

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
NAPOLEONVILLE, LOUISIANA**

Annual Financial Statements

July 31, 2022



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Independent Auditor's Report

The Board of Commissioners
Waterworks District No. 1 of the
Parish of Assumption, State of Louisiana
Napoleonville, Louisiana

Opinions

We have audited the financial statements of the business-type activities of Waterworks District No. 1 of the Parish of Assumption (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of July 31, 2022, and the respective changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 audits. 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 these 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 9, and the schedule of the District's proportionate share of net pension liability (asset), the schedule of the District's contributions and the schedule of changes in net OPEB liability and related ratios on pages 39 - 42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic 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 consists 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.

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, the schedule of operating expenses, the schedule of changes in assets restricted for revenue bond debt service, and the schedule of compensation paid to board of commissioners are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 Reporting Required by *Government Auditing Standards*

In accordance with the *Government Auditing Standards*, we have also issued our report dated January 24, 2023 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.



A Professional Accounting Corporation

Baton Rouge, LA
January 24, 2023

REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

WATERWORKS DISTRICT NO. 1 OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

Management's Discussion and Analysis

Our discussion and analysis of the financial performance of Assumption Parish Waterworks District No. 1 (the District) provides an overview of the District's financial activities for the fiscal year ended July 31, 2022. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$547,524.
- The District's total operating revenues were \$5,690,726 for an increase of 6%.
- During the fiscal year ended July 31, 2022, the District had operating expenses of \$5,116,727 for an increase of 12.9%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include enterprise fund financial statements that provide both long-term and short-term information about the District's overall financial status.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

Table 1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of the financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Management's Discussion and Analysis

**Table 1
Major Features of Assumption Parish Waterworks District No. 1 Financial Statements**

Financial Statements	Enterprise Fund Statements
Scope	Entire Government
Required Financial Statements	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual Accounting and Economic Resources Focus
Type of Assets / Liability Information	All Assets and Liabilities, both Financial and Capital, and Short-Term and Long-Term
Type of Inflow / Outflow Information	All Revenues and Expenses during the Year, Regardless of When Cash is Received or Paid

Enterprise Fund Financial Statements (Government-Wide)

The statement of net position and the statement of revenues, expenses, and changes in net position provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and the changes in it. Net position - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net position are an indicator of whether the District's financial position is improving or deteriorating.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Management's Discussion and Analysis

The statement of cash flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

FINANCIAL ANALYSIS OF ASSUMPTION PARISH WATERWORKS DISTRICT NO. 1

Net Position. The District's net position increased by \$547,524 between fiscal years 2021 and 2022 to \$23,027,847. (See Table 2.)

**Table 2
Assumption Parish Waterworks District No. 1 Net Position**

	Business-Type Activities	
	2022	2021
Assets		
Current Assets	\$ 7,986,591	\$ 8,000,717
Restricted Assets	15,796,838	831,558
Capital Assets, Net	18,631,565	18,579,421
Net Pension Asset	512,211	230,685
Total Assets	42,927,205	27,642,381
Deferred Outflows of Resources	2,431,446	1,681,751
Total Assets and Deferred Outflows of Resources	45,358,651	29,324,132
Liabilities		
Accounts Payable and Accrued Expenses	516,139	287,957
Customer Deposits	360,242	347,530
Revenue Bonds Payable	15,670,000	1,315,000
Other Postemployment Benefit Liability	2,414,275	1,983,595
Total Liabilities	18,960,656	3,934,082
Deferred Inflows of Resources	3,370,148	2,909,727
Total Liabilities and Deferred Inflows of Resources	22,330,804	6,843,809
Net Position		
Net Investment in Capital Assets	17,769,126	17,264,421
Restricted for Revenue Bond Debt Service	989,277	494,864
Unrestricted	4,269,444	4,721,038
Total Net Position	\$ 23,027,847	\$ 22,480,323

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Management's Discussion and Analysis

Changes in Net Position. The District's total operating revenues increased by 5.9% to \$5,690,726. (See Table 3.)

The cost of the operating expenses increased by \$586,626, or 12.9%, primarily due to decreases in health insurance and pension expenses.

**Table 3
Changes in Assumption Parish Waterworks District No. 1 Net Position**

	Business-Type Activities	
	2022	2021
Operating Revenue		
Water Sales	\$ 5,360,951	\$ 5,102,766
Other Water Service Charges	129,212	126,652
Delinquent Charges	107,191	60,972
Billing and Collection Fees	93,372	83,084
Total Operating Revenues	5,690,726	5,373,474
Nonoperating Revenue		
Capital Grant	-	174,255
Interest Income	77,597	6,309
Other Income	29,708	19,522
Total Nonoperating Revenue	107,305	200,086
Total Revenue	5,798,031	5,573,560
Expenses		
Operating Expenses	5,116,727	4,530,101
Nonoperating Expenses (Interest Expense)	133,780	31,983
Total Expenses	5,250,507	4,562,084
Change in Net Position	\$ 547,524	\$ 1,011,476

FINANCIAL ANALYSIS OF THE FUNDS

As the District completed the year, its enterprise fund reported total assets of \$42,927,205 which is an increase from last year of \$15,284,824. This was the result of the issuance of 2022 revenue bonds which will be used for future construction.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of July 31, 2022, the District had \$18,631,565 net investment in capital assets. (See Table 4.)

