,190)
Total adjustments	72,829
Net cash provided by operating activities	\$ 192,532

See accompanying notes and independent auditors' report.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

INTRODUCTION

As provided by Louisiana Revised Statute (R.S.) 33:3812, the Jefferson Davis Parish Water District No. 4 (the “District”) is governed by five commissioners. These five commissioners are collectively referred to as the Water Commissioners and are appointed by the Jefferson Davis Parish Police Jury. The Jefferson Davis Parish Water District No. 4 is a subdivision of the state and may issue bonds and levy taxes in accordance with Article 6, Section 30 of the Louisiana Constitution of 1974. The District was created under the authority of R.S. 33:3811 and was established to establish, acquire, construct, improve, extend, and maintain within its political subdivision a water system. At present, the district supplies water service to 1,362 residential and 58 commercial customers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

GASB Codification Section 2100 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the police jury is determined on the basis of the following criteria:

1. Appointment of governing body
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the Police Jury appoints the governing board and because of the scope of public service, Jefferson Davis Parish Water District No. 4 was determined to be a component unit of the Jefferson Davis Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the water district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

B. Fund Accounting

The accounts of the District are organized on the basis of a proprietary fund, which is considered a separate accounting entity or enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private businesses enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus

The District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and GASB Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the Statement of Net Position. Net Position is segregated into contributed capital (if any) and Net Position components.

Proprietary fund type operating statements present increases and decreases in total net position. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred. The District uses alternative 2 under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*.

1. Revenues

Water distribution fees are assessed on or about the 20th of each month, become due on the first of the following month, and are delinquent on the 15th of that month. A late fee of 10% is assessed on water distribution fees that are not paid by the 15th of the month in which they become delinquent and a disconnect fee of \$20 is assessed if the customer still has not paid by the 10th of the following month. An installation fee is charged for all new water service. These fees range from \$140 to \$300, depending on the amount of line and valves needed. Interest income represents amounts earned on certificates of deposit and savings accounts invested with financial institutions. Interest earned on certificates of deposit is recorded when the certificate matures and/or when interest is available. Interest on savings accounts is recorded when received. Intergovernmental revenue is recorded when received. Intergovernmental revenues and interest income are the revenues classified as non-operating revenue.

2. Expenditures

Expenses are generally recognized under the accrual basis of accounting. Exceptions to this general rule include principal and interest on long-term debt which is recognized at year end.

Operating expenses are those described as associated to those expenses associated with the plant such as chemicals, fees, plant supplies, etc. Non-operating expenses are those of administration by nature.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus (Continued)

2. Expenditures (Continued)

In the proprietary financial statements, equity is classified as net position and displayed in three components:

1. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

D. Cash, Cash Equivalents, and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 days or less. Under state law the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments may include instruments or obligations issued by the United States Government or its agencies, or any other federally-issued investment.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 since the District does not have a formal investment policy. Funds which are available for investment and above immediate cash requirements can be invested in statutorily-sanctioned investments including direct U.S. Treasury obligations, bonds, debentures, notes or certificates issued by or guaranteed by federal agencies, or time certificate of deposit in any bank domiciled or having a branch office in Louisiana or any other federally-insured investment. Statutorily-sanctioned investments also include funds invested with external local government investment pools such as Louisiana Asset Management Pool.

When investments are present in the financial statements, they are reflected at fair value except for the following which are permitted per GASB Statement 31, *Accounting and Financial Reporting/or Certain Investments and for External Investment Pools*:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts. If the original maturities of time deposits exceed 90 days, they are classified as investments. As of June 30, 2022, the

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash, Cash Equivalents, and Investments (Continued)

District's investments consist of non-negotiable certificates of deposit that are reported at cost, which approximates market value.

Money-market investments and participating interest-earning investment contracts that have remaining maturity at time of purchase of one year or less are reported at amortized cost. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

E. Restricted Assets

Certain asset accounts are restricted as bond reserve, bond contingency, and for customer deposits.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items consist of unexpired portions of insurance premiums.

