

**SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2022**

South Toledo Bend Waterworks District  
Many, Louisiana

Financial Report  
September 30, 2022

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# SOUTH TOLEDO BEND WATERWORKS DISTRICT

## MANY, LOUISIANA 71449

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the South Toledo Bend Waterworks District's (hereafter referred to as the District) annual financial report presents an overview and analysis of the District's financial activities for the year ended September 30, 2022. Certain comparative information with the previous year is presented to provide an overview of the District's operations.

#### Financial Highlights

The Basic Financial Statements of the District report information about the District using Governmental Accounting Standards Board's (GASB) accounting principles. The Statement of Net Position (pages 8-9) includes all of the District's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to District creditors (liabilities). All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position (page 10). This statement measures improvements in the District's operations over the past year and can be used to determine whether the District has been able to recover all of its costs through its water service revenue and other revenue sources. The final required financial statement is the Statement of Cash Flows (page 11). The primary purpose of this statement is to provide information about the District's cash from operations, investing and financing activities, and to provide answers to such questions as "where did cash come from?", "what was cash used for?" and "what was the change in cash balance during the reporting period?"

#### Financial Analysis of the South Toledo Bend Waterworks District

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities. These two statements report the net position of the District and changes in them. The District's net position, the difference between assets and liabilities, is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating.

A summary of the District's basic financial statements is as follows:

Summary of Statement of Net Position

	<u>2022</u>	<u>2021</u>
ASSETS:		
Assets	\$2,172,206	\$2,092,894
Capital Assets, Net of Accumulated Depreciation	<u>4,688,670</u>	<u>4,174,647</u>
Total Assets	<u>\$6,860,876</u>	<u>\$6,267,541</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 37,049</u>	<u>\$ 54,593</u>
LIABILITIES:		
Payables, Accruals and Other Liabilities	\$ 487,229	\$ 425,588
Long-Term Debt, Net of Current Portion	<u>2,479,397</u>	<u>2,311,077</u>
Total Liabilities	<u>\$2,966,626</u>	<u>\$2,736,665</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 146,802</u>	<u>\$ 123,925</u>
NET POSITION:		
Net Investment in Capital Assets Unrestricted	\$2,073,273 <u>1,711,224</u>	\$1,736,490 <u>1,725,054</u>
Total Net Position	<u>\$3,784,497</u>	<u>\$3,461,544</u>

Summary of Statement of Revenue and Expenses and Changes in Net Position

	<u>2022</u>	<u>2021</u>
REVENUES:		
Operating Revenues	\$1,170,819	\$1,132,608
Non-Operating Revenues	<u>173,061</u>	<u>215,529</u>
Total Revenues	<u>\$1,343,880</u>	<u>\$1,348,137</u>
EXPENSES:		
Operating Expenses	\$ 959,755	\$ 936,259
Interest	<u>61,172</u>	<u>90,766</u>
Total Expenses	<u>\$1,020,927</u>	<u>\$1,027,025</u>
Change in Net Position	<u>\$ 322,953</u>	<u>\$ 321,112</u>

### Sources of Revenue

Charges for water service totaled \$1,089,757 or 81% of total revenue of the District for the year ended September 30, 2022.

### Expenses

The majority of the District's total expenses is for payroll cost and depreciation. Salaries and retirement totaled \$222,476 which is 23% of total operating expenses. Depreciation totaled \$280,129 which is 29% of total operating expenses.

### Capital Assets

The District's capital assets consist of the distribution system and related equipment, along with the land.

### Long-Term Debt

The District issued bonds for the purpose of constructing and acquiring the waterworks system. The payments on these bonds and the applicable bond covenants are made on a timely basis.

### Economic Factors

The District's major revenue source is from water sales. The District does not have any knowledge of significant changes of water sales for future years.