**Table 4
Assumption Parish Waterworks District No. 1 Capital Assets
(Net of Depreciation)**

	Business-Type Activities	
	2022	2021
Land and Right of Way	\$ 287,638	\$ 221,693
Power Pumping and Purification Structures and Equipment	17,241,849	17,183,623
Transmission and Distribution Mains and Accessories	23,614,463	23,511,994
Transportation, Office, and Other Equipment	930,155	849,188
Construction in Progress	1,437,482	614,163.00
Accumulated Depreciation	(24,880,022)	(23,801,240)
Capital Assets, Net	\$ 18,631,565	\$ 18,579,421

Debt

As of July 31, 2022, the District had \$15,670,000 in revenue bonds payable outstanding. The District is meeting all of its fund transfer requirements as set out in the bond resolutions. Additional information about the District's debt is presented in the notes to financial statements, Note 6 - Long-Term Obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District gets all of its revenues from water sales and services provided. The fiscal year ended July 31, 2023 budget has operating revenues budgeted of approximately \$5,940,800 an increase of approximately \$142,800 over fiscal year ended July 31, 2022 actual operating revenues. The economy is not expected to generate any significant growth.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Bernard J. Francis, Jr., General Manager, 4633 LA Hwy. 1, P.O. Drawer 575, Napoleonville, Louisiana 70390.

BASIC FINANCIAL STATEMENTS

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Statement of Net Position
July 31, 2022**

Assets

Current Assets

Cash and Cash Equivalents	\$ 529,170
Investments	6,647,708
Receivables	
Billed Water Charges, Net of Allowance for Doubtful Accounts of \$270,042	507,566
Unbilled Water Charges	188,140
Other Receivables	15,015
Inventory of Supplies	77,529
Prepaid Expenses	21,463

Total Current Assets	<u>7,986,591</u>
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Restricted Assets

Cash and Cash Equivalents	132,540
Investments	15,664,298

Total Restricted Assets	<u>15,796,838</u>
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Capital Assets, Net

<u>18,631,565</u>

Other Asset

Net Pension Asset	512,211
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Total Assets	<u>42,927,205</u>
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Deferred Outflows of Resources

Other Postemployment Benefits	2,355,024
Pension	76,422

Total Deferred Outflows of Resources	<u>2,431,446</u>
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The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Statement of Net Position (Continued)
July 31, 2022**

Liabilities

Current Liabilities

Accounts Payable	287,173
Accrued Expenses	228,966
Revenue Bonds Payable - Current	<u>670,000</u>

Total Current Liabilities 1,186,139

Payable from Restricted Assets

Customer Deposits	<u>360,242</u>
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Non-Current Liabilities

Other Postemployment Benefit Liability	2,414,275
Revenue Bonds Payable	<u>15,000,000</u>

Total Non-Current Liabilities 17,414,275

Total Liabilities 18,960,656

Deferred Inflows of Resources

Other Postemployment Benefits	2,981,095
Pension	<u>389,053</u>

Total Deferred Inflows of Resources 3,370,148

Net Position

Net Investment in Capital Assets	17,769,126
Restricted for Revenue Bond Debt Service	989,277
Unrestricted	<u>4,269,444</u>

Total Net Position \$ 23,027,847

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended July 31, 2022**

Operating Revenue	
Water Sales	\$ 5,360,951
Other Water Service Charges	93,372
Delinquent Charges	107,191
Solid Waste, Garbage, and Sewerage Collection Fees	<u>129,212</u>
Total Operating Revenues	<u>5,690,726</u>
Operating Expenses	
Waterworks System Expenses	2,677,738
Office, General, and Administrative Expense	1,360,207
Depreciation	<u>1,078,782</u>
Total Operating Expenses	<u>5,116,727</u>
Net Operating Income	<u>573,999</u>
Nonoperating Revenue (Expense)	
Interest Income	77,597
Other Income	29,708
Interest Expense	<u>(133,780)</u>
Total Nonoperating Revenue (Expense)	<u>(26,475)</u>
Change in Net Position	547,524
Net Position, Beginning of Year	<u>22,480,323</u>
Net Position, End of Year	<u><u>\$ 23,027,847</u></u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Statement of Cash Flows
For the Year Ended July 31, 2022**

Cash Flows from Operating Activities

Cash from Customers	\$ 5,607,850
Cash Paid to Suppliers for Goods and Services	(2,036,787)
Cash Paid to Employees	(1,836,640)
Cash from Deposits	<u>12,712</u>

Net Cash Provided by Operating Activities 1,747,135

Cash Flows from Capital and Related Financing Activities

Acquisition and Construction of Capital Assets	(1,130,926)
Proceeds of Revenue Bonds	15,000,000
Principal Paid on Revenue Bonds	(645,000)
Interest Paid on Revenue Bonds	(133,780)
Other Nonoperating Revenues	<u>29,708</u>

**Net Cash Provided by Capital and Related
Financing Activities** 13,120,002

Cash Flows from Investing Activities

Interest on Investments	77,597
Purchase of Investments, net	<u>(15,247,646)</u>

Net Cash Used in Investing Activities (15,170,049)

Net Decrease in Cash and Cash Equivalents (302,912)

Cash and Cash Equivalents, Beginning of Year 964,622

Cash and Cash Equivalents, End of Year \$ 661,710

**Reconciliation of Cash and Cash Equivalents to the
Statement of Net Position**

Cash and Cash Equivalents, Unrestricted	\$ 529,170
Cash and Cash Equivalents, Restricted	<u>132,540</u>

Total Cash and Cash Equivalents \$ 661,710

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Statement of Cash Flows (Continued)
For the Year Ended July 31, 2022**

