

Financial Report

*Consolidated Waterworks District No. 1
of the Parish of Terrebonne,
State of Louisiana*

June 30, 2023



Financial Report

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of the Parish of Terrebonne,
State of Louisiana*

June 30, 2023

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June 30, 2023

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FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT

To the Board of Commissioners,
Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana,
Houma, Louisiana.

Opinion

We have audited the accompanying financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana (the “District”), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2023 and the respective changes in net position and cash flows in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 the twelve months beyond the financial statement date, including any currently know 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions on pages 5 through 9, 41, 42, and 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries with 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 an opinion on the financial statements that collectively comprise the District's financial statements. The information contained in Schedules 1 through 12 on pages 44 through 60 for the year ended June 30, 2023 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. That information, except for Schedules 6 through 9 on pages 54 through 57 marked "unaudited", has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and to the financial statements themselves, and other additional procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2023, as a whole. Schedules 6 through 9 on pages 54 through 57 marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously 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 statement of net position of the District as of June 30, 2022, 2021, 2020, and 2019, and the related statement of revenues, expenses and changes in net position for each of the four years then ended (none of which is represented herein), and have issued our reports thereon dated December 14, 2022, January 27, 2022, December 7, 2020, and December 10, 2019, respectively, which contained an unmodified opinion on those financial statements. The information contained in Schedules 10 through 12 on pages 58 through 60 for the years ended June 30, 2022, 2021, 2020, and 2019 is also presented for additional analysis and not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the accounting and other records used to prepare the financial statements as of and for the years ended June 30, 2022, 2021, 2020, and 2019. The information for the years ended June 30, 2022, 2021, 2020, and 2019, in Schedules 10 through 12 on pages 58 through 60 has been subjected to auditing procedures applied in the audits of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared those financial statements or to those financial statements themselves, and other procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information presented in Schedules 10 through 12 on pages 58 through 60 for the years ended June 30, 2022, 2021, 2020, and 2019 is fairly stated in all material respects in relation to the financial statements as a whole from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023 on our consideration of Consolidated Waterworks District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



Certified Public Accountants.

Houma, Louisiana,
December 4, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

June 30, 2023

This section of the District's financial report presents our analysis of the District's financial performance during the year ended June 30, 2023. Please read it in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's change in net position was an increase of \$2.6 million.
- During the year ended June 30, 2023, the District's operating revenues increased by \$0.9 million or 5.06%, while other operating expenses increased by \$2.6 million or 21.85%.
- Non-operating revenues increased by \$1.1 million or 110.00%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of six parts: Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, Supplementary Information and Special Reports by Certified Public Accountants and Management. The financial statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

REQUIRED BASIC FINANCIAL STATEMENTS

The financial statements of the District report information about the District using accounting methods similar to those used by private sector businesses. These statements offer short and long-term financial information about the District's activities.

The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the year and can be used to determine whether the District has successfully recovered all its costs through its fees and other charges, profitability and credit worthiness.

REQUIRED BASIC FINANCIAL STATEMENTS (Continued)

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments throughout the year. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities.

FINANCIAL ANALYSIS OF THE DISTRICT

The statement of net position and the statement of revenues, expenses and changes in net position report information in a way that the reader can determine if the District is in a better financial position as a result of the year's activities. These statements report the net position of the District and changes in it. The net position (difference between assets deferred outflows of resources, liabilities and deferred inflows of resources) can be used to measure financial health or financial position. Over time, increases and decreases in the District's net position are one indicator as to whether its financial health is improving or deteriorating. There are other non-financial factors to consider, such as changes in economic conditions, population growth and new or changed government legislation.

NET POSITION

To begin our analysis, a summary of the District's statement of net position is presented below:

Condensed Statements of Net Position
(In millions of dollars)

	June 30,		Dollar	Total
	2023	2022	Change	Percent
				Change
Current and other assets	\$ 35.5	\$ 38.1	\$(2.6)	-6.82%
Capital assets	95.0	93.6	1.4	1.50%
Deferred outflows of resources	3.9	2.9	1.0	34.48%
Total assets and deferred outflows of resources	<u>\$ 134.4</u>	<u>\$ 134.6</u>	<u>\$(0.2)</u>	-0.15%
Long-term debt and obligations outstanding	\$ 23.5	\$ 24.8	\$(1.3)	-5.24%
Current and other liabilities	5.9	5.3	0.6	11.32%
Deferred inflows of resources	3.7	5.8	(2.1)	-36.21%
Total liabilities and deferred inflows of resources	<u>33.1</u>	<u>35.9</u>	<u>(2.8)</u>	-7.80%
Investment in capital assets, restated	77.6	74.1	3.5	4.72%
Restricted	8.1	8.3	(0.2)	-2.41%
Unrestricted, restated	15.6	16.3	(0.7)	-4.29%
Total net position	<u>101.3</u>	<u>98.7</u>	<u>2.6</u>	2.63%
Total liabilities and net position	<u>\$ 134.4</u>	<u>\$ 134.6</u>	<u>\$(0.2)</u>	-0.15%

NET POSITION (Continued)

As can be seen from the previous table, net position increased \$2.6 million to \$101.3 million for the year ended June 30, 2023. This increase reflects capital projects, unrestricted net position (those that can be used to finance day-to-day operations) and restricted net position. Long-term debt and obligations decreased by \$1.3 million as a result of payments of bond principle and decreases in post-employment obligations for retiree health insurance. Also, amortization of bond premiums further decreased long-term debt.

**Condensed Statements of Revenues,
Expenses, and Changes in Net Position**
(In millions of dollars)

	June 30,		Dollar Change	Total Percent Change
	2023	2022		
Operating revenues	\$ 18.7	\$17.8	\$0.9	5.06%
Non-operating revenues	2.1	1.0	1.1	110.00%
Total revenues	<u>20.8</u>	<u>18.8</u>	<u>2.0</u>	10.64%
Depreciation	3.8	3.8	-	0.00%
Other operating expenses	14.5	11.9	2.6	21.85%
Non-operating expenses	<u>0.5</u>	<u>0.6</u>	<u>(0.1)</u>	-16.67%
Total expenses	<u>18.8</u>	<u>16.3</u>	<u>2.5</u>	15.44%
Change in net position before capital contributions	2.0	2.5	(0.5)	-20.00%
Capital contributions	<u>0.6</u>	<u>1.0</u>	<u>(0.4)</u>	-40.00%
Change in net position	2.6	3.5	(0.9)	-25.71%
Beginning net position	<u>98.7</u>	<u>95.2</u>	<u>3.5</u>	3.68%
Ending net position	<u>\$101.3</u>	<u>\$98.7</u>	<u>\$2.6</u>	2.63%

The Statement of Revenues, Expenses, and Changes in Net Position provide answers as to the nature and source of changes in net position. The District's operating revenues increased by \$0.9 million to \$18.7 million or 5.06% primarily due to increases in customer sales and services and increase in rate in May 2023. Non-operating revenues increased by \$1.1 million primarily due to an increase in interest revenue. The District's other operating expenses increased \$2.6 million or 21.85% primarily due to \$0.5 million increase in other services and charges and a \$1.9 million increase in personal services.

HIGHLIGHTS

As required by revenue bond resolutions, the District adopts a line-item budget no later than 30 days prior to the start of the following year. The budget is reviewed and amended as needed. During the year ended June 30, 2023, the budget was amended in the third and fourth quarters. The amendments reflected a decrease in operating income of \$389,319 associated with an increase in operating revenues of \$355,000 and an increase in operating expenses of \$744,319 with less than anticipated personal services of \$560,641. A more detailed analysis of the District's budget is presented in the supplemental information section of this report.

CAPITAL ASSETS

As of June 30, 2023, the District had invested \$185.6 million in a broad range of infrastructure including water plants at Schriever and Houma and a distribution system throughout the Parish. In addition, the District's capital assets include a warehouse, administration facilities, vehicles, furniture and equipment as shown below. This amount represents an increase of \$1.5 million, or 1.6%, over last year.

Capital Assets
(In millions of dollars)

	<u>June 30,</u>		<u>Dollar</u> <u>Change</u>	<u>Total</u>
	<u>2023</u>	<u>2022</u>		<u>Percent</u> <u>Change</u>
Land	\$ 0.6	\$ 0.6	\$ -	0.0%
Water plant	43.6	43.2	0.4	1.0%
Distribution system	131.9	129.2	2.7	2.1%
Administrative building	3.3	3.3	-	0.0%
Plant equipment	0.7	0.6	0.1	16.7%
Furniture and equipment	1.2	1.1	0.1	9.1%
Automobiles and trucks	1.4	1.2	0.2	16.7%
Construction in progress	2.9	1.1	1.8	163.6%
Subtotal	<u>185.6</u>	<u>180.3</u>	<u>5.3</u>	<u>3.0%</u>
Less accumulated depreciation	<u>90.6</u>	<u>86.8</u>	<u>3.8</u>	<u>4.4%</u>
Net book value	<u>\$ 95.0</u>	<u>\$ 93.5</u>	<u>\$ 1.5</u>	<u>1.6%</u>

This year's capital improvements included:

- Facility improvements at water plants.
- Distribution system equipment purchases and improvements.
- Various furniture and equipment purchases.
- Purchase of six service vehicles.
- Waterlines donated by developers.
- Purchase of meter and meter reading equipment.

LONG-TERM DEBT AND OBLIGATIONS

As of June 30, 2023, the District had approximately \$17.5 million in long-term debt (water revenue bonds). Also in the fiscal year, the District paid \$1.97 million in principal payments on outstanding debt. More detailed information about the District's long-term debt is presented in Note 6 to the financial statements.

The District's water revenue bonds maintain an AA-/Stable rating from Standard and Poor's Rating Service.

Bond covenants allow for the issuance of additional debt, on a parity basis, subject to certain conditions. The major criterion is that annual net revenues must be at least 1.32 times the highest combined annual principal and interest requirements. The District currently carries a coverage ratio of 1.37 down from last year's ratio of 1.41.

As of June 30, 2023, the District's obligation for postemployment health care was \$7.2 million, which is a decrease of \$0.2 million for the year ended June 30, 2022 and a net current year credit of \$0.3 million. More information on the District's postemployment health care obligation is presented in the Note 7 to the financial statements.

As of June 30, 2023, the District's proportional share of the net pension liability amounted to \$0.9 million a \$3.1 million decrease from the year ended June 30, 2022 when a net pension asset was report. More information on the District's proportional share of the net pension asset of the Parochial Employees Retirement System is presented in the Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Commissioners and management considered many factors when setting the fiscal year 2024 budget. Some of those factors are the economy of Terrebonne Parish and the increased inflation rate of the U.S. Revenues from water sales and services available for recovering operating expenses are projected to be \$21.85 million, \$3.89 million more than original operating revenues budgeted in fiscal year 2023. A total of \$10 per unit minimum charge for waters services will account for the significant increase in budgeted revenue. Expenses are budgeted at \$18.27 million which is an increase of \$0.76 million from the original operating budget in fiscal year 2023. The operating expense increase is driven by an overall increase in inflation along with COLA increases for personal services and increase in insurance costs by up to 20%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact Consolidated Waterworks District No. 1 Terrebonne Parish Consolidated Government, State of Louisiana, Office Manager, P. O. Box 630, Houma, LA 70361.