G. Capital Assets

Property and equipment of Jefferson Davis Parish Water District No. 4 with an initial useful life that extends beyond one year with a cost greater than \$2,500 are capitalized. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. At year end, the construction account is adjusted to other fixed assets accounts: water wells, main plant, filtration system, and water lines. All fixed assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or non-current) associated with the Water District's activities are included on its Statement of Net Position. The District's reported net position is segregated into reserves, contributions and net position components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against the District's operations. Accumulated depreciation is reported on the proprietary fund balance sheet.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Distribution, Treatment, and Filtering Facilities	12 to 50 years
Major Equipment and Facilities	20 years
Minor Equipment and Facilities	10 years

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Unpaid Vacation Pay

Vacation leave is provided for all employees with at least six months of service. It ranges from 1 to 4 weeks per year depending on the length of service. It is the District's policy that vacation does not accumulate except the amount earned in the current calendar year. Any vacation not utilized by December 31st is lost. Employees also earn 7 days per year for sick leave and are cumulative from year to year up to a maximum of 35 days. Upon retirement, any unused sick days are forfeited. There are no accumulated and vested benefits relating to vacation and sick leave that require disclosure to conform to generally accepted accounting principles for these employees.

I. Retirement

Retirement is provided to the District's employees through a SIMPLE IRA. The District matches up to 2% of the employees' gross salary.

J. Accounts Receivable

The District uses the direct write-off method to record bad debts expense for the year. Under this method an expense is taken when an account is deemed uncollectible.

Accounts receivable consists of customer receivables. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method to be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

K. Reserves

The District's reserve accounts are used to indicate that a portion of the net position is legally segregated for a specific future use. As of June 30, 2022, the District had reserves as required by U.S. Department of Agriculture Rural Development (USDARD).

L. Contributions

The District received and expended grant funds to construct part of its facility. The grant contains certain contingent restrictions based on the fair market value of that portion of the facility which was attributed to the grant funds. Each year an allocation is made to re-class a portion of the contribution account to unrestricted net position. The balance in the contributions account is the balance of the unallocated grant.

M. Use of Estimates

The preparation of Jefferson Davis Parish Water District No. 4's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Use of Estimates (Continued)

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 and expenses during the reporting period. Actual results could differ from those estimates.

N. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are managed by coverage through commercial insurance.

2. RESTRICTED INVESTMENTS

Restricted certificates of deposit were applicable to the following reserves at June 30, 2022:

Revenue bond and interest	\$ 61,371
Depreciation and contingency	<u>90,458</u>
Total	<u>\$ 151,829</u>

3. DEPOSITS AND INVESTMENTS

A. Deposits

For reporting purposes, cash and cash equivalents include demand accounts, savings accounts, and certificates of deposit with original maturities of less than 90 days (if applicable). At June 30, 2022, the District had cash and cash equivalents (book balances) totaling \$ 214,199 as follows:

<u>Deposit Type</u>	<u>Reported Amount</u>
Cash-demand deposits	\$ 214,199
	<u>\$ 214,199</u>

Additionally, the District has three certificates of deposit totaling \$312,954 on deposit at a local bank. Two of the certificates totaling \$151,829, are considered restricted and the remaining \$161,125 is not restricted.

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

3. DEPOSITS AND INVESTMENTS (Continued)

them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution.

The deposits (bank balances) at June 30, 2022 were secured as follows:

Demand deposits	\$	215,570	Federal Deposit Insurance	\$	500,000
Time Deposits		312,954	Pledge Securities		95,751
		\$ 528,524			\$ 595,751

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

B. Investments

At June 30, 2022, the District had the following investments and maturities:

Investment Type	% of Portfolio	Fair Value	Investment Maturities (in Years)	
			Less than 1	1-5
Certificates of deposits- (maturities exceeding 90 days)	100.0%	\$ 312,954	\$ 161,125	\$ 151,829