### Contacting the Waterworks District's President

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or requests for additional information, contact the District's President at 3260 Little Flock Road, Many, LA 71449.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

Mr. Malcolm Franks, President  
and Members of the Board  
South Toledo Bend Waterworks District  
Many, Louisiana 71449

***Opinions***

We have audited the accompanying financial statements of the business-type activities and the major fund of the South Toledo Bend Waterworks District (District), a component unit of the Sabine Parish Police Jury, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the District as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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 opinions.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Employer's Share of Net Pension Liability, and Schedule of Employer Contributions on pages 1 through 3 and 27 through 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated February 8, 2023, on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

February 8, 2023



## FINANCIAL STATEMENTS

South Toledo Bend Waterworks District  
Statement of Net Position  
Proprietary Fund  
September 30, 2022

Assets-

Current Assets-

Cash & Cash Equivalents	\$ 1,704,863
Receivables	
Less, Allowance for Doubtful Accounts	101,013
Grant Receivable	48,297
Prepaid Expenses	<u>49,958</u>
Total Current Assets	<u>\$ 1,904,131</u>

Capital Assets-

Plant & Distribution System	\$ 9,725,867
Land & Improvements	106,361
Machinery & Equipment	251,518
Construction in Progress	898,633
Accumulated Depreciation	<u>(6,293,709)</u>
Total Capital Assets	<u>\$ 4,688,670</u>

Other Assets-

Deposits	\$ 200
Net Pension Asset	155,025
Bond Issue Costs	
Less Amortization	<u>112,850</u>
Total Other Assets	<u>\$ 268,075</u>

Total Assets \$ 6,860,876

Deferred Outflows of Resources \$ 37,049

Liabilities-

Current Liabilities-

Accounts Payable	\$ 199,281
Accrued Payroll	14,764
Accrued Expenses	34,634
Current Portion of Long-Term Debt	<u>136,000</u>
Total Current Liabilities	<u>\$ 384,679</u>

Continued next page.

South Toledo Bend Waterworks District  
Statement of Net Position  
Proprietary Fund  
September 30, 2022

Non-Current Liabilities-	
Customers' Deposits	\$ 102,550
Long-Term Debt, Net of Current Portion	<u>2,479,397</u>
Total Non-Current Liabilities	<u>\$ 2,581,947</u>
Total Liabilities	<u>\$ 2,966,626</u>
Deferred Inflows of Resources	<u>\$ 146,802</u>
Net Position-	
Net Investment in Capital Assets	\$ 2,073,273
Unrestricted	<u>1,711,224</u>
Total Net Position	<u>\$ 3,784,497</u>

See independent auditor's report and notes to financial statements.

South Toledo Bend Waterworks District  
Statement of Revenues, Expenses and Changes in Net Position-  
Proprietary Fund  
For the Year Ended September 30, 2022

OPERATING REVENUES:	
Charges for Services	\$1,089,757
Connection Fees	27,600
Late Fees	15,987
Miscellaneous	<u>37,475</u>
 Total Operating Revenues	 <u>\$1,170,819</u>
OPERATING EXPENSES:	
Amortization	\$ 4,849
Automobile Expense	19,672
Bad Debts	394
Chemicals	44,886
Collection Expense	11,019
Commissioners' Fees	8,800
Computer Services	14,095
Depreciation	280,129
Insurance	48,808
Legal & Accounting	22,410
Licenses & Permits	23,524
Materials & Supplies	56,457
Miscellaneous	3,002
Office & Other Expenses	32,242
Payroll Taxes	5,218
Repairs & Maintenance	63,737
Retirement & Salaries	222,476
President & Secretary Services	7,500
Telephone	7,662
Utilities	57,529
Water Purchased	<u>25,346</u>
 Total Operating Expenses	 <u>\$ 959,755</u>
 Operating Income	 <u>\$ 211,064</u>
NON-OPERATING REVENUES (EXPENSES):	
Nonemployer Pension Revenue	\$ 2,722
Interest Income	896
Grant Revenue	169,443
Interest Expense	<u>(61,172)</u>
 Total Non-operating Revenues (Expenses)	 <u>\$ 111,889</u>
 Change in Net Position	 <u>\$ 322,953</u>
 Net Position-Beginning of Year	 <u>3,461,544</u>
 Net Position-End of Year	 <u>\$3,784,497</u>

See independent auditor's report and notes to financial statements.