STATEMENT OF NET POSITION

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

June 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current

Cash and cash equivalents	\$ 20,476,348
Accounts receivable:	
Customers	1,342,332
Unbilled water sales	1,435,834
Allowance for uncollectible accounts	(392,336)
Interest receivable	160,569
Prepaid insurance	45,316
Due from State of Louisiana:	
Office of Homeland Security and Emergency Preparedness	715,280
Inventory of materials and supplies	993,002
	<hr/>
Total current assets	24,776,345

Restricted Cash and Cash Equivalents

Meter Deposit Fund	2,598,259
Revenue Bond Sinking Fund	1,521,280
Bond Reserve Fund	2,094,379
Depreciation and Contingencies Fund	4,538,799
Construction 2012 Fund	1,911
	<hr/>
Total restricted cash and cash equivalents	10,754,628

Capital Assets

Non-depreciable	3,458,866
Depreciable, net	91,578,351
	<hr/>
Total capital assets	95,037,217

Total assets

130,568,190

Deferred Outflows of Resources

Bond refunding	333,264
Other postemployment benefits	1,847,191
Pensions	1,688,192
	<hr/>
Total deferred outflows of resources	3,868,647

Total assets and deferred outflows of resources

\$ 134,436,837

See notes to financial statements.

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current

Payable from current assets:	
Accounts payable and accrued expenses	\$ 1,159,179
Payable from restricted assets:	
Accrued interest on bonds	82,230
Revenue bonds:	
Bonds payable	2,094,000
Meter deposits	2,598,259
Total current liabilities payable from restricted assets	4,774,489
Total current liabilities	5,933,668

Long-Term

Revenue bonds:	
Bonds payable	15,381,052
Net pension liability	915,529
Other postemployment benefit obligation	7,242,461
Total long-term liabilities	23,539,042
Total liabilities	29,472,710

Deferred Inflows of Resources

Other postemployment benefits	3,464,696
Pensions	187,665
Total deferred inflows of resources	3,652,361
Total liabilities and deferred inflows of resources	33,125,071

Net Position

Net investment in capital assets	77,560,254
Restricted for:	
Debt service	3,615,659
Renewal and replacement	4,538,799
Unrestricted	15,597,054
Total net position	101,311,766

Total liabilities, deferred inflows of resources and net position	\$ 134,436,837
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**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

For the year ended June 30, 2023

OPERATING REVENUES

Revenues from water sales and services	\$ 18,160,965
Other operating revenues	582,320
	18,743,285
Total operating revenues	18,743,285

OPERATING EXPENSES

Personal services	7,007,894
Supplies and materials	2,094,372
Other services and charges	5,366,727
Depreciation	3,849,226
	18,318,219
Total operating expenses	18,318,219

Operating income	425,066
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NON-OPERATING REVENUES (EXPENSES)

Investment income	997,372
Intergovernmental	586,232
Insurance proceeds	441,973
Amortization of bond premium	5,080
Bond interest	(514,708)
	1,515,949

Net non-operating revenues	1,515,949
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Change in net position before capital contributions	1,941,015
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CAPITAL CONTRIBUTIONS

	668,790
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Change in net position	2,609,805
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NET POSITION

Beginning of year	98,701,961
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End of year	\$ 101,311,766
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See notes to financial statements.

STATEMENT OF CASH FLOWS**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

For the year ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 18,417,014
Cash payments to suppliers for goods and services	(7,181,908)
Cash payments to employees for services and benefits	(7,005,807)

Net cash provided by operating activities	4,229,299
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**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(4,660,523)
Proceeds from insurance	2,180,583
Intergovernmental capital project grants	27,304
Principal paid on outstanding debt	(1,971,000)
Interest paid on outstanding debt	(494,424)

Net cash used in capital and related financing activities	(4,918,060)
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	861,699
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Net increase in cash and cash equivalents	172,938
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CASH AND CASH EQUIVALENTS

Beginning of year	31,058,038
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End of year	\$ 31,230,976
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CLASSIFIED AS

Current assets	\$ 20,476,348
Restricted assets	10,754,628

Total cash and cash equivalents	\$ 31,230,976
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**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 425,066
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3,849,226
Bad debts	8,071
Other postemployment benefit obligations	(322,213)
Pension	227,318
(Increase) decrease in assets:	
Accounts receivable	(334,241)
Inventory of material and supplies	(144,780)
Prepaid insurance	(45,316)
Increase in liabilities:	
Accounts payable and accrued expenses	566,269
Meter deposits	(101)
Total adjustments	3,804,233
Net cash provided by operating activities	\$ 4,229,299

**NON CASH OPERATING, CAPITAL AND RELATED FINANCING
ACTIVITIES AND INVESTING ACTIVITIES**

Capital assets received in noncash capital contributions	\$ 668,790
Amortization of bond premium	\$ 5,080

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The more significant of the District's accounting policies are described below:

a) Reporting Entity

Following Louisiana legislation passed in the 1992 session, the Terrebonne Parish Consolidated Government passed an ordinance creating the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana (the "District") for the purpose of providing water services to the citizens of Terrebonne Parish. On July 1, 1994 Waterworks District Nos. 1, 2, and 3 of Terrebonne Parish and the City of Houma water system transferred cash, investments and other net assets to the District.

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, GASB Statement No. 61, *The Financial Reporting Entity: omnibus and amendment of GASB Statement No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirement for Certain Component Units*, established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

The District has reviewed all of its activities and determined there are no potential component units which should be included in its financial statements.

It has been determined based upon the above criteria that the District is a component unit of the Terrebonne Parish Consolidated Government and will be included in its comprehensive financial report for the year ending June 30, 2023.

b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements provide information about the District's business activities. The financial statements for business-type activities are also often referred to as enterprise fund financial statements.

"Measurement Focus" is an accounting term used to describe which transactions and types of balances are recorded within the various financial statements. The expression, "Basis of Accounting", refers to when transactions or events are recorded regardless of the measurement focus applied.

The District utilizes a single stand-alone enterprise fund for its business-type activities. The Fund is used to account for water intake, purification, distribution and sales activities, and the related administrative functions.

Because of the "businesslike" characteristics of operations, the accompanying financial statements report using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of the "economic resources" measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Under full accrual accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In governmental accounting, the enterprise fund is used to account for operations that are financed and operated in a manner similar to private business or where the Board of Directors has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

As the means for delivering services to its customers, the District utilizes water production plants and water distribution systems. To provide the resources that are necessary to pay for these utility services and the related support functions, the District charges its customers monthly user fees which are based on the specific level of services that they are receiving. Because the operations of the District closely mirror those of a typical, commercial company, its accounting records reflect a similar approach for measuring its business activity.

The District's various bond indentures require the establishment of certain accounts which are referred to as "funds". These required accounts are maintained as part of the accounting records of the District. They include the Revenue Bond Sinking Fund, Bond Reserve Fund, and Depreciation and Contingencies Fund. These are not "funds" as the term is used in generally accepted accounting principles but are separate "accounts" used to delineate the accounting and reporting for bond-related money and repayment security requirements.

The balances and activity that occur in these various accounts represent specific segments of the District as reported in the District's basic financial statements. Additional compliance information about these accounts is presented in Note 6 and a separate supplemental schedule that follow the basic financial statements.

The enterprise fund used by the District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues are charges to customers for sales and services that are provided to them. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c) Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers cash and cash equivalents to include amounts in checking accounts and investments in certificates of deposits with maturities of three months or less when purchased and the Louisiana Asset Management Pool (LAMP).

LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

e) Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Balances are considered past due 30 days from the invoice date. Management provides an allowance for probable uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

f) Inventory of Material and Supplies

Inventory of materials and supplies are valued at net realizable value, using the first-in first-out (FIFO) method, which approximates the average cost method.

g) Restricted Assets

Specific assets are required to be segregated as to use and are therefore identified as restricted assets. Certain assets are restricted pursuant to restrictions arising from various bond indenture agreements (See Note 6).

h) Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are valued at historical costs or estimated cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

Depreciation of all capital assets, excluding land and construction in progress, is calculated over the estimated useful lives using the straight-line method as follows:

Type of Capital Asset	Depreciation Rate
Water plant	2%
Water plant - filters	20%
Distribution system	2% - 4%
Distribution system - tank painting and improvements	33%
Administrative building	5%
Plant equipment	10%
Furniture and equipment	10% - 20%
Automobiles and trucks	20%

i) Long-Term Debt

Long-term debt and other obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond payable balances are reported net of applicable bond premium and discount.

j) Accumulated Unpaid Vacation and Sick Leave

The District accrues vacation and sick leave benefits in the period earned. Full-time employees of the District shall be entitled to vacation with pay and shall accrue vacation time in the following manner:

After first year	Five days (40 hours)
After second year through ninth year	Ten days (80 hours)
Ten years or more	Fifteen days (120 hours)

Employees may not accumulate and carry forward vacation time beyond the year earned, which is January 1 through December 15. Accumulated and unpaid vacation leave is due to the employee at the time of termination of employment. Although sick leave accumulates and is available for employees when needed, it does not vest nor is it payable at termination of employment.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting as deferred outflows of resources: bond refunding, OPEB and pension related deferred outflows. The District has two items that qualify for reporting as deferred inflows of resources: OPEB and pension related inflows of resources.

A bond premium or discount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized by the interest method over the shorter of the life of the refunded debt or the refunding debt. See Note 6 for additional information regarding bond refunding, See Note 7 for information regarding OPEB related deferred outflows and inflows of resources and Note 8 for information regarding deferred outflows and inflows of resources related to pensions.

l) Contracts Payable

Liability for work performed on contracts is recognized as the work is incurred.

m) Revenues and Expenses

Operating revenue and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted assets to the extent such are available and then to unrestricted net position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (the "System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

o) Net Position

Net position comprised the various net earnings from operating income, non-operating revenues, expenses and capital contributions. Net position is classified into the following three components:

- **Net Investment in Capital Assets** - This component of net position consists of 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net assets consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements

During the year ended June 30, 2023, the District implemented the following GASB Statements:

Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*” improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in the Statement a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or a capital asset (the underlying PPP asset), for a period of which a government compensates an operator for services that may include design, constructing, financing, maintaining or operating an underlying nonfinancial asset for a period of time in an exchange or exchange like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining or operating an underlying nonfinancial asset for a period of time in an exchange or exchange like transaction. This Statement did not affect the financial statements as of and for the year ended June 30, 2023.

Statement No. 96, “*Subscription-Based Information Technology Arrangements*” provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 “*Leases*”, as amended. Under this Statement a government should recognize a right to use subscription asset and a corresponding subscription liability at the commencement of the subscription term. The subscription liability should be measured at the present value of subscription payments. Future subscription payments should be discounted using the interest rate the vendor charges the government or the government’s incremental borrowing rate. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example interest expense) in future financial reporting periods. Activities associated with SBITAs, other than subscription payments, should be grouped into three stages and costs meeting specific capitalization criteria, including costs necessary to place the subscription asset in service, should be capitalized in the subscription asset, otherwise costs should be expensed as incurred. This Statement provides an exception for short-term SBITAs of 12 months or less, including options to extend. Subscription payments for short-term SBITAs should be expensed as incurred. This Statement requires disclosure of descriptive information about SBITAs other than short-term SBITAs. This Statement did not affect the financial statements as of and for the year ended June 30, 2023.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 99, “*Omnibus 2022*” provides objectives to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial report for financial guarantees. The requirements of this Statement apply to all financial statements at dates varying from upon issuance to fiscal periods beginning after June 15, 2023. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 100, “*Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*” provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 101, “*Compensated Absences*” provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

Note 2 - BUDGET

The Board of Commissioners of the District is required by revenue bond resolutions to adopt a line-item budget for the District within thirty days of the end of its fiscal year for the following year. The Board adopted a line-item budget for the year ended June 30, 2023. The budget was amended twice during the year. The budget is prepared on a basis in accordance with accounting principles generally accepted in the United States of America. All revisions to the budget must be approved by the Board. The budget lapses at year-end.