Credit Risk - Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a written investment policy, but does adhere to state laws regarding allowable investments. The certificates of deposit are not rated.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As discussed in Note 3A, the District's deposits were fully collateralized under the provisions of GASB Statement No. 3 At June 30, 2022.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. More than five percent of the District's investments at June 30, 2022, are invested in certificates of deposit held at one financial institution. These investments are 100% of the District's total investments at June 30, 2022.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

4. LONG-TERM DEBT

The Water district obtained a loan from the USDARD in the amount of \$1,166,000 in 2010. Required loan payments are made monthly in the amount of \$5,060. In addition to the required loan payments, the district has been making additional monthly principal payments of \$3,740 during the year.

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

	USDA Note Payable <u>Loan #4</u>
Long-term obligations at beginning of year	\$ 669,084
Additions	-
Deductions (principal payments)	<u>134,282</u>
Long-term obligations at end of year	<u><u>\$ 534,802</u></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:

	USDA Note Payable <u>Loan #4</u>
Current portion	\$ 27,334
Long-term portion	<u>507,468</u>
Total	<u><u>\$ 534,802</u></u>

Long-term debt as of June 30, 2022, is comprised of the following:

Date of Issue	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding
April 26, 2010	<u>\$ 1,166,000</u>	4.25%	May 25, 2040	<u>\$ 358,853</u>	<u>\$ 534,802</u>

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

4. LONG-TERM DEBT – (Continued)

The annual requirements to amortize all debt outstanding as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$ 27,334	\$ 33,391	\$ 60,725
2024-2028	155,500	148,127	303,627
2029-2033	192,245	111,381	303,626
2034-2038	<u>159,723</u>	<u>65,954</u>	<u>225,677</u>
Total	<u>\$ 534,802</u>	<u>\$ 358,853</u>	<u>\$ 893,655</u>

5. COMPENSATION OF COMMISSIONERS

As provided by Louisiana R.S. 33:3819, the District’s commissioners receive per diem for each board meeting they attend. Total compensation for each commissioner is as follow:

Charles Deese, Chairman	\$ 1,800
Randy Davis, Vice-Chairman	1,500
Anthony Comeaux, Secretary/Treasurer	900
Robert Sarver	1,650
Blaine Boudreaux	<u>1,500</u>
Total	<u>\$ 7,350</u>

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 32,184	\$ -	\$ -	\$ 32,184
Total capital assets, not being depreciated	<u>\$ 32,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,184</u>
Capital assets being depreciated:				
Water lines	\$ 2,568,114	\$ -	\$ -	\$ 2,568,114
Filtration system	449,371	-	-	449,371
Machinery and equipment	292,948	7,807	121,512	179,243
Main plant	238,939	-	-	238,939
Office equipment	12,378	-	8,174	4,204
Water wells	198,859	-	-	198,859
Total capital assets being depreciated	<u>3,760,609</u>	<u>7,807</u>	<u>129,686</u>	<u>3,638,730</u>
Less accumulated depreciation for:				
Water lines	993,399	\$ 60,825	-	1,054,224
Filtration system	427,077	5,971	-	433,048
Machinery and equipment	238,903	17,683	120,861	135,725
Main plant	196,113	2,262	-	198,375
Office equipment	11,884	198	8,174	3,908
Water wells	198,221	201	-	198,422
Total accumulated depreciation	<u>2,065,597</u>	<u>87,140</u>	<u>129,035</u>	<u>2,023,702</u>
Total capital assets being depreciated, net	<u>\$ 1,695,012</u>	<u>\$ (79,333)</u>	<u>\$ 651</u>	<u>\$ 1,615,028</u>

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

7. OFF BALANCE SHEET RISK

The District is concentrated within a relatively small geographic area located in Southwest Louisiana. The concentration of assets within a small area increases the chance of having a material loss of assets due to a sudden unforeseen occurrence. The District carries commercial insurance to reduce the amount of risk to assets.