**Reconciliation of Net Operating Income to Net Cash
Provided by Operating Activities**

Net Operating Income	\$ 573,999
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation	1,078,782
Bad Debt Expense	45,922
(Increase) Decrease in:	
Accounts Receivable	(128,798)
Prepaid Expenses	64,081
Inventory	12,375
Increase (Decrease) in:	
Accounts Payable	93,398
Net Pension Asset and Deferred Inflows and Outflows	(146,618)
OPEB Liability and Related Deferred Inflows and Outflows	6,498
Other Accrued Expenses	134,784
Customer Deposits	12,712
	<hr/>
Net Cash Provided by Operating Activities	<u>\$ 1,747,135</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

On July 10, 1956, in accordance with the provisions of Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950, the Police Jury of the Parish of Assumption (the Police Jury) created Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (hereinafter referred to as the District). The District, as created by the Police Jury, encompasses the identical area as the Parish of Assumption (the Parish).

Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. The following is a summary of the District's significant policies:

Reporting Entity

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

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Assumption Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- Appointing a voting majority of an organization's governing body, and the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Police Jury.
- Organizations for which the Police Jury does not appoint a voting majority but which are fiscally dependent on the Police Jury.
- Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Even though the District is legally separate from the Police Jury, the Police Jury appoints a majority of the District's governing body, and the Police Jury has the ability to impose its will on the District. The District also has the potential to provide specific benefits to, or impose specific financial burdens on, the Police Jury. Because of these reasons, the management of the District's office has determined that the District is a component unit of the Assumption Parish Police Jury.

Measurement Focus/Basis of Accounting

The enterprise fund statements were prepared using 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 non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District are water sales, connections and reconnection fees, late charges, and other miscellaneous operating revenues. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

All highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash and cash equivalents for purposes of reporting cash flows.

Inventory

The District values its inventory of supplies at the lower of cost or market using the first-in, first-out method.

Capital Assets

All capital assets are capitalized in the enterprise fund and stated at historical cost less accumulated depreciation.

Depreciation of all exhaustible capital assets used by the enterprise fund is charged as an expense against the District's operations. Depreciation has been provided over the estimated useful lives using the straight-line method. (See Note 5).

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Long-Term Liabilities

Long-term debt such as revenue bonds payable is reported as liabilities on the statement of net position.

Contributions for Meters

Contributions received from customers for new meter services are treated as income. The cost of installing new meter services is expensed in the year incurred.

Vacation and Sick Leave

The District's employees earn one to five weeks of vacation annually based on number of years of employment. Employees can accumulate a maximum of 40 hours of unused vacation which can be carried forward and taken in subsequent periods. Upon termination, employees are paid for any unused current year and any accumulated vacation hours. Employees are allowed ten days of sick leave annually that may be used for sickness only. The sick leave plan is coupled with a disability insurance policy. No payment is made for sick leave not used upon termination or retirement; therefore, no accrual for sick leave is made.

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

Equity Classifications

In the enterprise fund, equity is classified as net position and displayed in three components:

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.

Restricted Net Position - Consists of net position with constraints placed on its 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.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Pension Plan

The District is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 9. For purposes of measuring the net position asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The District has two items that qualify for this category: pension and other postemployment benefits (OPEB), which are reported in the basic financial statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has two items that qualify for this category: pension and other postemployment benefits, which are reported in the basic financial statements. The amounts deferred are recognized as an inflow of resources in the period that the amounts become available.

Adoption of New Accounting Standards

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of the Statement did not have an effect on the District's financial statements.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The adoption of this Statement did not have any effect on the District's financial statements.

New Upcoming Accounting Pronouncements

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

New Upcoming Accounting Pronouncements (Continued)

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The primary objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. The Statement is effective for fiscal years beginning after June 15, 2023.

The GASB issued Statement No. 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. The Statement is effective for fiscal years beginning after December 15, 2023.

Note 2. Cash and Cash Equivalents

Cash includes demand deposits and interest-bearing demand deposits. Under state laws, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any state in the union, or the laws of the United States. Further, the District may deposit funds in time deposits or certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Also, state law requires that deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Custodial credit risk is the risk that, in the event of a financial institution failure, the District's deposits may not be recovered. 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. At year-end, the carrying amount of the District's deposits was \$661,710 and the bank balance was \$954,327. Of the bank balance, \$250,000 was covered by federal deposit insurance and \$704,327 was covered by collateral held by the pledging bank's agent in the bank's name (Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute (R.S.) 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

**WATERWORKS DISTRICT NO. 1 OF THE
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Notes to Financial Statements

Note 3. Investments

As of July 31, 2022, the District had \$22,312,006 invested in the Louisiana Asset Management Pool, Inc. (LAMP) which is included in the total investments balance. The LAMP portfolio includes only securities and other obligations in which local governments are authorized to invest in accordance with R.S. 33:2955.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit Risk: LAMP is rated AAAm by Standard & Poor's.

Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method.

The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company.