Note 3 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

The balances of deposits as of June 30, 2023 are as follows:

	Bank Balances	Reported Amount
Cash	\$ 7,755,321	\$ 6,154,742
Certificates of deposit	4,745,000	4,745,000
Totals	\$ 12,500,321	\$ 10,899,742

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District has a written policy for custodial credit risk. As of June 30, 2023, \$10,994,549 of the District’s bank balance of \$12,500,321 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent and are deemed to be held in the District’s name by state statutes.

As of June 30, 2023, cash and certificates of deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, interest rate risk, the District's investment policy limits investments to securities with less than six months from the date of purchase unless the investment is matched to a specific cash flow. Due to this policy, we are showing all investments with maturity dates less than three months from the date of purchase as cash and cash equivalents.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange District.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of such funds in an effort to minimize risk while earning maximum returns.* The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

The District places no limit on the amount the District may invest with anyone issuer. Investments issued by or explicitly guaranteed by the U.S. Government, and external investment pools are exempt from concentration of credit risk exposures.

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the LAMP.

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days.

The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of June 30, 2023 amounted to \$20,330,934 and are classified on the statement of net position as unrestricted and restricted "Cash and Cash Equivalents".

A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

Cash on hand	\$	300
Reported amount of deposits		10,899,742
Reported amount of investments		<u>20,330,934</u>
Total		<u>\$ 31,230,976</u>
Classified as:		
Current assets		\$ 20,476,348
Restricted assets		<u>10,754,628</u>
Total		<u>\$ 31,230,976</u>

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Adjustments and Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 581,471	\$ -	\$ -	\$ 581,471
Construction in progress	1,148,612	3,103,234	(1,374,451)	2,877,395
Total capital assets not being depreciated	<u>1,730,083</u>	<u>3,103,234</u>	<u>(1,374,451)</u>	<u>3,458,866</u>
Capital assets being depreciated:				
Water plant	42,249,209	131,351	-	42,380,560
Water plant - water filters	920,100	324,000	-	1,244,100
Distribution system	128,589,923	2,573,846	-	131,163,769
Distribution system - tank painting and improvements	637,662	168,998	-	806,660
Administrative building	3,272,933	61,624	-	3,334,557
Plant equipment	590,852	65,793	-	656,645
Furniture and equipment	1,130,060	94,892	-	1,224,952
Automobiles and trucks	1,223,618	180,026	-	1,403,644
Total capital assets being depreciated	<u>178,614,357</u>	<u>3,600,530</u>	<u>-</u>	<u>182,214,887</u>
Less accumulated depreciation for:				
Water plant	(22,317,102)	(753,255)	-	(23,070,357)
Water plant - water filters	(388,333)	(246,900)	-	(635,233)
Distribution system	(59,561,015)	(2,330,490)	-	(61,891,505)
Distribution system - tank painting and improvements	(411,164)	(161,332)	-	(572,496)
Administrative building	(1,837,082)	(110,200)	-	(1,947,282)
Plant equipment	(571,516)	(23,522)	-	(595,038)
Furniture and equipment	(747,224)	(105,595)	-	(852,819)
Automobiles and trucks	(953,874)	(117,932)	-	(1,071,806)
Total accumulated depreciation	<u>(86,787,310)</u>	<u>(3,849,226)</u>	<u>-</u>	<u>(90,636,536)</u>
Total capital assets being depreciated, net	<u>91,827,047</u>	<u>(248,696)</u>	<u>-</u>	<u>91,578,351</u>
Total capital assets, net	<u>\$ 93,557,130</u>	<u>\$ 2,854,538</u>	<u>\$ (1,374,451)</u>	<u>\$ 95,037,217</u>

Additions to the distribution system include the estimated fair value of newly completed waterlines donated to the District by developers. The donated waterlines amount to \$668,790 for the year ended June 30, 2023.

Reported as adjustments, \$204,019 are the completion and reclassification of capital projects to their functional asset groupings, which had been previously accounted for as construction in progress.

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of June 30, 2023 consisted of the following:

Vendors		\$ 826,310
Salaries and benefits		325,162
State of Louisiana		
Department of Revenue (sales tax)		7,707
Total		\$1,159,179

Note 6 - LONG-TERM OBLIGATIONS

Activity in long-term obligations for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Obligations Retired	New Issues	Balance June 30, 2023	Current Amounts
Revenue bonds	\$ 19,446,052	\$ (1,971,000)	\$ -	\$ 17,475,052	\$ 2,094,000
Unamortized bond premium	5,080	(5,080)	-	-	-
Net pension liability	-	-	915,529	915,529	-
Other postemployment benefits	7,372,324	(129,863)	-	7,242,461	-
Totals	\$ 26,823,456	\$ (2,105,943)	\$ 915,529	\$ 25,633,042	\$ 2,094,000

Note 6 - LONG-TERM OBLIGATIONS (Continued)

Revenue bonds as June 30, 2023 consisted of the following:

<p>Revenue Refund Bonds Series 2019 payable in the amount of \$14,320,000, issued December 12, 2019 with an average yield of 2.86% to refund \$12,960,000 of outstanding Water Revenue Bonds Series 2012A and are scheduled to mature November 1, 2037.</p>	<p>\$13,925,000</p>
<p>Taxable Water Revenue Bonds, Series 2014A payable in the amount of \$4,200,000, issued December 23, 2014, with a yield of 2.95% (plus a 5% annual administrative fee) for the purpose of constructing and acquiring improvements and extensions to the District’s waterworks system. The bonds were purchased by the Louisiana Department of Health and Hospitals and bond proceeds are distributed from time to time as construction progresses. The terms of the Loan and Pledge Agreement accompanying the bonds contain a 30% principal forgiveness provision on each draw down limited to \$1,125,000. Additional borrowings of \$1,038,948, after application of 30% principal forgiveness, are available as of June 30, 2023, after application of unreimbursed costs. The bonds are scheduled to mature November 1, 2035.</p>	<p>1,570,052</p>
<p>Revenue Refund Bonds, Series 2014 payable in the amount of \$5,995,000, issued May 6, 2014, with a premium of \$195,243 and a yield of 2.92%, to refund \$6,610,000 of outstanding Water Revenue Refunding Bonds, Series 2003A and are scheduled to mature November 1, 2023.</p>	<p>1,080,000</p>
<p>Water Revenue Bonds, Series 2010 payable in the amount of \$1,900,000, issued December 29, 2010, with a yield of 2.95% (plus a 5% annual administrative fee) for the purpose of constructing and acquiring improvements and extensions to the District’s waterworks system. The bonds were purchased by the Louisiana Department of Health and Hospitals and are scheduled to mature November 1, 2030.</p>	<p style="border-top: 1px solid black;">900,000</p>
<p style="padding-left: 40px;">Total</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">\$17,475,052</p>

Note 6 - LONG-TERM OBLIGATIONS (Continued)

The annual requirements to amortize debt outstanding for water revenue bonds, assuming full issuance of the Taxable Water Revenue Bonds, Series 2014A, as of June 30, 2023, was as follows:

Year Ending June 30,	Principal	Interest	Totals
2024	\$ 2,094,000	\$ 484,512	\$ 2,578,512
2025	1,036,000	443,818	1,479,818
2026	1,060,000	418,006	1,478,006
2027	1,088,000	390,576	1,478,576
2028	1,123,000	361,408	1,484,408
2029 - 2033	5,836,000	1,324,583	7,160,583
2034 - 2038	5,894,000	453,680	6,347,680
Totals	\$ 18,131,000	\$ 3,876,583	\$ 22,007,583

Under the terms of the bond indentures for outstanding Water Revenue Bonds, principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operations of the District. All revenues must be deposited in the District and required transfers made to the following accounts (funds) on a monthly basis after the payment of operating expenses:

a) Revenue Bond Sinking Fund

Monthly transfers are required to this Fund in an amount necessary to make the principal and interest payments as they become due. The Fund is restricted for this purpose.

b) Bond Reserve Fund

The Reserve Fund is required to be funded in an amount equal to the lesser of (i) 10% of the proceeds of the bonds, (ii) the highest combined principal and interest requirements for any succeeding year or (iii) 125% of the average aggregate amount of principal and interest becoming due.

Monies in the amount of \$2,094,379 have been deposited into this Fund. This amount is equal to 125% of the average aggregate amount of principal and interest becoming due in any future year on the District's outstanding water revenue bonds. The Fund is restricted to the payment of principal and interest in case of default.

Note 6 - LONG-TERM OBLIGATIONS (Continued)

c) Depreciation and Contingencies Fund

Monthly transfers of 5% of gross revenues of the District for the preceding month are required. The Fund is restricted to payments for extensions, additions, improvements, renewals and replacements necessary to properly operate the District. It will also be used to pay principal and interest if there are not sufficient funds in the Revenue Bond Sinking Fund and Bond Reserve Fund.

d) Bond Requirements

The accounting requirements of the bond resolution for Water Revenue Bonds, as stated in a) through c) above, have been complied with for the year ended June 30, 2023.

Obligations for other postemployment benefits and net pension liability/asset are described in Notes 7 and 8, below.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District administers a single employer defined benefit healthcare plan (the “Plan”). The Plan provides for the payment of medical, prescription drugs, dental, long-term care, life insurance and Medicare supplement premiums for eligible employees, retirees and their dependents as allowed by policy set by the Board of Directors. The District funds 85% premium for all active employees. For employees hired prior to November 17, 2017, the District will continue to pay 100% of the insurance premiums for retirees with at least twenty years of service upon retiring from the Parochial Employees’ Retirement System, see Note 8. For employees hired on or after November 17, 2017, the District will require retirees to make premium contributions at the same rate as active employees at the retirement. The District does not issue a publicly available financial report on the Plan.

Employee Covered by Benefit Terms

As of June 30, 2023, the following employees were covered by the benefit terms.

Inactive employees currently receiving benefits payments	41
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>80</u>
Total	<u><u>121</u></u>

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability

The District's total OPEB liability of \$7,242,461 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2023 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2023
Actuarial Valuation Date	July 1, 2021
Inflation	3.00%
Salary Increases, Includes Inflation	3.00%
Discount Rate	3.86%
Healthcare Cost Trend Rates	Pre-65 Medical 12.16% in year 1, 6.25 in year 2 then decreasing in decrements of 0.25% per year until 5.00% in years 7 through 10.
	Medicare Supplement 3.39% in year 1 then 3.00% in years 2 through 10.
	Dental 4.50% in year 1 then decreasing in decrements of 0.25% per year until 4.00% in years 3 through 10.
Mortality Rates	PubG.H-2010 Employee and Healthy Retiree Mortality Table, Generational with Projection Scale MP-2020.
Retirees' Share of Benefit-Related Costs	Retirees hired prior to 11/21/2017 have no contribution requirements. Retirees hired on or after 11/21/2017 are required to contribute the same amount as active employees at the time of their retirement, which is currently 15% of insurance premiums. Retirees are eligible to continue their medical, dental, long-term care, and life insurance coverage. To be eligible, an employee must retire from the District, be eligible to receive retirement Parochial Employees' Retirement System and have 20 years of service with the District.

The discount rate was based on June 30, 2023 Fidelity General Obligation AA 20-Year Yield.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	<u>\$ 7,372,324</u>
Changes for the year:	
Service cost	105,197
Interest	279,856
Difference between expected and actual experience	24,234
Changes in assumptions	(85,934)
Benefit payments	<u>(453,216)</u>
Net changes	<u>(129,863)</u>
Balance as of June 30, 2023	<u>\$ 7,242,461</u>

Sensitivity to the total OPEB Liability to Change in the Discount Rate

The following 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 1% lower or higher than the current discount rate.