South Toledo Bend Waterworks District  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2022

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	\$ 1,206,198
Cash Payments to Suppliers for Goods and Services	(524,033)
Cash Payments to Employees	<u>(274,177)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 407,988</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Principal Paid on Capital Debt	\$ (119,000)
Interest Paid on Capital Debt	(62,810)
Bond Proceeds	398,097
Grant Proceeds	223,003
Purchase of Capital Assets	<u>(794,152)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (354,862)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment Income	<u>896</u>
Net Increase in Cash and Cash Equivalents	\$ 54,022
Cash and Cash Equivalents-Beginning of Year	<u>1,650,841</u>
Cash and Cash Equivalents-End of Year	<u>\$1,704,863</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating Income	\$ 211,064
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities-	
Depreciation and Amortization	284,978
Changes in Assets and Liabilities-	
(Increase) Decrease in Prepaid Expenses	(5,653)
(Increase) Decrease in Accounts Receivable	19,606
Increase (Decrease) in Accounts Payable	(61,767)
Increase (Decrease) in Accrued Payroll	1,170
Increase (Decrease) in Accrued Expenses	(4,312)
Increase (Decrease) in Net Pension Liability	(52,871)
Increase (Decrease) in Customer Deposits	<u>15,773</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 407,988</u>

See independent auditor's report and notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2022

## INTRODUCTION

The South Toledo Bend Waterworks District was created by an ordinance of the Sabine Parish Police Jury on December 21, 1988. The District is governed by a Board of Commissioners consisting of five members appointed by the Sabine Parish Police Jury. Commissioners are residents of the parish and serve terms of 1-5 years.

The District was created for the purpose of providing water service to any user within the geographical bounds of the district.

### 1. Summary of Significant Accounting Policies:

#### A. Basis of Presentation-

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

#### B. Reporting Entity-

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

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

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

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2022

Because the Sabine Parish Police Jury appoints the organization's governing body, and the ability of the Sabine Parish Police Jury to impose its will on the District, the District was determined to be a component unit of the Sabine Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Sabine Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting-

The District uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The South Toledo Bend Waterworks District, uses an enterprise fund type of the proprietary fund category to account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Basis of Accounting-

The accounting and financial treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The proprietary fund uses the accrual basis of accounting; revenues are recognized when earned, and expenses are recognized at the time the related liabilities are incurred.

E. Cash and Cash Equivalents-

The District has deposits in highly liquid investment vehicles such as certificates of deposit. Since all of the District's cash is readily available, these deposits are listed in the financial statements as "Cash & Cash Equivalents". Under State law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The District may also purchase investments in securities backed by the full faith and credit of the United States Government. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts.



South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2022

F. Compensated Absences-

All full-time employees are entitled to one week of vacation each year. Vacation time may not be carried over from one year to the next and does not vest or accumulate. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

G. Pensions-

For purposes of measuring the Net Pension Liability, 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 (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

H. Deferred Outflows/Inflows of Resources-

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows or financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

I. Capital Assets-

The capital assets of the South Toledo Bend Waterworks District enterprise fund are included on the Statement of Net Position, along with accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized. Depreciation of all exhaustible capital assets used by the enterprise fund operation is charged as an expense against operations. Depreciation has been computed using the straight-line method over the estimated useful lives of the assets, which is generally 10 to 40 years for buildings and building improvements, 7 to 40 years for the distribution system, 5 years for automobiles, and 5 to 10 years for machinery and equipment.

J. Bad Debts-

Uncollectible amounts due for customer's water receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Allowance for bad debts at September 30, 2022 was \$20,373.

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2022

K. Bond Issue Costs-

Bond issue costs and bond discounts are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method. Total bond issue costs for the current year paid by South Toledo Bend Waterworks District, was \$112,850. The amortization expense related to deferred debt expense was \$4,849 for the year ended September 30, 2022. This amortization expense included the unamortized amount of the bond issue costs from the 1997 water revenue bonds. The 1997 water revenue bonds were paid off with the issuance of 2022 water revenue bonds.

L. Estimates-

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

M. Net Position-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expenses.

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2022

2. Cash and Cash Equivalents:

The cash and cash equivalents of the District are subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At September 30, 2022, the District had cash and cash equivalents (collected bank balances) totaling \$1,707,536. Cash and cash equivalents are stated at cost, which approximates market.