**WATERWORKS DISTRICT NO. 1 OF THE
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Notes to Financial Statements

Note 4. Receivables

The following is a summary of receivables at July 31, 2022:

	Amount	%
Accounts Receivable		
Billed		
Current	\$ 484,020	62%
31 - 60 Days Past Due	30,024	4%
61 - 90 Days Past Due	22,512	3%
Over 90 Days Past Due	241,052	30%
Subtotal	777,608	
Allowance for Uncollectible Accounts	(270,042)	
Net Accounts Receivable	507,566	
Other Receivables		
Unbilled Water Charges	188,140	
Other	15,015	
Total Other Receivables	203,155	
Total Receivables, Net	\$ 710,721	

Note 5. Capital Assets

A summary of capital assets at July 31, 2022 follows:

	Balance July 31, 2021	Increases	Decreases	Balance July 31, 2022
Non-Depreciable Assets				
Land	\$ 221,693	\$ 66,445	\$ (500)	\$ 287,638
Construction in Progress	614,163	937,492	(114,173)	1,437,482
Total Non-Depreciable Assets	835,856	1,003,937	(114,673)	1,725,120
Depreciable Assets				
Power, Pumping, and Purification Structures and Equipment, Including Main Plant Building	17,183,623	61,524	(3,298)	17,241,849
Transmission and Distribution Mains and Accessories	23,511,994	104,986	(2,517)	23,614,463
Transportation, Office, and Other Equipment	849,188	89,205	(8,238)	930,155
Total Depreciable Assets	41,544,805	255,715	(14,053)	41,786,467
Less: Accumulated Depreciation	(23,801,240)	(1,078,782)	-	(24,880,022)
Total Depreciable Assets, Net	17,743,565	(823,067)	(14,053)	16,906,445
Total Capital Assets, Net	\$ 18,579,421	\$ 180,870	\$ (128,726)	\$ 18,631,565

For the year ended July 31, 2022, depreciation expense was \$1,078,782.

**WATERWORKS DISTRICT NO. 1 OF THE
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Notes to Financial Statements

Note 6. Long-Term Obligations

The following is a summary of bond transactions for the year ended July 31, 2022:

	Balance July 31, 2021	Additions	Deletions	Balance July 31, 2022	Due Within One Year
Long-Term Debt					
Revenue Bonds Payable	\$ 1,315,000	\$ 15,000,000	\$ (645,000)	\$ 15,670,000	\$ 670,000
Total Long-Term Debt	\$ 1,315,000	\$ 15,000,000	\$ (645,000)	\$ 15,670,000	\$ 670,000

Revenue bonds payable at July 31, 2022 are comprised of the following individual issues:

\$4,000,000 Revenue Bonds, Series 2013, dated May 23, 2013, due in annual installments of \$90,000 to \$670,000, excluding interest, through November 1, 2022; interest at 2.172%.	\$ 670,000
\$15,000,000 Revenue Bonds, Series 2022, dated March 11, 2022 due in annual installments of \$820,000 to \$1,365,000, excluding interest, through November 1, 2036, interest at 2.42%	<u>15,000,000</u>
	<u><u>\$ 15,670,000</u></u>

The annual requirements to amortize all debt outstanding at July 31, 2022, including \$28,832 interest payments, are as follows:

Year Ending July 31,	Principal	Interest	Total
2023	\$ 670,000	\$ 420,693	\$ 1,090,693
2024	820,000	353,078	1,173,078
2025	855,000	332,811	1,187,811
2026	885,000	311,757	1,196,757
2027	920,000	289,916	1,209,916
2028 - 2032	5,200,000	1,089,000	6,289,000
2033 - 2036	6,320,000	394,460	6,714,460
Total	<u><u>\$ 15,670,000</u></u>	<u><u>\$ 3,191,715</u></u>	<u><u>\$ 18,861,715</u></u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 7. Flow of Funds - Restrictions on Use

Under the terms of the Revenue Bonds, Series 2013 (see Note 6), dated May 23, 2013 and the Revenue Bonds, Series 2022, dated March 11, 2022, the bonds shall be secured by and payable solely from a pledge and dedication of the net revenues of Assumption Parish Waterworks District No. 1 above statutory, necessary, and usual charges in each of the fiscal years. The agreement also requires that until the bonds have been paid in full in principal and interest, the District must budget annually a sum of money sufficient to pay the principal and interest on the bonds.

For the payment of the principal and the interest on the bonds and any additional parity bonds, there is hereby created a special fund known as "Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, Revenue Bond and Interest Sinking" Fund (Sinking Fund) being maintained with the designated fiscal agent bank of the Issuer. The District shall deposit in the Sinking Fund monthly on or before the 20th day of each month of each year, a sum equal to one-sixth of the interest falling due on the next interest payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. Said fiscal agent bank shall transfer from the Sinking Fund to the Paying Agent funds fully sufficient to pay promptly the principal and/or interest falling due on such date.

On July 17, 1989, the Board of Commissioners (the Board) of the District created the "Waterworks Utility Revenue Fund - Capital Improvements". Said fund was to receive monies in excess of \$50,000 shown in the annual audit report remaining in the Waterworks Utility Revenue Fund at July 31st of each year after making all required payments into the Sinking, Reserve, and Depreciation and Contingency Funds. The excess shall be considered surplus and shall be deposited in this fund. Said fund is to be used by the District for the purpose of retiring outstanding bonds in advance of their maturities, or any other legal purpose determined by the Board to be in the best interest of the District and not in violation of the 2006 Certificate of Indebtedness issue requirements. On October 25, 2004, a resolution was passed by the Board to increase the reserve in the Waterworks Utility Revenue Fund - Capital Improvements from \$50,000 to \$150,000. The required transfers to the Waterworks Utility Revenue Fund - Capital Improvements through the year ended July 31, 2022 were \$1,000,563.