	<u>1.0% Decrease (2.86%)</u>	<u>Current Discount Rate (3.86%)</u>	<u>1.0% Increase (4.86%)</u>
Total OPEB Liability	<u>\$ 8,239,719</u>	<u>\$ 7,242,461</u>	<u>\$ 6,414,967</u>

Sensitivity to the total OPEB Liability to Change in the Health 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 a discount rate that is 1% lower pre-65 medical, prescription drugs, Medicare supplement, and dental or 1% higher pre-65 medical, prescription drugs, Medicare supplement and dental than the current healthcare cost trend rates.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

	1.0% Decrease	Current Healthcare Cost Trend Rate	1.0% Increase
Total OPEB Liability	\$6,231,271	\$7,242,461	\$8,539,519

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

For the year ended June 30, 2023, the District recognized a credit amounting to \$322,213 for OPEB activity. As of June 30, 2023, 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
Difference between expected and actual experience	\$ 1,217,077	\$ 1,076,606
Changes in assumptions	630,114	2,388,090
Totals	\$ 1,847,191	\$ 3,464,696

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

For the Year Ended June 30,	Amount
2024	\$ 254,050
2025	283,911
2026	283,911
2027	283,911
2028	283,911
Thereafter	227,811
Total	\$ 1,617,505

Note 8 - PENSION PLAN

Plan Description. The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana ("System"), a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically and other general laws of the State of Louisiana.

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired on or after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service. Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years and defer the receipt of benefits. During the three year period, employer contributions continue but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. The monthly retirement benefits are paid into the DROP Fund. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with 5 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2022, the actuarial employer contribution rate was 4.93% of member's compensation. However, the actual rate of 7.50% was in effect for the year ended December 31, 2022.

Note 8 - PENSION PLAN (Continued)

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the System from the District were \$351,365 for the year ended June 30, 2023.

Pension Liability. As of June 30, 2023, the District reported a net pension liability of \$915,529 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability 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. As of December 31, 2022, the District's proportion was 3.845320%, which was a decrease of 0.08080% from its proportion measured as of December 31, 2021.

Pension Expense. For the year ended June 30, 2023, the District recognized pension expense of \$578,683.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 19,043	\$(183,664)
Net difference between projected and actual earnings on pension plan investments	1,439,939	-
Changes in assumptions	43,161	-
Changes in proportion	10,207	(4,001)
Contributions subsequent to the measurement date	<u>175,842</u>	<u>-</u>
	<u>\$ 1,688,192</u>	<u>\$(187,665)</u>

Note 8 - PENSION PLAN (Continued)

The District reported \$175,842 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30,	Amount
2024	\$ 2,382
2025	208,330
2026	478,337
2027	635,636
Total	\$ 1,324,685

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension asset as of June 30, 2023 are as follows:

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Discount Rate	6.40%
Projected Salary Increases	4.25%
Inflation Rate	2.30%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plan Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

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.

Note 8 - PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (CAPM) (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 7.70% for the year ended June 30, 2023.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2023 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.00%	1.17%
Equity	51.00%	3.58%
Alternatives	14.00%	0.73%
Real assets	<u>2.00%</u>	<u>0.12%</u>
Totals	<u>100.00%</u>	5.60%
Inflation		<u>2.10%</u>
Expected Arithmetic Nominal Return		<u>7.70%</u>

Discount Rate. The discount rate used to measure the collective pension liability was 6.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System'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 liability.

Note 8 - PENSION PLAN (Continued)

Sensitivity of the District’s Proportionate Share of the Collective Net Pension (Asset) Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the collective net pension asset using the discount rate of 6.40%, as well as what the District’s proportionate share of the net pension (asset) liability 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:

	<u>1.0% Decrease (5.40%)</u>	<u>Current Discount Rate (6.40%)</u>	<u>1.0% Increase (7.40%)</u>
District’s proportionate share of the net pension liability (asset)	<u>\$ 2,962,500</u>	<u>\$915,529</u>	<u>\$(797,974)</u>

Pension Plan Fiduciary Net Position. The Parochial Employees’ Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended June 30, 2023. Access to the audit report can be found on the System’s website, www.persla.org or on the Louisiana Legislative Auditor’s website, www.la.gov.

Note 9 - LITIGATION

The District is involved in disputes in the normal course of business. Management believes the resolution of these matters will not have a material effect on the District’s financial position or the results of operations. Accordingly, no obligations for claims or litigation have been recognized in the financial statements.

Note 10 - BOARD MEMBERSHIP AND COMPENSATION OF BOARD DIRECTORS

Included in administrative expenses is the per diem payments and mileage reimbursement to members of the Board of Directors. In accordance with the State of Louisiana Statutes Directors receive \$60 per meeting attended, limited to 24 regularly scheduled meetings and 12 special meetings each year. Beginning in November 2021, Directors received \$161 per meeting attended.

<u>Board members</u>	<u>Number of Meetings Attended</u>	<u>Payments for</u>		<u>Total Amount</u>
		<u>Meetings Attended</u>	<u>Expenses</u>	
Charles Brown	23	\$ 3,703	\$ 159	\$ 3,862
Vincent Celestin	24	3,864	222	4,086
Teri Chatagnier	21	3,381	404	3,785
Kenneth Ellender	20	3,220	154	3,374
Stephen Hornsby	22	3,542	296	3,838
Thomas Wilbert	21	3,381	76	3,457
John Pizzolatto	24	3,864	92	3,956
Clifton Stoufflet	24	3,864	68	3,932
Chester Voisin	22	3,542	622	4,164
Totals		<u>\$32,361</u>	<u>\$2,093</u>	<u>\$34,454</u>

Note 11 - CONCENTRATIONS

In May 2013, voters in Terrebonne Parish approved a 2.11 mill parish-wide ad valorem tax dedicated to the Bayou Lafourche Freshwater District. The tax, which was initially assessed November 1, 2013, provides for voting membership by representatives of Terrebonne Parish on the Bayou Lafourche Freshwater District Board. The District purchases its raw water supply from the Bayou Lafourche Freshwater District. The cost of raw water to the District is based upon the amount of water drawn from Bayou Lafourche and has been established \$.03 per 1,000 gallons. For the year ended June 30, 2023, the District recognized \$134,555 as raw water expenses for purchases from the Bayou Lafourche Freshwater District.

Note 12 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 4, 2023, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS**

**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

For the six years ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 105,197	\$ 227,165	\$ 238,661	\$ 354,006	\$ 322,329	\$ 312,941
Interest	279,856	320,107	179,880	255,113	309,233	343,327
Changes of benefit terms	-	(844,723)	-	-	-	-
Difference between expected and actual experience	24,234	1,125,071	(1,364,163)	576,673	(1,002,989)	745
Changes in assumptions or other inputs	(85,934)	(1,700,462)	649,790	(1,780,418)	1,181,522	-
Benefit payments	<u>(453,216)</u>	<u>(415,641)</u>	<u>(343,937)</u>	<u>(327,197)</u>	<u>(271,084)</u>	<u>(289,714)</u>
Net change in total OPEB liability	(129,863)	(1,288,483)	(639,769)	(921,823)	539,011	367,299
Total OPEB liability, beginning of year	<u>7,372,324</u>	<u>8,660,807</u>	<u>9,300,576</u>	<u>10,222,399</u>	<u>9,683,388</u>	<u>9,316,089</u>
Total OPEB liability, end of year	<u>\$ 7,242,461</u>	<u>\$ 7,372,324</u>	<u>\$ 8,660,807</u>	<u>\$ 9,300,576</u>	<u>\$ 10,222,399</u>	<u>\$ 9,683,388</u>
Covered employee payroll	<u>\$ 4,032,129</u>	<u>\$ 3,914,688</u>	<u>\$ 4,484,297</u>	<u>\$ 4,353,686</u>	<u>\$ 4,109,709</u>	<u>\$ 3,990,009</u>
Total OPEB liability as a percentage of covered employee payroll	<u>179.62%</u>	<u>188.32%</u>	<u>193.14%</u>	<u>213.63%</u>	<u>248.74%</u>	<u>242.69%</u>

Notes to schedule:

Changes of benefit terms:

2023 None

2022 Employees hired on or after November 1, 2017 are required to contribute 15% of the premium at retirement. Surviving spouses can remain on the plan for six months after the death of the retiree.

2018 - 2021 None

Changes of assumptions and other inputs reflected the effects of changes in the discounts rate each period:

3.86%

3.62%

1.92%

2.45%

3.13%

3.62%

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2018 and is intended to show a ten year trend. Additional years will be reported as they become available.

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

For the eight years ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	<u>3.84532%</u>	<u>3.92612%</u>	<u>3.68902%</u>	<u>3.89082%</u>	<u>3.98228%</u>	<u>3.90618%</u>	<u>3.66580%</u>	<u>3.54379%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 915,529</u>	<u>\$ (2,193,956)</u>	<u>\$ (947,067)</u>	<u>\$ (281,486)</u>	<u>\$ 1,075,874</u>	<u>\$ (491,478)</u>	<u>\$ 476,214</u>	<u>\$ 631,681</u>
District's covered-employee payroll	<u>\$ 4,478,804</u>	<u>\$ 4,484,331</u>	<u>\$ 4,225,109</u>	<u>\$ 4,322,363</u>	<u>\$ 4,166,089</u>	<u>\$ 3,961,167</u>	<u>\$ 3,651,837</u>	<u>\$ 3,410,054</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>20.44%</u>	<u>-48.92%</u>	<u>-22.42%</u>	<u>-6.51%</u>	<u>25.83%</u>	<u>-12.41%</u>	<u>13.040%</u>	<u>18.524%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>94.26%</u>	<u>-114.20%</u>	<u>-106.76%</u>	<u>-102.05%</u>	<u>91.93%</u>	<u>-104.02%</u>	<u>95.50%</u>	<u>93.48%</u>

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF DISTRICT CONTRIBUTIONS

**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

For the eight years ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 351,527	\$ 341,365	\$ 310,996	\$ 327,312	\$ 315,554	\$ 318,864	\$ 313,116	\$ 299,993
Contributions in relation to the contractually required contribution	<u>(351,527)</u>	<u>(341,365)</u>	<u>(310,996)</u>	<u>(327,312)</u>	<u>(315,554)</u>	<u>(318,864)</u>	<u>(313,116)</u>	<u>(299,993)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
District's covered-employee payroll	<u>\$ 4,687,026</u>	<u>\$ 4,551,528</u>	<u>\$ 4,146,611</u>	<u>\$ 4,364,163</u>	<u>\$ 4,207,381</u>	<u>\$ 4,114,857</u>	<u>\$ 3,913,945</u>	<u>\$ 3,516,491</u>
Contributions as a percentage of covered-employee payroll	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.75%</u>	<u>8.00%</u>	<u>8.53%</u>

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

For the year ended June 30, 2023

Agency Head Name: Michael Sobert, General Manager

Purpose	<u>Amount</u>
Salary	\$ 170,602
Benefits - insurance	16,759
Benefits - retirement	12,795
Benefits - other	-
Car allowance	-
Vehicle provided by government	726
Per diem	-
Reimbursements	420
Travel	-
Registration fees	517
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<u>\$ 201,819</u>