8. CURRENT WATER RATES

At present the District charges residential customers \$16 for the first 2,500 gallons of water use and \$4.50 for each additional 1,000 gallons used. Commercial accounts are charged \$32 for the first 5,000 gallons of water used and \$4.50 each additional 1,000 gallons used.

OTHER SUPPLEMENTARY INFORMATION

**JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(Component Unit of Jefferson Davis Police Jury)**

**Schedule of Compensation, Benefits, and other Payments
to Agency Head**

For the Year Ended June 30, 2022

Agency Head Name: Charles Deese, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-dues	-
Car allowance	-
Vehicle provided by government	-
Per diem	1,800
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	\$ 1,800
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

OTHER REPORTS



Langley, Williams
& Company, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY
PHILLIP D. ABSHIRE, III
SARAH CLARK WERNER
ALEXIS H. O'NEAL
JESSICA LOTT-HANSEN

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

Board of Commissioners
Jefferson Davis Parish Water District No. 4
Jennings, 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 business-type activities of Jefferson Davis Parish Water District No. 4 (the District), a component unit of Jefferson Davis Police Jury, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as (Finding 2022-1 (C)).

Purpose of this Report

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

This report is intended solely for the information and use of management, the Commissioners, others within the entity, the Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statutes 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.

Joseph Williams, CPA

Lake Charles, Louisiana
November 29, 2022

**JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(Component Unit of Jefferson Davis Police Jury)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	Yes
Noncompliance material to financial statements noted?	No

Section II – Current Year Findings and Management Corrective Action Plan

Internal Control – Finding 01-2022 (IC) – Segregation of Duties

Finding. The District did not have adequate segregation of functions within the accounting system.

Criteria. Good internal control requires that incompatible functions with the accounting system be performed by separate persons.

Effect. Due to lack of segregation of duties, misstatements could result without being prevented or detected and corrected in a timely manner.

Cause. The cause of the deficiency is due to the small staff size.

Recommendation. All incompatible functions should be performed by a separate person.

Management’s Response. The District has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however segregated as many duties as possible. No plan is considered necessary.

Compliance

There were no findings in the current year.

Section III – Prior Year Findings and Management Corrective Action Plan

Internal Control Over Financial Reporting

There were no findings in the prior year.

**JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(Component Unit of Jefferson Davis Police Jury)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

Compliance – 2021-1 (c)- Inadequate collateralization of deposits

Name of contact person: Charles Deese, Chairman

Corrective action: The District and the bank will work together to help ensure compliance.

Proposed completion date: The District will implement the above corrective action immediately.



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& Company, L.L.C.
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Jefferson Davis Parish Water District No. 4
Jefferson Davis Parish
Jennings, Louisiana

To the Governing Board of the Jefferson Davis Parish Water District No. 4 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Jefferson Davis Parish Water District No. 4's ("District") management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and 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.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (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 (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/Electronic Municipal Market Access ("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.

Exception: The District maintains written policies for travel and expense reimbursements. The District's written policies and procedures do not address any of the other areas above.

Management's response: Management will update these procedures.

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.
The District met on a monthly basis. No meetings without a quorum were reported.
 - 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 fund. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

There were no exceptions noted as a result of applying this procedure.

- 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.

Per the prior year audit report the unrestricted fund balance in the general fund did not have a negative ending balance; therefore, making this procedure not applicable.

Bank Reconciliations

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

We obtained a list of bank accounts from management and management's representation that the list was complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

There were no exceptions noted as a result of performing this procedure.

- 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

There were no exceptions noted as a result of performing this procedure.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There were no reconciling items that were more than 12 months from the statement closing dates; therefore, making this procedure not applicable.

Collections (excluding electronic funds transfers)

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

Obtained a listing of all deposit sites for the fiscal period and management's representation that the listing is complete.

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

- a) Employees responsible for cash collections do not share cash drawers/registers.

There were no exceptions noted as a result of applying this procedure.

- 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.

Exception: The same person collecting the cash may also be responsible for depositing cash in the bank.