The deposits at September 30, 2022, were secured as follows:

Cash and Cash Equivalents	\$ 1,707,536
FDIC	(250,000)
Pledged Securities	<u>(1,457,536)</u>
Uninsured	<u>\$ 0</u>

3. Revenue Receivable:

At year-end, the District has \$101,013 in receivables as follows:

Charges for Services	\$121,350
Other	36
Less, Allowance for Doubtful Accounts	<u>(20,373)</u>
Total Accounts Receivable	<u>\$101,013</u>

4. Compensation of Board Members:

A detail of compensation paid to individual board members for the year ended September 30, 2022 follows:

Malcolm Franks	\$ 5,520
Anna Ferguson	3,680
Tim Collins	1,760
Michael Walker	3,420
Donald Owen	320
Mike Pitt	<u>1,600</u>
Total	<u>\$16,300</u>

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2022

5. Capital Assets:

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets:</b>				
Construction in Progress	\$ 169,031	\$ 729,602	\$ -	\$ 898,633
Land & Improvements	106,361	-	-	106,361
Plant & Distribution System	9,717,317	8,550	-	9,725,867
Machinery & Equipment	195,518	56,000	-	251,518
<b>Total Assets</b>	<b>\$ 10,188,227</b>	<b>\$ 794,152</b>	<b>\$ -</b>	<b>\$ 10,982,379</b>
<b>Accumulated Depreciation:</b>				
Land Improvements	\$ 9,999	\$ -	\$ -	\$ 9,999
Plant & Distribution System	5,833,197	266,464	-	6,099,661
Machinery & Equipment	170,384	13,665	-	184,049
<b>Total Accumulated Depreciation</b>	<b>\$ 6,013,580</b>	<b>\$ 280,129</b>	<b>\$ -</b>	<b>\$ 6,293,709</b>
<b>Total Net Assets</b>	<b>\$ 4,174,647</b>	<b>\$ 514,023</b>	<b>\$ -</b>	<b>\$ 4,688,670</b>

Depreciation expense of \$280,129 was recorded for the year ended September 30, 2022.

6. Pension Plan:

*Plan Description*

The District contributes to Parochial Employees' Retirement System of Louisiana (System) which is 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 and pays 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. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.persla.org](http://www.persla.org).

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

South Toledo Bend Waterworks District  
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*Benefits Provided*

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Retirement**

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

- At any age after 30 or more years of creditable service
- At age 55 after 25 years of creditable service
- At age 60 after 10 years of creditable service
- At age 65 after 7 years of creditable service

For employees hired after January 1, 2007:

- At age 55 after 30 years of creditable service
- At age 62 after 10 years of creditable service
- At age 67 after 7 years of creditable service

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 3% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

**Survivor's Benefits**

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

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

**Deferred Retirement Option Plan**

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

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

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

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

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

#### **Disability Benefits**

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or 3% multiplied by years of service assuming continued service to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

#### **Cost-of-Living Increases**

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (LA R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

#### *Contributions*

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2021, the actuarially determined contribution rate was 10.38% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2021 was 12.25% for Plan A.

South Toledo Bend Waterworks District  
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According to state statute, the System also receives  $\frac{1}{4}$  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 in proportion to the member's compensation. The non-employer contribution is \$2,722. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

The District's contractually required composite contribution rate for the year ended September 30, 2022 was 12.25% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the District were \$26,458 for the year ended September 30, 2022.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At September 30, 2022, the District reported an asset of \$155,025 for its proportionate share of the Net Pension Asset, compared to an asset of \$59,011 for the prior year. The Net Pension Asset was measured as of December 31, 2021 and the total pension asset used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date. The District's proportion of the Net Pension Asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the District's proportion was .03291%, which was a decrease of .00074% from its proportion measured as of December 31, 2020.

For the year ended September 30, 2022, the District recognized pension expense of \$(26,225) minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$188.