Note 8. Contributions from Assumption Parish

On June 10, 1958, the District entered into an agreement with the Parish whereby, in order to afford fire protection to the Parish and in order to provide adequate finances for construction of the waterworks system, the Parish agreed to issue \$1,065,000 ad valorem tax bonds to acquire necessary facilities and equipment for fire protection. Of this amount, \$935,000 was pledged to be used for construction of the joint waterworks and fire protection system.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan

Assumption Parish Waterworks District No. 1 is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan. This plan is administered by the Parochial Employees' Retirement System of Louisiana (PERS or the System). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. The System is administered by a separate board of trustees.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. This report may be obtained by writing, calling, or downloading the reports as follows:

PERS
7905 Wrenwood Blvd.
Baton Rouge, LA 70809
(225) 928-1361
www.persla.org

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB 68*. These standards require the District to record its proportional share of the pension plan's net pension asset and report the following disclosures:

Plan Description

The Parochial Employees' Retirement System of Louisiana is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. The System was originally established by R.S. 11:1901.

The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have its own retirement system and which elects to become a member of the System. Assumption Parish Waterworks District No. 1 is a participant in Plan B.

The following is a description of the plan and its benefits and is provided for general information purposes only.

Eligibility Requirements

All permanent District employees who work at least 28 hours per week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Plan Description (Continued)

Retirement Benefits

Any member of Plan B who was hired before January 1, 2007 can retire providing the member meets one of the following criteria:

1. Age 55 with thirty (30) years of creditable service
2. Age 60 with a minimum of ten (10) years of creditable service
3. Age 65 with a minimum of seven (7) years of creditable service

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of creditable service
2. Age 62 with ten (10) years of creditable service
3. Age 67 with seven (7) years of creditable service

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50, and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in DROP for up to three years and defer the receipt of benefits. During participation in DROP, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Plan Description (Continued)

Deferred Retirement Option Plan (Continued)

Upon termination of employment prior to or at the end of the specified period of participation, a participant in DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to the self-directed subaccounts. The participant in the self-directed portion of the plan must agree that the benefits payable to the participant are not the obligations of the State or the System, and that any returns and other rights of the plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007 and has at least five years of creditable service or, if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to 2% of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Cost-of-Living Increases

The board of trustees is authorized to provide a cost-of-living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the board may provide an additional cost-of-living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the board may provide a cost-of-living increase up to 2.5% for retirees 62 and older (R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost-of-living adjustment commencing at age 55.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Funding Policy

Contributions to PERS are required and determined by state statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended July 31, 2022 for the District and covered employees were as follows:

	Employer	Employee
Parochial Employees' Retirement System Plan B	7.50%	3.00%

The contributions made to the System for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	2022	2021	2020
Parochial Employees' Retirement System Plan B	\$ 75,967	\$ 81,597	\$ 78,144

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

The following schedule lists the District's proportionate share of the Net Pension Asset allocated by the pension plan based on the December 31, 2021 measurement date. The District used this measurement to record its Net Pension Asset and associated amounts as of July 31, 2022 in accordance with GASB Statement No. 68. The schedule also includes the proportionate share allocation rate used at December 31, 2021, along with the change compared to the December 31, 2020 rate.

The District's proportion of the Net Pension Asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Asset July 31, 2022	Rate at July 31, 2022	Increase over July 31, 2021 Rate
Parochial Employees' Retirement System Plan B	\$ 512,211	0.91661%	0.0180%

.During the year ended July 31, 2022, the District recognized a pension benefit of \$57,202.

**WATERWORKS DISTRICT NO. 1 OF THE
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Notes to Financial Statements

Note 9. Pension Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At July 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 9,733	\$ 54,435
Changes of Assumptions	20,576	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	333,687
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	42	931
District Contributions Subsequent to the Measurement Date	46,071	-
Total	<u>\$ 76,422</u>	<u>\$ 389,053</u>

The District reported a total of \$46,071 as deferred outflows of resources related to pension contributions made subsequent to the measurement date of December 31, 2021, which will be recognized as a reduction in Net Pension Asset in the year ended July 31, 2023.

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

Year Ending July 31,	PERS (Plan B)
2023	\$ (73,933)
2024	(148,849)
2025	(100,112)
2026	<u>(35,808)</u>
Total	<u>\$ (358,702)</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan as of December 31, 2021 is as follows:

	PERS (Plan B)
Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.40%, Net of Investment Expense, Including Inflation
Expected Remaining Service Lives	4 Years
Projected Salary Increases	4.25% (1.95% Merit/2.30% Inflation)
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the board of trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for health retirees multiplied by 130% for males and 125% for females. For employees, the Pub-2010 Public Retirement Plans Mortality Table for general employees multiplied by 130% for males and 125% for females. Pub-2010 Public Retirement Plans Mortality Table for Disabled Retirees multiplied by 130% for males and 125% for females
Inflation Rate	2.30%

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2021.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	33%	0.85%
Equity	51%	3.23%
Alternatives	14%	0.71%
Real Assets	2%	0.11%
	100%	4.90%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.00%

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset. The discount rate used to measure the total pension asset was 6.40% for the year ended December 31, 2021.

**WATERWORKS DISTRICT NO. 1 OF THE
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Notes to Financial Statements

Note 9. Pension Plan (Continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following table presents the District's proportionate share of the Net Pension Liability (Asset) using the discount rate of the System as well as what the District's proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is one percentage point lower (5.40%) or one percentage point higher (7.40%) than the current rate used by the System:

	1.0% Decrease (5.40%)	Current Discount (6.40%)	1.0% Increase (7.40%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ (44,233)	\$ (512,211)	\$ (903,567)

Payables to the Pension Plan

The District recorded accrued liabilities to the System for the year ended July 31, 2022. The amounts due are included in liabilities under the amounts reported as accounts, salaries, and other payables. The balance due to the System at July 31, 2022 was \$8,886.