Management's response: The District has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible.

- 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.

Exception: The same person collecting the cash may also be responsible for posting collection entries to the general ledger.

Management's response: The District has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible.

- 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.

There were no exceptions noted as a result of applying this procedure.

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.

There were no exceptions noted as a result of applying this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

There were no exceptions as a result of applying this procedure.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

There were no exceptions noted as a result of applying this procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

There were no exceptions noted as a result of applying this procedure.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

There were no exceptions noted as a result of applying this procedure.

- e) Trace the actual deposit per the bank statement to the general ledger.

There were no exceptions noted as a result of applying this procedure.

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

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

Per discussion with management, we noted only one location processes payments for the fiscal period.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

There were no exceptions noted as a result of applying this procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

There were no exceptions noted as a result of applying this procedure.

- 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.

Exception: The entity has a lack of segregation of duties. The employee responsible for processing payments can add/modify the vendor listing.

Management's response: Management will review the vendor listing periodically and maintain written documentation stating that this review has been performed.

- 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.

Exception: The employee responsible for processing payments also mails the checks. The board reviews a listing of check disbursements each month. The director manually signs every check.

Management's response: The board reviews a listing of check disbursements each month. The director manually signs every check. Going forward, they will have someone other than the employee responsible for processing payments mail out checks.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

There were no exceptions noted as a result of applying this procedure.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

There were no exceptions noted as a result of applying this procedure.

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.

We obtained a listing of active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period and management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

There were no exceptions noted as a result of applying this procedure.

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

Exception: On one of the statements selected for testing there was a finance charge of \$29.

Management's response: Management is aware of the exception and will implement procedures to ensure this does not occur in the future.

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

There were no exceptions noted as a result of applying this procedure.

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

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

Obtained a listing from management of all travel and travel-related expense reimbursements and management's representation that it is complete.

- 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).

There were no reimbursements using a per diem; therefore, making this procedure is not applicable.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

Contracts

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

We obtained a copy of the bid provided by governmental contract law of all contracts during the fiscal period and management's representation that the listing is complete.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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).

There were no exceptions noted as a result of applying this procedure.

- 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).

There were no amendments during the fiscal period; therefore, making this procedure not applicable.

- 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.

There were no exceptions noted as a result of applying this procedure.

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 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained a listing of employees and management's representation that the listing is complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, 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.)

There were no exceptions noted as a result of applying this procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

There were no exceptions noted as a result of applying this procedure.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

There were no exceptions noted as a result of applying this procedure.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

There were no exceptions noted as a result of applying this procedure.

- 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.

Per discussion with management, there were no termination payments issued during the year.

- 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.

There were no exceptions noted as a result of applying this procedure.

Ethics

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

There were no exceptions noted as a result of applying this procedure.

- 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.

Per conversation with management, there were no changes in the ethics policy in 2022.

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.

No debt was issued during the fiscal period. Therefore, this procedure is not applicable.

- 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).

There were no exceptions as a result of applying these procedures.

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.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

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.

There was no exception as a result of applying this procedure.

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.

We performed the procedure and discussed the results with management. There were no exceptions noted as a result of applying this procedure.

- 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.

We performed the procedure and discussed the results with management. There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions as a result of applying this procedure.

Sexual Harassment

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

Only full-time employees were required to take the training. There were no exceptions.

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).

Exception: The entity did not have its sexual harassment policy and complaint procedure in a conspicuous location on the entity's premises.

Management's response: Management will post the policy and procedure on their premises.

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.

Exception: The entity did not prepare an annual sexual harassment report.

Management's response: Management will add this procedure to its policies and procedures.

We were engaged by the Jefferson Davis Parish Water District No. 4's office to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Jefferson Davis Parish Water District No. 4's office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

A handwritten signature in blue ink that reads "Langley, Williams & Co., LLC". The signature is written in a cursive, slightly slanted style.

Langley, Williams & Co., LLC
Lake Charles, LA
December 2, 2022