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION (BUDGET AND ACTUAL)**

**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Revenues from water sales and services	\$ 17,494,000	\$ 17,869,000	\$ 18,160,965	\$ 291,965
Other operating revenues	438,000	418,000	582,320	164,320
Total operating revenues	<u>17,932,000</u>	<u>18,287,000</u>	<u>18,743,285</u>	<u>456,285</u>
OPERATING EXPENSES				
Personal services	8,092,591	7,532,050	7,007,894	524,156
Supplies and materials	1,870,450	2,022,000	2,094,372	(72,372)
Other services and charges	3,942,600	5,095,910	5,366,727	(270,817)
Depreciation and amortization	3,849,226	3,849,226	3,849,226	-
Total operating expenses	<u>17,754,867</u>	<u>18,499,186</u>	<u>18,318,219</u>	<u>180,967</u>
Operating income	<u>177,133</u>	<u>(212,186)</u>	<u>425,066</u>	<u>637,252</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	25,000	850,000	997,372	147,372
Intergovernmental	-	27,304	586,232	558,928
Insurance proceeds	-	37,760	441,973	404,213
Amortization of bond premium	5,080	-	5,080	5,080
Bond interest	(514,708)	(514,708)	(514,708)	-
Total non-operating revenues (expenses)	<u>(484,628)</u>	<u>400,356</u>	<u>1,515,949</u>	<u>1,115,593</u>
Change in net position before capital contributions	(307,495)	188,170	1,941,015	1,752,845
CAPITAL CONTRIBUTIONS				
Change in net position	<u>\$ 361,295</u>	<u>\$ 856,960</u>	<u>2,609,805</u>	<u>\$ 1,752,845</u>
NET POSITION				
Beginning of year			<u>98,701,961</u>	
End of year			<u>\$ 101,311,766</u>	

SCHEDULE OF OPERATING REVENUES (BUDGET AND ACTUAL)**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE FROM WATER SALES AND SERVICE CHARGES				
Customers	\$ 17,000,000	\$ 17,400,000	\$ 17,677,948	\$ 277,948
Parish of Lafourche	35,000	38,000	38,850	850
Service connection fees	189,000	231,000	237,880	6,880
Meter installation fees	145,000	125,000	125,741	741
Penalties - reconnections	125,000	75,000	80,546	5,546
Total revenue from water sales and service charges	<u>17,494,000</u>	<u>17,869,000</u>	<u>18,160,965</u>	<u>291,965</u>
OTHER OPERATING REVENUES				
Service agreements:				
Sewerage districts	225,000	200,000	202,703	2,703
Garbage collections	133,000	133,000	111,387	(21,613)
LA Act 125	25,000	25,000	25,487	487
Miscellaneous:				
Other	55,000	60,000	242,743	182,743
Total other operating revenues	<u>438,000</u>	<u>418,000</u>	<u>582,320</u>	<u>164,320</u>
Total operating revenues	<u>\$ 17,932,000</u>	<u>\$ 18,287,000</u>	<u>\$ 18,743,285</u>	<u>\$ 456,285</u>

SCHEDULE OF DEPARTMENTAL EXPENSES (BUDGET AND ACTUAL)**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
ADMINISTRATIVE				
Personal services:				
Salaries	\$ 514,000	\$ 514,000	\$ 514,803	\$ (803)
Other postemployment benefit costs	35,960	31,000	(21,889)	52,889
Employee group insurance	137,000	129,000	124,921	4,079
Payroll taxes	54,000	54,000	49,106	4,894
Retirement	38,600	38,600	60,881	(22,281)
Total personal services	779,560	766,600	727,822	38,778
Supplies and materials:				
Office supplies and expense	55,000	59,000	62,962	(3,962)
Gasoline and oil	3,000	3,000	2,512	488
Total supplies and materials	58,000	62,000	65,474	(3,474)
Other services and charges:				
Accounting and consulting	57,000	57,000	56,950	50
Attorney	80,000	70,000	48,278	21,722
Board meetings	40,000	37,000	34,453	2,547
Bond agent fees	4,100	4,200	17,061	(12,861)
Consulting engineer	15,000	20,000	21,523	(1,523)
Insurance and bonds	47,500	45,000	43,986	1,014
Janitorial services	24,000	24,000	24,000	-
Publish proceedings	5,000	7,000	6,258	742
Radio communications	30,000	30,000	25,038	4,962
Repairs and maintenance:				
Equipment and building repairs - Hurricane Ida	-	10,600	10,595	5
Equipment and building repairs	40,000	40,000	40,613	(613)
Truck and auto repairs	1,000	1,000	599	401
Seminars and schools	18,000	12,000	8,395	3,605
Utilities - office	30,000	35,000	33,404	1,596
Total other services and charges	391,600	392,800	371,153	21,647
Total administrative	1,229,160	1,221,400	1,164,449	56,951
BILLING AND COLLECTIONS				
Personal services:				
Salaries	406,000	406,000	414,023	(8,023)
Other postemployment benefit costs	63,444	30,000	(13,971)	43,971
Employee group insurance	148,000	138,000	134,441	3,559
Payroll taxes	40,000	40,000	37,510	2,490
Retirement	30,450	30,450	50,093	(19,643)
Total personal services	687,894	644,450	622,096	22,354

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
BILLING AND COLLECTIONS (Continued)				
Supplies and materials:				
Gasoline and oil	3,000	3,000	2,512	488
Office supplies and expense	67,000	67,000	64,986	2,014
Total supplies and materials	70,000	70,000	67,498	2,502
Other services and charges:				
Collection agency	1,000	-	-	-
Data processing	58,000	60,000	64,356	(4,356)
Equipment maintenance/lease	74,000	74,000	72,025	1,975
Insurance and bonds	25,000	25,000	24,572	428
Merchant card fees	230,000	250,000	246,173	3,827
Postage	240,000	268,000	276,559	(8,559)
Radio communications	30,000	30,000	28,550	1,450
Repairs and maintenance:				
Truck and auto repairs	500	500	68	432
Seminars and schools	3,000	1,000	775	225
Telephone	-	-	299	(299)
Total other services and charges	661,500	708,500	713,377	(4,877)
Total billing and collections	1,419,394	1,422,950	1,402,971	19,979
METER READING				
Personal services:				
Salaries	475,000	475,000	478,130	(3,130)
Other postemployment benefit costs	86,030	25,000	(11,193)	36,193
Employee group insurance	181,000	175,000	169,166	5,834
Payroll taxes	47,000	47,000	43,793	3,207
Retirement	36,000	36,000	57,727	(21,727)
Total personal services	825,030	758,000	737,623	20,377
Supplies and materials:				
Gasoline and oil	28,000	24,000	23,868	132
Office supplies and expense	2,000	2,000	1,049	951
Small tools	1,500	1,500	1,374	126
Total supplies and materials	31,500	27,500	26,291	1,209
Other services and charges:				
Insurance and bonds	39,500	54,000	53,629	371
Radio communications	15,000	15,000	12,339	2,661
Mobile read services	16,000	-	-	-
Repairs and maintenance:				
Truck and auto repairs	10,000	15,000	14,791	209
Seminars and schools	3,200	3,200	575	2,625
Total other services and charges	83,700	87,200	81,334	5,866
Total meter reading	940,230	872,700	845,248	27,452

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
WAREHOUSE AND METER SHOP				
Personal services:				
Salaries	212,000	212,000	205,463	6,537
Other postemployment benefit costs	31,291	30,000	(27,343)	57,343
Employee group insurance	48,000	48,000	48,194	(194)
Payroll taxes	19,500	19,500	18,662	838
Retirement	11,000	11,000	18,087	(7,087)
Total personal services	<u>321,791</u>	<u>320,500</u>	<u>263,063</u>	<u>57,437</u>
Supplies and materials:				
Gasoline and oil	5,700	7,000	6,411	589
Office supplies and expenses	3,500	3,500	3,254	246
Small tools	2,000	3,000	2,890	110
Warehouse supplies	13,000	13,000	13,414	(414)
Total supplies and materials	<u>24,200</u>	<u>26,500</u>	<u>25,969</u>	<u>531</u>
Other services and charges:				
Freight	1,500	2,500	2,820	(320)
Insurance and bonds	16,000	16,000	15,902	98
Radio communication	6,100	6,100	5,426	674
Repairs and maintenance:				
Equipment and building repairs	7,500	7,500	4,257	3,243
Meter repair parts	1,500	2,300	2,107	193
Truck and auto repairs	1,000	250	41	209
Seminars and schools	1,000	-	-	-
Total other services and charges	<u>34,600</u>	<u>34,650</u>	<u>30,553</u>	<u>4,097</u>
Total warehouse and meter shop	<u>380,591</u>	<u>381,650</u>	<u>319,585</u>	<u>62,065</u>
ENGINEERING				
Personal services:				
Salaries	840,000	815,000	819,608	(4,608)
Other postemployment benefit costs	68,880	42,000	(33,547)	75,547
Employee group insurance	275,000	218,000	210,094	7,906
Payroll taxes	82,750	80,000	76,477	3,523
Retirement	62,000	57,000	96,557	(39,557)
Total personal services	<u>1,328,630</u>	<u>1,212,000</u>	<u>1,169,189</u>	<u>42,811</u>
Supplies and materials:				
Computer supplies	3,000	750	532	218
Gasoline and oil	21,000	18,500	18,843	(343)
Office supplies and expenses	6,000	6,000	6,263	(263)
Total supplies and materials	<u>30,000</u>	<u>25,250</u>	<u>25,638</u>	<u>(388)</u>

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
ENGINEERING (Continued)				
Other services and charges:				
GIS network	125,000	135,000	133,420	1,580
Insurance and bonds	46,000	56,000	55,066	934
Radio communications	14,000	14,000	14,691	(691)
Repairs and maintenance:				
Truck and auto repairs	8,500	21,500	20,092	1,408
Seminars and schools	15,000	40,000	35,426	4,574
Total other services and charges	<u>208,500</u>	<u>266,500</u>	<u>258,695</u>	<u>7,805</u>
Total engineering	<u>1,567,130</u>	<u>1,503,750</u>	<u>1,453,522</u>	<u>50,228</u>
OPERATIONS				
Other services and charges:				
Utilities	<u>155,000</u>	<u>140,000</u>	<u>126,652</u>	<u>13,348</u>
DISTRIBUTION AND FIELD CREWS				
Personal services:				
Salaries	973,000	950,000	947,824	2,176
Other postemployment benefit costs	157,447	115,000	(169,464)	284,464
Employee group insurance	378,000	320,000	311,460	8,540
Payroll taxes	96,000	91,000	88,465	2,535
Retirement	73,000	68,000	111,201	(43,201)
Total personal services	<u>1,677,447</u>	<u>1,544,000</u>	<u>1,289,486</u>	<u>254,514</u>
Supplies and materials:				
Chemicals	6,500	15,000	15,689	(689)
Gasoline and oil	48,000	48,000	45,932	2,068
Office supplies and expenses	5,000	1,000	702	298
Small tools	10,000	27,000	25,788	1,212
Total supplies and materials	<u>69,500</u>	<u>91,000</u>	<u>88,111</u>	<u>2,889</u>
Other services and charges:				
Insurance and bonds	167,000	174,000	149,940	24,060
Radio communications	18,000	18,000	16,996	1,004
Repairs and maintenance:				
Distribution repairs - Hurricane Ida	-	2,500	33,535	(31,035)
Equipment and building maintenance	150,000	190,000	217,822	(27,822)
Truck and auto repairs	15,000	50,000	53,447	(3,447)
Watertower maintenance	50,000	50,000	33,500	16,500
Waterline maintenance	750,000	1,550,000	1,851,345	(301,345)
Seminars and schools	6,500	4,500	3,380	1,120
Uniforms	5,000	5,000	4,203	797
Total other services and charges	<u>1,161,500</u>	<u>2,044,000</u>	<u>2,364,168</u>	<u>(320,168)</u>
Total distribution and field crews	<u>2,908,447</u>	<u>3,679,000</u>	<u>3,741,765</u>	<u>(62,765)</u>