Note 10. Postemployment Health Care and Life Insurance Benefits

Plan Description

The District provides certain continuing health care and life insurance benefits for its retired employees. The District's OPEB Plan (the OPEB Plan) is a single employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the District. No assets are accumulated in a trust that meets the criteria in GASB Codification Section P52, *Postemployment Benefits Other Than Pensions - Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit*.

Benefits Provided

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement providing they have at least 15 years of service. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (DROP entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or age 65 and 7 years of service. For employees hired on and after January 1, 2007, retirement eligibility (DROP entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or age 67 and 7 years of service.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 10. Postemployment Health Care and Life Insurance Benefits (Continued)

Employees Covered by Benefit Terms

At July 31, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	7
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	<u>24</u>
Total	<u><u>31</u></u>

Total OPEB Liability

The District's total OPEB liability of \$2,414,275 was measured as of July 31, 2022 and was determined by an actuarial valuation as of August 1, 2021.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	3.00%, Including Inflation
Prior Discount Rate	2.03%
Discount Rate	3.37% Annually
Healthcare Cost Trend Rates	Flat 5.50% Annually, then 4.50%

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of July 31, 2022, the end of the applicable measurement period.

Mortality rates were based on the SOA RP-2014 Table.

The actuarial assumptions used in the August 1, 2021 valuation were based on the results of ongoing evaluations of the assumptions from August 1, 2012 to July 31, 2022.

Changes in the Total OPEB Liability

Balance at July 31, 2021	\$ 1,983,595
Changes for the Year	
Service Cost	64,108
Interest	40,918
Difference between Expected and Actual Experience	949,180
Changes in Assumptions	(567,772)
Benefit Payments	<u>(55,754)</u>
Balance at July 31, 2022	<u><u>\$ 2,414,275</u></u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 10. Postemployment Health Care and Life Insurance Benefits (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.37%) or one percentage point higher (4.37%) than the current discount rate:

	1.0% Decrease (2.37%)	Current Discount (3.37%)	1.0% Increase (4.37%)
Total OPEB Liability	\$ 2,851,522	\$ 2,414,275	\$ 2,067,796

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current healthcare cost trend rates:

	1.0% Decrease (4.50%)	Current Trend (5.50%)	1.0% Increase (6.50%)
Total OPEB Liability	\$ 2,059,253	\$ 2,414,275	\$ 2,862,407

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended July 31, 2022, the District recognized OPEB expense of \$62,254. At July 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 1,108,495	\$ 2,264,287
Changes in Assumptions	1,246,529	716,808
Total	\$ 2,355,024	\$ 2,981,095

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 10. Postemployment Health Care and Life Insurance Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending July 31,	Amount
2023	\$ (42,773)
2024	(42,773)
2025	(42,773)
2026	(42,773)
2027	(42,773)
Thereafter	(412,206)

Note 11. Deferred Compensation Plan

Employees of the District may participate in the deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457, *Deferred Compensation Plans with Respect to Service for State and Local Governments*.

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the Public Employees Benefit Services Corporation (PEBSCO), an independent entity. All assets of the plan are reported at fair market value and are administered by an independent entity. As part of its fiduciary role, the District has an obligation of due care in selecting the third-party administrator.

The deferred compensation plan laws and related plan provisions were amended so that the plan assets are no longer subject to the claims of the Police Jury creditors. The plan assets belong only to the employees and are held in trust for the employees' exclusive benefit. Therefore, GASB Statement No. 32 no longer requires the assets of the plan to be reported in the combined balance sheet as a fiduciary fund.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 12. Additional Billing and Collection

The District has entered into formal contracts with the Assumption Parish Police Jury, the Village of Napoleonville, and St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste, and Cypress Village whereby the District, as an agent, bills and collects for solid wastes services rendered by the Police Jury and the Village of Napoleonville and the sewerage services rendered by the Village of Napoleonville and the sewerage districts. The Police Jury, the Village of Napoleonville, and St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste, and Cypress Village pay 5% of collections of charges to its residents.

Note 13. Self-Insurance Health Program

The District participates in a self-insurance health program for employees of the District. A third-party administrator processes the claims and maintains records of the allowable costs, deductible costs, etc., with the activity of this program being reported in the District's waterworks system expenses. Under the program, the District maintains a specific stop loss policy which pays all claims exceeding \$30,000 per year per person with an aggregate deductible of \$405,254 for all employees. There are no lifetime or annual maximum dollar amounts on the plan. Claims liabilities at July 31, 2022 were \$35,635.

Note 14. Supplemental Cash Flows Disclosure

During the year ended July 31, 2022, the enterprise fund paid \$21,557 in interest on certificates of indebtedness outstanding. No amounts were paid for income taxes as the District is a component unit of the Assumption Parish Police Jury and governmental agencies are exempt from federal and Louisiana income taxes.

Note 15. Related-Party Transactions

The District is a component unit of the Assumption Parish Police Jury. As described in Note 12, the District, as an agent, bills and collects for solid wastes services rendered by the Police Jury. In exchange for the service, the Police Jury pays the District 5% of collections of charges to its residents.