At September 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,367	\$ 11,237
Changes in assumption	8,086	0
Net difference between projected and actual earnings on pension plan investments	0	134,095
Changes in employer's proportion of beginning net pension liability	588	1,437
Differences between employer contributions and proportionate share of employer contributions	0	33
Subsequent Period Contributions	19,008	0
Total	\$37,049	\$146,802

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2022

The deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date in the amount of \$19,008, will be recognized as a reduction of the net pension assets in the year of September 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended September 30:	
2022	\$ (25,282)
2023	(53,498)
2024	(35,608)
2025	(14,373)
Total	\$(128,761)

*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2022 is as follows:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years.
Investment Rate of Return	6.40%, net of investment expense, including inflation.
Inflation Rate	2.30% per annum.
Mortality	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 Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.  Experience study performed on plan data for the period January 1, 2013 through December 31, 2017.
Salary Increases	4.75%
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.



South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2022

The discount rate used to measure the total pension liability was 6.40% for Plan A. 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 calculated 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.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2020. The best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2021 are summarized in the following table:

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

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

The following presents the District's proportionate share of the Net Pension Liability using the discount rate of 6.40%, as well as what the District's proportionate share of the Net Pension 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:

	1.0% Decrease (5.40%)	Current Discount Rate (6.40%)	1.0% Increase (7.40%)
Employer's proportionate share of net pension liability	\$27,638	\$(155,025)	\$(308,039)

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2022

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Parochial Employees' Retirement System of Louisiana Annual Financial Report at [www.persla.org](http://www.persla.org).

*Payables to the Pension Plan*

These financial statements include a payable to the pension plan of \$11,001, which is the legally required contribution due at September 30, 2022. This amount is recorded in accrued expenses.

7. Long-Term Debt:

Revenue Bonds-The District issued \$2,265,000 of Series 2022 water revenue bonds at 2.53% interest for the purpose of paying off Series 1997 bonds. The bonds are secured by the pledge of income and revenues derived from the operation of the water system. These bonds will mature on June 1, 2037.

The District issued \$2,855,000 of Series 2022 water revenue bonds at 1.95% interest for the purpose of improving and replacing the waterworks system, including equipment and fixtures to be used for the public improvements of the District. The bonds are secured by the pledge of income and revenues derived from the operation of the water system. These bonds will mature on June 1, 2051.

The annual debt service requirements to maturity for these loans are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 136,000	\$ 63,499	\$ 199,499
2024	136,000	60,122	196,122
2025	141,000	56,745	197,745
2026	141,000	53,242	194,242
2027	147,000	49,738	196,738
2028-2032	795,000	192,100	987,100
2033-2037	851,000	88,551	939,551
2038-2042	79,000	23,185	102,185
2043-2047	89,000	15,093	104,093
2048-2052	<u>100,397</u>	<u>5,967</u>	<u>106,364</u>
Total	<u>\$2,615,397</u>	<u>\$608,242</u>	<u>\$3,223,639</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

	<u>Balance October 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2022</u>
2022 Water Revenue Bonds	\$2,265,000	\$ 0	\$(110,000)	\$2,155,000
2022 Water Revenue (DWRLF)	<u>71,300</u>	<u>398,097</u>	<u>(9,000)</u>	<u>460,397</u>
Total	<u>\$2,336,300</u>	<u>\$398,097</u>	<u>\$(119,000)</u>	<u>\$2,615,397</u>

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2022

8. Flow of Funds, Restriction on Use:

Under the terms of the bond indentures relating to Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the District are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special accounts:

1. Out of revenue, to the “Operations and Maintenance Account”, an amount sufficient to provide for expenses of the system.
2. Each month, there should be set aside into an account called the “Sinking Fund”, an amount constituting 1/12 of the next maturing yearly installment principal and interest payments. These funds can only be used for payment of bond principal and interest.
3. There should also be set aside into a “Reserve Fund”, an amount equal to 25% of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Fund an amount equal to the maximum principal and interest requirements in any one maturity year.
4. Commencing with the month following completion of and acceptance of the improvements and extensions financed with the proceeds of the Bonds, an amount equal to 5% of the net revenues for the preceding month, until such time as there has been accumulated into a “Contingency Fund” the sum of \$150,000.

These accounts will not be set aside until the 2021 Water Revenue Bonds (DWRLF) are completed.

9. Recently Adopted Accounting Principles:

In June of 2017, GASB issued Statement 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB Statement 87 is effective for reporting periods beginning after June 15, 2021. The District has implemented this Statement and has determined that it has no impact on its financial statements at this time.