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
WATER PLANT				
Personal services:				
Salaries	1,325,000	1,250,000	1,238,883	11,117
Other postemployment benefit costs	143,966	85,000	(48,913)	133,913
Employee group insurance	338,000	315,000	306,768	8,232
Payroll taxes	130,500	120,000	116,386	3,614
Retirement	99,375	92,500	150,412	(57,912)
Total personal services	<u>2,036,841</u>	<u>1,862,500</u>	<u>1,763,536</u>	<u>98,964</u>
Supplies and materials:				
Chemicals	1,325,000	1,450,000	1,539,561	(89,561)
Generator fuel	15,000	15,000	9,098	5,902
Gasoline and oil	18,000	18,000	17,367	633
Office supplies and expense	23,000	26,000	27,387	(1,387)
Raw water	148,000	148,000	134,555	13,445
Small tools	2,000	2,500	2,135	365
Plant supplies	5,000	5,000	2,523	2,477
Total supplies and materials	<u>1,536,000</u>	<u>1,664,500</u>	<u>1,732,626</u>	<u>(68,126)</u>
Other services and charges:				
Freight	1,000	12,000	11,939	61
Insurance and bonds	285,000	250,000	224,859	25,141
Radio communications	24,000	24,000	19,631	4,369
Repairs and maintenance:				
Bayou Black reservoir maintenance	7,000	7,000	3,269	3,731
Building and equipment repairs - Hurricane Ida	-	25,310	25,310	-
Plant maintenance	225,000	225,000	209,478	15,522
Tractor repairs	3,000	3,000	1,699	1,301
Truck and auto repairs	5,000	2,500	885	1,615
Seminars and schools	5,000	3,000	2,549	451
Telephone	-	-	5,085	(5,085)
Utilities	575,000	775,000	821,165	(46,165)
Total other services and charges	<u>1,130,000</u>	<u>1,326,810</u>	<u>1,325,869</u>	<u>941</u>
Total water plant	<u>4,702,841</u>	<u>4,853,810</u>	<u>4,822,031</u>	<u>31,779</u>
BAC-T-LAB				
Personal services:				
Salaries	273,000	278,000	282,743	(4,743)
Other postemployment benefit costs	23,898	7,500	4,107	3,393
Employee group insurance	91,000	91,000	88,459	2,541
Payroll taxes	27,000	27,000	25,884	1,116
Retirement	20,500	20,500	33,886	(13,386)
Total personal services	<u>435,398</u>	<u>424,000</u>	<u>435,079</u>	<u>(11,079)</u>

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
BAC-T-LAB (Continued)				
Supplies and materials:				
Gasoline and oil	14,000	14,000	12,562	1,438
Lab supplies	30,000	33,000	42,111	(9,111)
Office supplies and expense	7,250	8,250	8,092	158
Total supplies and materials	<u>51,250</u>	<u>55,250</u>	<u>62,765</u>	<u>(7,515)</u>
Other services and charges:				
Freight	1,200	-	-	-
Insurance and bonds	25,000	30,500	30,201	299
Janitorial services	8,000	8,000	7,742	258
Lab analysis	39,000	23,000	22,540	460
Radio communications	14,000	14,000	11,290	2,710
Repairs and maintenance:				
Equipment and building repairs	8,000	8,000	8,215	(215)
Truck and auto repairs	4,000	4,000	5,380	(1,380)
Seminars and schools	7,000	1,250	1,054	196
Telephone	-	-	1,722	(1,722)
Utilities	10,000	6,700	6,782	(82)
Total other services and charges	<u>116,200</u>	<u>95,450</u>	<u>94,926</u>	<u>524</u>
Total Bac-T-Lab	<u>602,848</u>	<u>574,700</u>	<u>592,770</u>	<u>(18,070)</u>
Totals	<u>\$ 13,905,641</u>	<u>\$ 14,649,960</u>	<u>\$ 14,468,993</u>	<u>\$ 180,967</u>
OPERATING EXPENSES				
Personal services	\$ 8,092,591	\$ 7,532,050	\$ 7,007,894	\$ 524,156
Supplies and materials	1,870,450	2,022,000	2,094,372	(72,372)
Other services and charges	3,942,600	5,095,910	5,366,727	(270,817)
Total operating expenses	<u>\$ 13,905,641</u>	<u>\$ 14,649,960</u>	<u>\$ 14,468,993</u>	<u>\$ 180,967</u>

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS -
RESTRICTED ACCOUNTS REQUIRED BY REVENUE BOND ORDINANCES**

**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

For the year ended June 30, 2023

	<u>Totals</u>	<u>Revenue Bond Sinking Fund</u>	<u>Bond Reserve Fund</u>	<u>Depreciation and Contingencies Fund</u>
Cash and cash equivalents July 1, 2022	\$ 8,306,077	\$ 1,523,129	\$ 2,094,379	\$ 4,688,569
Receipts:				
Transfers from the District	<u>3,861,712</u>	<u>2,476,404</u>	<u>-</u>	<u>1,385,308</u>
Total assets available	<u>12,167,789</u>	<u>3,999,533</u>	<u>2,094,379</u>	<u>6,073,877</u>
Disbursements:				
Retirement of matured bonds	1,971,000	1,971,000	-	-
Payment of matured interest coupons	494,424	494,424	-	-
Payment of administrative fees on bonds	12,829	12,829	-	-
Transfers to the District	400,000	-	-	400,000
Capital asset purchases	<u>1,135,078</u>	<u>-</u>	<u>-</u>	<u>1,135,078</u>
Total disbursements	<u>4,013,331</u>	<u>2,478,253</u>	<u>-</u>	<u>1,535,078</u>
Cash and cash equivalents June 30, 2023	<u><u>\$ 8,154,458</u></u>	<u><u>\$ 1,521,280</u></u>	<u><u>\$ 2,094,379</u></u>	<u><u>\$ 4,538,799</u></u>

SCHEDULE OF INSURANCE IN FORCE**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**June 30, 2023
(Unaudited)

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amount of Insurance</u>	<u>Expiration Date</u>
Travelers	Automobile liability	\$1,000,000	July 1, 2023
The Charter Oak Fire Insurance Company	General liability	\$3,000,000	July 1, 2023
Travelers	General liability	\$5,000,000	July 1, 2023
Bridgefield Insurance Company	Workers' compensation	\$1,000,000	July 1, 2023
Swiss Re	Combined building and personal property	\$2,500,000	July 1, 2023
Bridgefield Insurance Company	Combined building and personal property	\$2,500,000	July 1, 2023
Travelers	Public employee dishonesty, forgery or alteration, theft, disappearance, and destruction	\$100,000	July 1, 2023
Great American Insurance Company	Computer equipment and software	\$501,000	July 1, 2023
Indian Harbor Insurance Company	Pollution liability	\$1,000,000	July 1, 2025
American Bankers Insurance	Flood	\$500,000	August 1, 2023
Houston Casualty Company	Cyber liability	\$2,000,000	July 1, 2023

WATER CUSTOMERS

**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

June 30, 2023
(Unaudited)

Records maintained by the District indicated 43,081 water customers as of June 30, 2023.

There were no unmetered customers.

SCHEDULE OF COST PER SERVICE INSTALLATION**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**For the year ended June 30, 2023
(Unaudited)**Field Crew Overhead**

Chemicals	\$ 15,689
Depreciation expense	42,088
Employee group insurance	311,460
Equipment repairs	217,822
Gasoline and oil	45,932
Insurance and bonds	149,940
Other post employment benefit costs	(169,464)
Office supplies and expenses	702
Payroll taxes	88,465
Radio communications	16,996
Retirement	111,201
Seminars and schools	3,380
Small tools	25,788
Truck and auto repairs	53,447
Uniforms	4,203
Watertower maintenance	<u>33,500</u>

Total field crew overhead	951,149
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Service installation salaries as a percentage of total field crew salaries (\$50,262/\$947,824)	<u>5.30%</u>
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Field crew overhead applicable to service installations	<u>50,438</u>
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Administrative Overhead

Total administrative costs	1,001,587
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Service installation salaries/total salaries excluding administrative salaries (\$50,262,/\$4,386,674)	<u>1.15%</u>
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Administrative overhead applicable to service installations	<u>11,476</u>
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Total service installation overhead costs	<u><u>\$ 61,914</u></u>
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Calculation of Average Cost per Service Installation

Service installation work order costs	\$ 285,068
Labor and equipment contractor for service installation	60,295
Total service installation overhead costs	<u>61,914</u>

Total service installation costs	407,277
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Number of service installations	<u>353</u>
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Average cost per service installation	<u><u>\$ 1,154</u></u>
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SCHEDULE OF COST OF WATER PRODUCED
AND CONTRACT PRICE OF WATER TO BE SOLD TO
LAFOURCHE PARISH WATER DISTRICT NO. 1

Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2023
(Unaudited)

Costs (From Annual Report)

Water plant expense	\$ 4,822,031
Administrative (25% of total)	291,112
Engineering (25% of total)	363,381
Bac-T-Lab (25% of total)	148,193
Depreciation - water filter	246,900
Depreciation - plant and equipment	<u>776,777</u>

Total costs	<u><u>\$ 6,648,394</u></u>
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Water Produced (Thousand Gallons)

Net production per Waterworks District No. 1's records	\$ 5,567,062
Less 10% per terms of contract	<u>(556,706)</u>

Net production (thousand gallons) - Unaudited	<u><u>\$ 5,010,356</u></u>
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Cost Per Thousand Gallons

	\$ 1.32693
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Additions to Cost

Greater of 40% of cost or five cents per thousand gallons	<u>0.53077</u>
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Total Contract Price Per Thousand Gallons

	<u><u>\$ 1.85770</u></u>
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SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES

**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

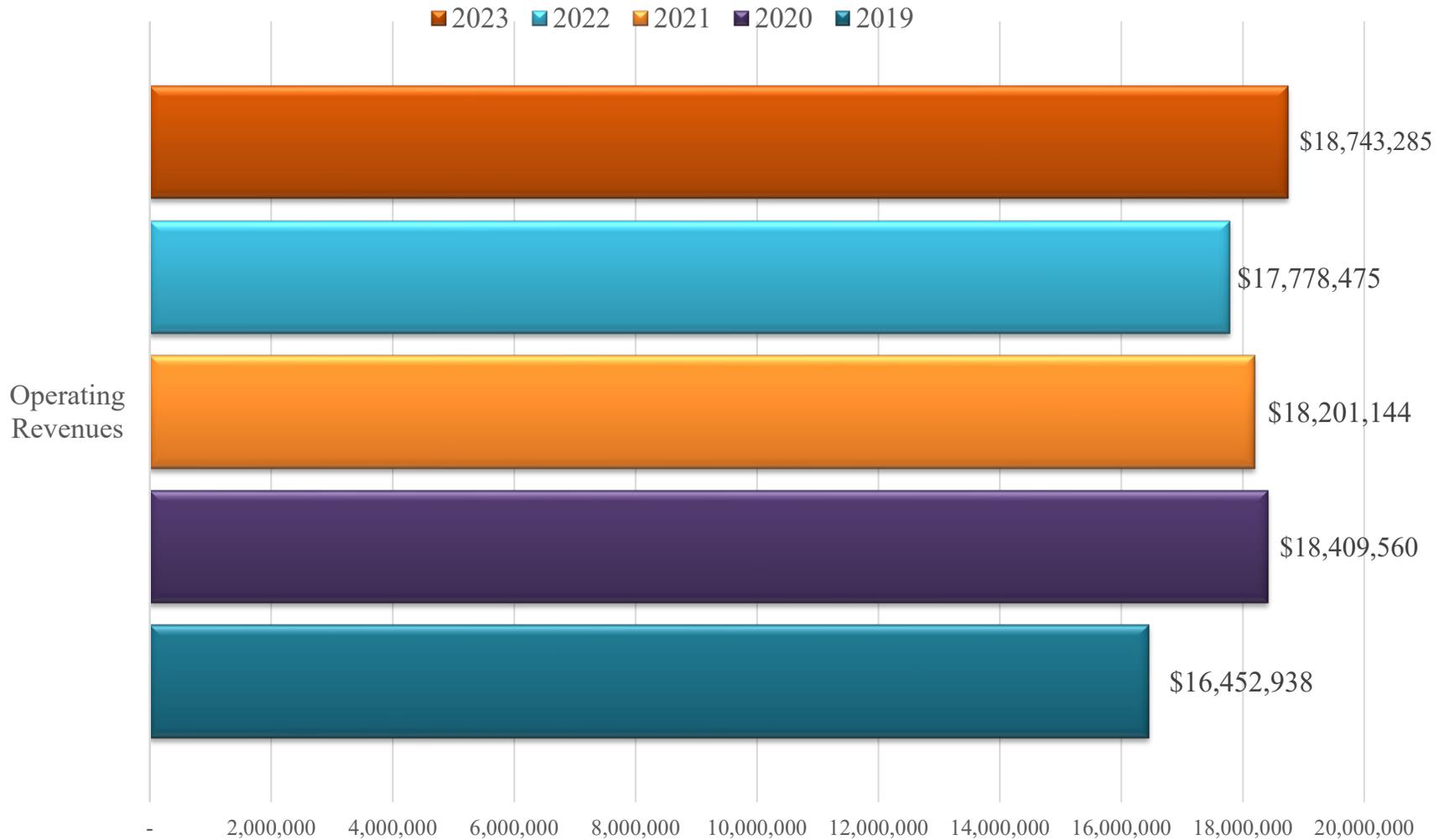
For the years ended June 30, 2023, 2022, 2021, 2020, and 2019