At July 31, 2022, the amount paid from the District to the Police Jury and collections paid from the Police Jury to the District totaled \$2,671,533 and \$140,607, respectively.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Schedule of the District's Proportionate Share of Net Pension Liability (Asset)
For the Year Ended July 31, 2022**

Schedule 1

	2022	2021	2020	2019	2018	2017	2016
	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)
District's Proportion of the Net Pension Liability (Asset)	0.9166%	0.8986%	0.9247%	0.9223%	0.9370%	0.9427%	0.9042%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ (512,211)	\$ -	\$ (66,902)	\$ 249,186	\$ (117,889)	\$ 122,459	\$ 160,989
District's Covered Payroll	\$ 1,046,938	\$ 1,030,902	\$ 995,804	\$ 963,969	\$ 952,706	\$ 936,756	\$ 918,971
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-48.9247%	0.0000%	-6.7184%	25.8500%	-12.3741%	13.0727%	17.5184%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	114.2000%	106.7562%	102.0457%	91.9310%	104.0192%	99.8906%	99.8906%

Notes:

PERS (Plan B) - Parochial Employees' Retirement System of Louisiana

The amounts presented have a measurement date of the previous fiscal year-end.

GASB 68 requires this schedule to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Schedule of the District's Contributions
For the Year Ended July 31, 2022**

Schedule 2

	2022	2021	2020	2019	2018	2017	2016
	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)
Contractually Required Contribution	\$ 75,967	\$ 81,597	\$ 78,144	\$ 74,174	\$ 75,627	\$ 74,901	\$ 77,139
Contributions in Relation to Contractually Required Contribution	75,967	81,597	78,144	74,174	75,627	74,901	77,139
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,012,889	\$ 1,087,952	\$ 1,041,925	\$ 947,294	\$ 941,700	\$ 936,256	\$ 806,578
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.83%	8.03%	8.00%	9.56%

Notes:

PERS (Plan B) - Parochial Employees' Retirement System of Louisiana

The amounts presented have a measurement date of the previous fiscal year-end.

GASB 68 requires this schedule to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended July 31, 2022**

Schedule 3

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 64,108	\$ 62,241	\$ 187,145	\$ 104,454	\$ 106,989
Interest	40,918	39,996	111,673	102,442	100,962
Changes of Benefit Terms	-	-	-	-	-
Differences between Expected and Actual Experience	949,180	27,260	(2,749,492)	92,762	177,939
Changes of Assumptions	(567,772)	19,166	1,198,452	312,168	(257,302)
Benefit Payments	(55,754)	(38,523)	(36,515)	(37,661)	(35,698)
Net Change in Total OPEB Liability	430,680	110,140	(1,288,737)	574,165	92,890
Total OPEB Liability - Beginning	1,983,595	1,873,455	3,162,192	2,588,027	2,495,137
Total OPEB Liability - Ending	\$ 2,414,275	\$ 1,983,595	\$ 1,873,455	\$ 3,162,192	\$ 2,588,027
Covered-Employee Payroll	\$ 919,148	\$ 1,252,120	\$ 1,215,650	\$ 925,283	\$ 898,333
Net OPEB Liability as a Percentage of Covered-Employee Payroll	262.66%	158.42%	154.11%	341.75%	288.09%

Notes:

Benefit Changes. There were no changes of benefit terms for the year ended July 31, 2021.

Changes of Assumptions. There were no changes of assumptions for the year ended July 31, 2021.

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

See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Required Supplementary Information

Note 1. Pension Plan Schedules

Changes of Benefit Terms

There was no change of benefit terms noted for the 2021-2022 fiscal year for the pension plan.

OTHER SUPPLEMENTARY INFORMATION

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended July 31, 2022**

Schedule 4

Agency Head
Bernard Francis Jr.

Purpose	Amount
Salary	\$103,221
Benefits - Insurance	\$20,688
Benefits - Retirement	\$7,533
Benefits - Other	\$2,400
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$180
Registration Fees	\$265
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Schedule of Operating Expenses
For the Year Ended July 31, 2022**

Schedule 5

Waterworks System Expenses

Purification and Plant Expenses (Benefits)

Chemicals and Purification Supplies	\$ 869,612
Salaries - Plant Personnel	470,923
Utilities	305,060
Repairs and Maintenance	228,360
Regulatory Fees	127,588
Hurricane Ida	37,840
Payroll Taxes	31,960
Janitorial	11,400
Supplies and Expenses - Meter Readers	5,368
Disability Insurance	5,247
Professional Services	4,950
Communication	4,511
Travel and Education	2,328
Retirement Plan	(28,884)

Total Purification and Plant Expenses	2,076,263
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Distribution, Operation, and Maintenance Expenses (Benefits)

Salaries	330,609
Repairs and Maintenance	97,388
Supplies	52,251
Transportation Expenses	40,046
Utilities	35,171
Water Use Fees	26,249
Payroll Taxes	22,867
Other Expenses	13,882
Disability Insurance	3,796
Travel and Education	627
Retirement Plan	(21,411)

Total Distribution, Operation, and Maintenance Expenses (Benefits)	601,475
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Total Waterworks System Expenses	\$ 2,677,738
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See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Schedule of Operating Expenses (Continued)
For the Year Ended July 31, 2022**