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING REVENUES	<u>\$ 18,743,285</u>	<u>\$ 17,778,475</u>	<u>\$ 18,201,144</u>	<u>\$ 18,409,560</u>	<u>\$ 16,452,938</u>
OPERATING EXPENSES					
Personal services	\$ 7,007,894	\$ 5,139,176	\$ 5,814,129	\$ 6,579,249	\$ 6,887,158
Supplies and materials	2,094,372	2,002,432	1,785,230	1,699,644	1,652,934
Other services and charges	5,366,727	4,814,355	3,972,648	3,255,312	3,466,662
Depreciation and amortization	<u>3,849,226</u>	<u>3,726,534</u>	<u>3,715,873</u>	<u>3,716,825</u>	<u>3,699,560</u>
Totals	<u>\$ 18,318,219</u>	<u>\$ 15,682,497</u>	<u>\$ 15,287,880</u>	<u>\$ 15,251,030</u>	<u>\$ 15,706,314</u>

OPERATING REVENUES

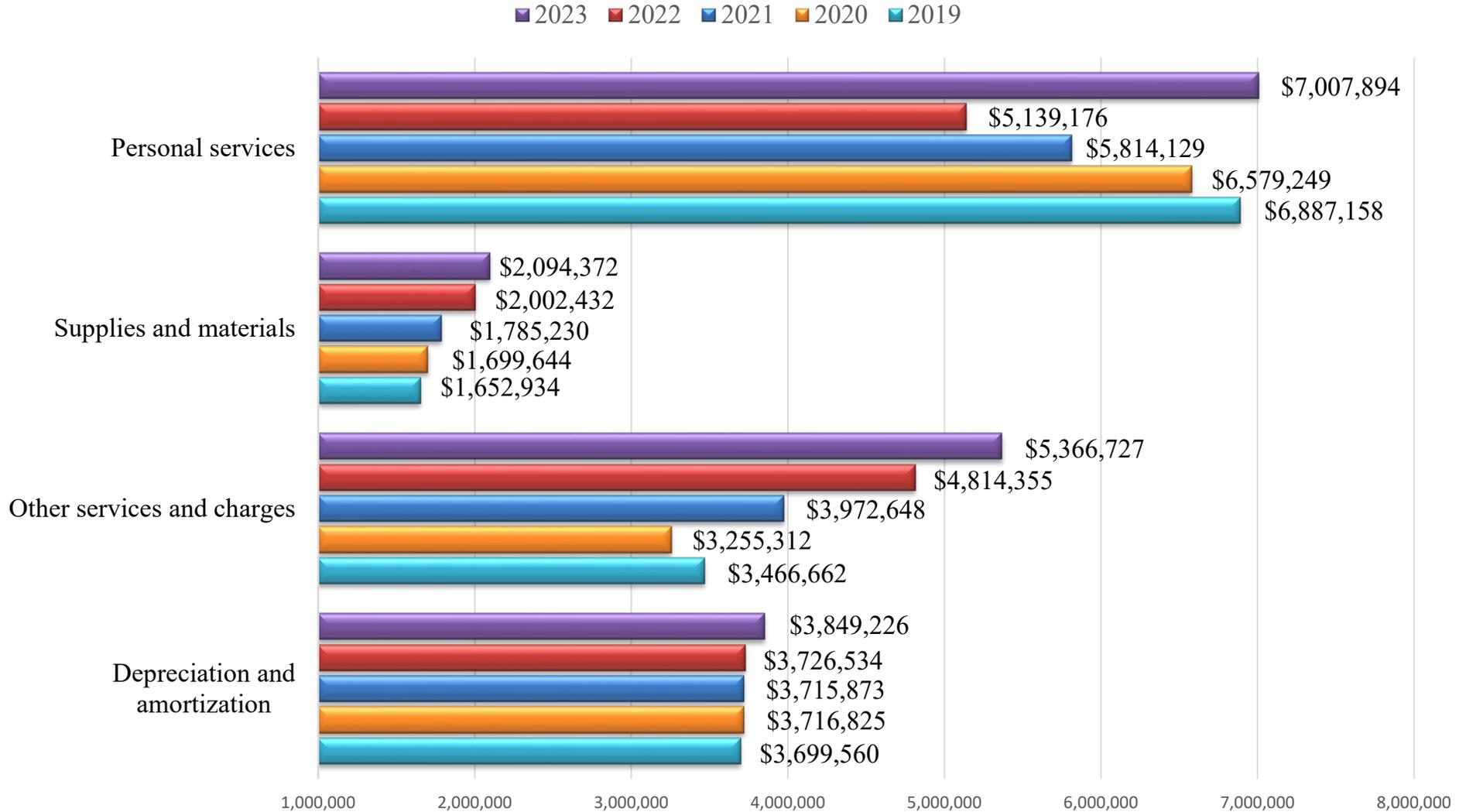
**Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana**

For the years ended June 30, 2023, 2022, 2021, 2020, and 2019



OPERATING EXPENSES
Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana

For the years ended June 30, 2023, 2022, 2021, 2020, and 2019



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Consolidated Waterworks District No. 1
of Terrebonne, State of Louisiana,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, (the “District”), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 4, 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 District’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 weakness of significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 of the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

Houma, Louisiana,
December 4, 2023.

SCHEDULE OF FINDINGS AND RESPONSES

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2023

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are
not considered to be a material weakness? Yes None reported

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

The District did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2023 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section II Financial Statement Findings

Internal Control

There were no financial statement internal control findings reported during the audit for the year ended June 30, 2023.

Compliance

There were no financial statement compliance findings reported during the audit for the year ended June 30, 2023

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2023

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2022.

No significant deficiencies were reported during the audit for the year ended June 30, 2022.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2022.

Section II Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported the year ended June 30, 2022.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2022.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2023

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2023.

No significant deficiencies were reported during the audit for the year ended June 30, 2023.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2023.

Section II Federal Award Findings and Questioned Costs

The District did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2023 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2023.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana,
Houma, Louisiana.

We have performed the procedures described in Schedule 13 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 July 1, 2022 through June 30, 2023. Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana’s (the “District”) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA’s SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 13.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the 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 these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
December 4, 2023.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2023

The required procedures and our findings are as follows:

1. Procedures Performed on the District's Written Policies and Procedures:

A. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the District's operations:

i. Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

ii. 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.

Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iii. Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or District fund additions.

Performance: Obtained and read the written policy for receipts and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

1. Procedures Performed on the District's Written Policies and Procedures: (Continued)

- v. 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.
Performance: Obtained and read the written policy for payroll/personnel and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- vi. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Performance: Obtained and read the contracting policy and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- vii. Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- viii. 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).
Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- ix. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.
Performance: Obtained and read the written policy for ethics and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- x. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Performance: Obtained and read the written policy for debt service and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

1. Procedures Performed on the District's Written Policies and Procedures: (Continued)

- xi. 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.

Performance: Inquired of management regarding the District's information technology disaster recovery/business continuity policy.

Exceptions: The District does not have an information technology disaster recovery/business continuity policy.

- xii. Prevention of Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Performance: Obtained and read the written policy for sexual harassment.

Exceptions: There was an exception noted due to the District's policy lacking a provision on annual reporting.

2. Procedures Performed on the District's Board:

- A. Obtain and inspect the board 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:

- i. Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of the Board meetings. The Board is required to meet twice every month. All meetings held had a quorum.

Exceptions: There were no exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Obtained and read the written minutes of all Board meetings. Budget-to-actual comparisons are done quarterly.

Exceptions: There were no exceptions noted.

- iii. 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 unrestricted fund balance in the general fund.

Performance: Because the District uses proprietary funds, they have a net position instead of a fund balance. Therefore, this procedure is not applicable.

Exceptions: There were no exceptions noted.

2. Procedures Performed on the District's Board: (Continued)

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Performance: Obtained and read the written minutes of the Board meetings. There were no audit findings in the prior year audit.

Exceptions: There were no exceptions noted.

3. Procedures Performed on the District's Bank Reconciliations:

- A. Obtain a listing of the District's bank accounts from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select the District's main operating account and 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:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Obtained monthly bank reconciliation for the month of June for the main operating bank account and 4 additional accounts. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

- ii. Bank reconciliations include written evidence that a member of management who does not manage cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Performance: Inspected the District's documentation for the June bank reconciliation for the 5 bank accounts selected.

Exceptions: There were no exceptions noted.

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

Performance: Inspected documents for items outstanding for more than 12 months.

We noted no reconciling items outstanding for longer than 12 months from the statement closing date.

Exceptions: There were no exceptions noted.

4. Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers):

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).

Performance: Obtained the listing of deposit sites from management and received management's representation in a separate letter. The District only has one deposit site.

Exceptions: There were no exceptions noted.

- B. 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 (e.g., 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:

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter. The District has one collection location.

Exceptions: There were no exceptions noted.

- i. Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manuals, inquired of management, and observed that the District's tellers each have their own cash drawer.

Exceptions: There were no exceptions noted.

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Performance: Inspected policy manuals, inquired of management, and observed employees collecting cash are not responsible for preparing/making deposits.

Exceptions: There were no exceptions noted.

- iii. 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.

Performance: Inspected policy manuals, inquired of management, and observed that employees collecting cash do not make general ledger postings.

Exceptions: There were no exceptions noted.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Performance: Inspected policy manuals, inquired of management, and observed that employees collecting cash do not reconcile cash collections to the general ledger.

Exceptions: There were no exceptions noted.

4. Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers): (Continued)

- C. 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 in force during the fiscal period.

Performance: Obtained a listing of all employees who have access to cash and inquired of management if these employees are covered by a bond or insurance policy for theft. Observed that the bond or insurance policy was in force during the fiscal period.

Exceptions: There were no exceptions noted.