Schedule 5

Office, General, and Administrative Expenses (Benefits)	
Group Insurance	\$ 471,669
Salaries	278,107
Insurance	232,770
Professional Services, Legal, and Accounting	153,452
Stationary and Office Supplies	74,846
Bad Debt	66,464
Payroll Taxes	19,646
Uniform Reimbursements	14,333
Repairs and Maintenance	10,883
Communications	10,703
Bank Charges	9,317
Per Diem Paid to Board Members	7,200
Disability Insurance	6,449
Deposit Delivery Charge	6,300
Other	4,772
Dues and Fees	3,321
Collections	2,655
Travel and Education	1,601
Covid-19	1,002
Unemployment Compensation Insurance	852
Transportation	793
Rent of Police Jury - Equity in System	650
Substance Abuse Testing	186
Retirement Plan	<u>(17,764)</u>
Total Office, General, and Administrative Expenses (Benefits)	<u>\$ 1,360,207</u>

See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
**Schedule of Changes in Assets Restricted for
Revenue Bond Debt Service**
For the Year Ended July 31, 2022

Schedule 6

	Waterworks Utility Revenue Bond and Interest Sinking Fund - 2013	Waterworks Utility Revenue Bond and Interest Sinking Fund - 2022
Cash and Investments, Beginning of Year	\$ 494,864	\$ -
Increase in Cash and Investments		
Interest Earned	1,535	295
Transfers from Other Accounts	681,090	132,524
Total Cash Available	<u>1,177,489</u>	<u>132,819</u>
Decrease in Cash and Investments		
Principal Payment	645,000	-
Interest Payments	21,557	-
Transfers to Other Accounts	171	130
Total Decreases	<u>666,728</u>	<u>130</u>
Cash and Investments, End of Year	<u>\$ 510,761</u>	<u>\$ 132,689</u>

See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
 PARISH OF ASSUMPTION, STATE OF LOUISIANA
 Schedule of Compensation Paid to Board of Commissioners
 For the Year Ended July 31, 2022**

Schedule 7

Board Members	Number of Meetings	Per Diem
Kenneth Dupaty	10	\$ 600
Calvin Steward	10	600
Charles Brown, Jr.	12	720
Jamie Boudreaux	11	660
Blaine Mabile	8	480
Paul J. Lewis	11	660
Scott Sternfels	12	720
Wayne Arboneaux	12	720
Adam Mayon	9	540
Travis Daigle	11	660
Jerome Bougere	12	720
Total		\$ 7,080

See independent auditor's report.

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

Independent Auditor's Report

The Board of Commissioners
Waterworks District No. 1 of the
Parish of Assumption, State of Louisiana
Napoleonville, Louisiana

We have audited, 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, the accompanying financial statements of the business-type activities of Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 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, and have issued our report thereon dated January 24, 2023.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA
January 24, 2023

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Schedule of Findings and Responses
For the Year Ended July 31, 2022**

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report | Unmodified |
| 2. Internal control over financial reporting | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

Part III - Compliance and Other Matters

None

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended July 31, 2022**

Part IV - Prior Year Findings

2021-001 Inadequate Collateralization of Bank Deposits

This finding has been resolved.

AGREED-UPON PROCEDURES REPORT

Assumption Parish Waterworks District No. 1

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period August 1, 2021 - July 31, 2022

To the Board of Commissioners
Assumption Parish Waterworks District No. 1
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) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period August 1, 2021 through July 31, 2022. Assumption Parish Waterworks District No. 1 (the District) management is responsible for those C/C areas identified in the SAUPs.

Assumption Parish Waterworks District No. 1 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 the LLA's SAUPs for the fiscal period August 1, 2021 through July 31, 2022. Additionally, the 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 that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and 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/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.

Results: We obtained and inspected the District's written policies and procedures over each of the categories above and noted that they addressed all necessary subcategories with the following exception: (l) the written policies and procedures over sexual harassment did not address the annual reporting requirements.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: No exceptions noted.

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

Results: No exceptions noted.

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).

Results: No exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions noted.

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

Results: No exceptions noted.

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

Results: We performed the procedures above and noted one instance in which a deposit was not made within one business day of receipt at the collection location. No other exceptions noted.

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).

Results: No exceptions noted.

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions noted.

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 that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions noted.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) 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.

Results: No exceptions noted.

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 that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions noted.

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

Results: No exceptions noted.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted.

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.

Results: No exceptions noted.

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 that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

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

Results: No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 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.

Results: No exceptions noted.

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.

Results: No exceptions noted.

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 that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that 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.

Results: No exceptions noted.

Debt Service

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

Results: No exceptions noted.

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).

Results: No exceptions noted.

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.

Results: No exceptions noted.

24. Observe that 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.

Results: No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report: "We performed the procedure and discussed the results with management."
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

Sexual Harassment

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

Results: No exceptions noted.

27. Observe that 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).

Results: Exception was noted as the District's sexual harassment policy and complaint procedures are not posted on its website.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that 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.

Results: Exception was noted as the report was not prepared by the February 1st deadline. No other exceptions were noted in the performance of this procedure.

We were engaged by Assumption Parish Waterworks District No. 1 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 Assumption Parish Waterworks District No. 1 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 cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
January 23, 2023

Assumption Parish Waterworks District No. 1

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January 23, 2023

Mr. Michael J. Waguespack
Louisiana Legislative Auditor
1600 N 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-Upon Procedures

The management of Assumption Parish Waterworks District No. 1 wishes to provide the following responses relative to the results of the 2022 Statewide agreed-upon procedures engagement:

- 1) In response to the results of the Written Policies and Procedures section, the District will amend its policies and procedures to include the missing items.
- 2) In response to the results of the Collections procedures, the management of the District will ensure that deposits are made within one business day of collection.
- 3) In response to the results of the Sexual Harassment procedures, the School Board will prepare the annual report prior to February 1st each year in the future.

Sincerely,



B.J. Francis, Jr.
General Manager