- D. Randomly select 2 deposit dates for each of the District's 3 bank accounts selected for procedures #3A under "Procedures Performed on the District's Bank Reconciliations" (select the next deposit date chronologically if no deposits were made on the dates selected and randomly select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the deposits selected and:

- i. Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits and observed that the cash receipt log is maintained in chronological order and cash receipts are sequentially pre-numbered.

Exceptions: There were no exceptions noted.

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

Performance: The deposits selected were for remote deposits which are completed by the District using equipment connected to the bank account to remotely deposit funds. Due to the nature of these deposits, the District does not utilize deposit slips. A listing is maintained in excel of total checks deposited and is included with the supporting documentation.

Exceptions: There were no exceptions noted.

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

Performance: The deposits selected were for remote deposits which are completed by the District using equipment connected to the bank account to remotely deposit funds. Due to the nature of these deposits, the District does not utilize deposit slips. A listing is maintained in total checks deposited and is included with the supporting documentation. Traced the check total to the actual deposit per bank statement.

Exceptions: There were no exceptions noted.

4. Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers): (Continued)

- iv. 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 ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Performance: Observed that the deposits tested were made within one business day of receipt.

Exceptions: There was an exception noted due to deposits not being made within one business day of receipt at the collection location.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

5. Procedures Performed on the District's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):

- A. 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).

Performance: Obtained a listing of locations that process payments from management and received management's representation in a separate letter. The District only has one location that processes payments.

Exceptions: There were no exceptions noted.

- B. For each location selected under procedure #5A, 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 District has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and received management's representation in a separate letter that the listing is complete and observed if the job duties were properly segregated.

Exceptions: There were no exceptions noted.

- i. At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase. Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.

5. Procedures Performed on the District's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- ii. At least 2 employees are involved in processing and approving payments to vendors.
Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved.
Exceptions: There were no exceptions noted.

- iii. The employees responsible for processing payments are prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
Performance: Obtained a listing of employees involved in processing payments to vendors. Observed if any employees involved are adding/modifying vendor files.
Exceptions: There were no exceptions noted.

- iv. 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.
Performance: Obtained a listing of employees involved with signing and mailing checks and noted person responsible for processing payments does not mail the checks.
Exceptions: There were no exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other means.
Performance: Obtained a listing of employees authorized to sign checks.
Exceptions: There were no exceptions noted.

- C. For each location selected under procedure #5A, obtain the District'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:
Performance: Obtained the District's non-payroll disbursement transaction population and management's representation that the population is complete. Randomly selected 5 disbursements.
Exceptions: There were no exceptions noted.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the District.
Performance: Obtained the disbursement documentation and observed that the disbursement and the related original invoice agreed and that there was evidence that the deliverables were received.
Exceptions: There were no exceptions noted.

5. Procedures Performed on the District's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

Performance: Observed the 5 disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

- D. Using the District's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the District's policy, and (b) approved by the required number of authorized signers per the District's policy.

Performance: Observed that selected disbursements were approved by authorized persons and required number of signers.

Exceptions: There were no exceptions noted.

6. Procedures Performed on the District's Credit Cards, Debit Cards, Fuel Cards, P-Cards:

- A. 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.

Performance: Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards from management and management's representation that the listing is complete. Observed all active cards, including the card numbers and the names of the persons who maintain possession of the cards.

Exceptions: There were no exceptions noted.

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

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Observed evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: There were no exceptions noted.

**6. Procedures Performed on the District's Credit Cards, Debit Cards, Fuel Cards, P-Cards:
(Continued)**

- ii. Observe that finance charges and/or late fees were not assessed on the selected statements.

Performance: Observed finance charges and/or late fees were not assessed on the selected statements.

Exceptions: There were no exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B, excluding fuel cards, 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, report whether the transaction is supported by:

- i. An original itemized receipt that identifies precisely what was purchased.

Performance: Observed that transactions were supported by original itemized receipts that identifies precisely what was purchased.

Exceptions: There were no exceptions noted.

- ii. Written documentation of the business/public purpose.

Performance: Observed that each transaction includes written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

- iii. Documentation of the individuals participating in meals (for meal charges only).

Performance: Observed transactions for any meal charges and documentation of the individual participating in the meals. There were no meal charges noted.

Exceptions: There were no exceptions noted.

**7. Procedures Performed on the District's Travel and Travel-Related Expense Reimbursements
(Excluding Card Transactions):**

- A. 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 travel and travel-related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Performance: Obtained general ledger for travel and travel-related expense reimbursements and management's representation that the listing was complete in a separate letter.

Exceptions: There were no exceptions noted.

7. Procedures Performed on the District's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions): (Continued)

- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Obtained supporting documentation supporting travel and travel-related expense reimbursements. No reimbursements using per diem were noted.

Exceptions: There were no exceptions noted.

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

Performance: Observed that the reimbursement was supported by an original itemized receipt.

Exceptions: There were no exceptions noted.

- iii. 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 and Procedures procedure #1A(vii).

Performance: Inspected supporting documentation for travel and travel-related expense reimbursement and observed that documentation included business purpose and names of those participating in the meals.

Exceptions: There were no exceptions noted.

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

Performance: Inspected supporting documentation for travel and travel-related expense reimbursements and observed that documentation included approval by someone other than the person receiving the reimbursement.

Exceptions: There were no exceptions noted.

8. Procedures Performed on the District's Contracts:

- A. 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. 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:

Performance: Obtained 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 and received management's representation that the listing is complete in a separate letter.

Exceptions: There were no exceptions noted.

8. Procedures Performed on the District's Contracts: (Continued)

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

Performance: Inspected supporting contract documentation for 5 contracts and inquired of client about any contracts subject to Louisiana Public Bid Law. Two contracts were subject to Louisiana Public Bid Law and were bid in accordance with the law.

Exceptions: There were no exceptions noted.

- ii. Observe that the contract was approved by the governing body/District Council, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Performance: Inspected board meeting minutes and confirmed the board approved the contracts.

Exceptions: There were no exceptions noted.

- iii. 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 (i.e., if approval is required for any amendment, the documented approval).

Performance: Inspected contracts and inquired of management about amendments to contracts in the fiscal year. Only one contract was amended during the fiscal year, and it was amended in accordance with contract terms.

Exceptions: There were no exceptions noted.

- iv. 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.

Performance: Obtained supporting documentation for each payment selected and agreed the invoices to the contract terms and observed invoices and related payments agreed to terms and conditions of the contract.

Exceptions: There were no exceptions noted.

9. Procedures Performed on the District's Payroll and Personnel:

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

Performance: Obtained the listing of employees and their related salaries from management and management's representations that the listing is complete. Randomly selected 5 employees and agreed paid salaries to authorized salaries or pay rates per their personnel files.

Exceptions: There were no exceptions noted.

9. Procedures Performed on the District's Payroll and Personnel: (Continued)

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A, obtain attendance records and leave documentation for the pay period, and:
- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
Performance: Inspected time records for documentation of attendance and leave during the period.
Exceptions: There were no exceptions noted.
 - ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.
Performance: Inspected time records for the approval of attendance and leave by the supervisors for the selected employees.
Exceptions: There were no exceptions noted.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.
Performance: Observed that any leave accrued or taken during the pay period was reflected in the cumulative leave records.
Exceptions: There were no exceptions noted.
 - iv. Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
Performance: Inspected and agreed the rate paid to employees to the authorized pay rate in the personnel files.
Exceptions: There were no exceptions noted.
- C. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the District's policy on termination payments. Agree the hours to the employees'/officials' cumulative leave records, agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files, and agree the termination payment to the District's policy.
Performance: Obtained a listing of employees terminated during the fiscal period from management and received management's representation that the list is complete in a separate letter. Agreed the hours to the employees' cumulative leave records, agreed the pay rates to the employees' authorized rates in the employees' personnel file and agreed the termination payment to the District's policy.
Exceptions: There were no exceptions noted.

9. Procedures Performed on the District's Payroll and Personnel: (Continued)

- D. 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, and workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

Performance: Obtained management's representation of the timely filing of payroll forms and timely payments and inspected forms to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

10. Procedures Performed on the District's Ethics:

- A. Using the 5 selected employees/officials from procedure #9A under "Procedures Performed on the District's Payroll and Personnel", obtain ethics compliance documentation from management and:

- i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period as required by R.S. 42:1170.

Performance: Inspected personnel files and ethics course completion certificates for the 5 employees tested.

Exceptions: There were no exceptions noted.

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

Performance: Inquired of management about any changes to the District's ethics policy. Employees were required to sign a form to acknowledge that they read through the updated personnel policy with included changes to the ethics policy.

Exceptions: There were no exceptions noted.

- B. Inquire and/or observe whether the District has appointed an ethics designee as required by R.S. 42:1170.

Performance: We inquired as to whether the District appointed an ethics designee.

Exceptions. There were no exceptions noted.

11. Procedures Performed on the District's Debt Service:

- A. 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 as required by Article VII, Section 8 of the Louisiana Constitution.

Performance: Inquired of management regarding a listing of bonds/notes issued during the fiscal period and obtained management's representation in a separate letter. There were no bonds/notes or other debt instruments issued during the fiscal period.

Exceptions: There were no exceptions noted.

- B. 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.

Performance: Obtained a listing of bonds/notes outstanding at the end of the fiscal period and received management's representation that the listing was completed in a separate letter. Inspected bond documents for debt covenants and tested for compliance with those covenants.

Exceptions: There were no exceptions noted.

12. Procedures Performed on the District's Fraud Notice:

- A. 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 District reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled as required by R.S. 24:523.

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period and received management's representation in a separate letter. None were noted.

Exceptions: There were no exceptions noted.

- B. Observe the District 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.

Performance: Observed that the fraud notice is posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

**13. Procedures Performed on the District's Information Technology Disaster Recovery/
Business Continuity:**

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

- i. Obtain and inspect the District's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personal responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the District's local server or network, and (c) was encrypted.

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

- ii. Obtain and inspect the District'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.

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

- iii. Obtain a listing of the District'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.

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

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using a list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

14. Procedures Performed on the District's Prevention of Sexual Harassment:

A. Using the 5 randomly selected employees/officials from "Procedures Performed on the District's Payroll and Personnel" #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Performance: Examined sexual harassment training documentation for the 5 employees tested.

Exceptions: There were no exceptions noted.

14. Procedures Performed on the District's Prevention of Sexual Harassment: (Continued)

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

Performance: Observed that the sexual harassment policy and complaint procedure is posted on the website or on the entity's premises.

Exceptions: There were no exceptions noted.

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

Performance: Obtained the District's annual sexual harassment report.

Exceptions: There were no exceptions noted.

- i. Number and percentage of public servants in the agency who have completed the training requirements.

Performance: Obtained annual sexual harassment report and observed that it included the provision listed above.

Exceptions: There were no exceptions noted.

- ii. Number of sexual harassment complaints received by the agency.

Performance: Obtained annual sexual harassment report and observed that it included the provision listed above.

Exceptions: There were no exceptions noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred.

Performance: Obtained annual sexual harassment report and observed that it included the provision listed above.

Exceptions: There were no exceptions noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.

Performance: Obtained annual sexual harassment report and observed that it included the provision listed above.

Exceptions: There were no exceptions noted.

- v. Amount of time it took to resolve each complaint.

Performance: Obtained annual sexual harassment report and observed that it included the provision listed above.

Exceptions: There were no exceptions noted.

Management's Overall Response to Exceptions:

- 1)A(xi) Management will develop, and the Board will adopt an information technology disaster recovery/business continuity policy.
- 1)A(xii) Management will consider adding the required provision to the existing sexual harassment policy.
- 4)D(iv) Management will consider making deposits within one business day of receipt at the collection location.