10. Subsequent Events:

Management has evaluated events through February 8, 2023, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED  
SUPPLEMENTARY INFORMATION

South Toledo Bend Waterworks District  
Schedule of Employer's Share of Net Pension Liability  
For the Year Ended September 30, 2022

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
<i>Parochial Employees' Retirement System – Plan A</i>					
2015	.04048%	\$ 11,067	\$217,030	5.10%	99.15%
2016	.03677%	\$ 96,787	\$219,668	44.06%	92.23%
2017	.03712%	\$ 76,439	\$225,863	33.84%	94.15%
2018	.03531%	\$ (26,206)	\$227,366	-11.53%	101.98%
2019	.03326%	\$ 147,615	\$215,140	68.61%	88.86%
2020	.03486%	\$ 1,641	\$222,894	0.74%	99.89%
2021	.03365%	\$ (59,011)	\$219,043	-26.94%	104.00%
2022	.03291%	\$(155,025)	\$226,102	-68.56%	110.46%

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

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

See independent auditor's report and notes to financial statements.

South Toledo Bend Waterworks District  
Schedule of Employer Contributions  
For the Year Ended September 30, 2022

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
<i>Parochial Employees' Retirement System-Plan A</i>					
2015	\$32,345	\$32,345	\$0	\$217,030	14.90%
2016	\$29,339	\$29,339	\$0	\$219,668	13.36%
2017	\$29,339	\$29,339	\$0	\$225,863	12.99%
2018	\$23,005	\$23,005	\$0	\$227,366	10.12%
2019	\$24,741	\$24,741	\$0	\$215,140	11.50%
2020	\$26,876	\$26,876	\$0	\$222,894	12.10%
2021	\$26,833	\$26,833	\$0	\$219,043	12.30%
2022	\$26,458	\$26,458	\$0	\$226,102	11.70%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended September 30, 2022.

See independent auditor's report and notes to financial statements.

SUPPLEMENTARY INFORMATION

South Toledo Bend Waterworks District  
Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer  
For the Year Ended September 30, 2022

Agency Head Name: Malcolm Franks, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$3,600
Expense Account	0
Benefits-Insurance	0
Benefits-Retirement	0
Deferred Compensation	0
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per Diem	1,920
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$5,520</u>

See independent auditor's report.



Reporting Fraud and Misappropriations

Agency Name: South Toledo Bend Waterworks District

Fiscal Year End: September 30, 2022

<u>Element of Finding</u>	<u>Response</u>
1. A general statement describing the fraud or misappropriation that occurred.	The Secretary-Treasurer overpaid herself one month of compensation.
2. A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Cash
3. The amount of funds or approximate value of assets involved.	\$460
4. The department or office in which the fraud or misappropriation occurred.	Water District
5. The period of time over which the fraud or misappropriation occurred.	One month period
6. The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Anna Ferguson, Secretary-Treasurer of the District.
7. The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	No formal charges have been brought against the Secretary-Treasurer.
8. Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No
9. If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	N/A
10. Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	No, we did not believe restitution would be made.
11. What is the status of the investigation at the date of the auditor's/accountant's report?	N/A

Reporting Fraud and Misappropriations  
(continued)

Agency Name: South Toledo Bend Waterworks District

Fiscal Year End: September 30, 2022

<u>Element of Finding</u>	<u>Response</u>
12. If the investigation is complete and the person believed to have committed the act or fraud or misappropriation has been identified, has the agency filed charges against that person?	No
13. What is the status of any related adjudication at the date of the auditor's/accountant's report?	Unknown
14. Has restitution been made or has an insurance claim been filed?	No
15. Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	No
16. Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No
17. If the answer to the last questions is "no", described the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	See 2022-001
18. Management's plan to ensure that the fraud or misappropriation does not occur in the future.	Increase review of disbursements by the President and CPA

See independent auditor's report.

## OTHER REPORTS

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

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

Mr. Malcolm Franks, President  
and Members of the Board  
South Toledo Bend Waterworks District  
Many, Louisiana 71449

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, and the *Louisiana Governmental Audit Guide*, the financial statements of the business-type activities and major fund as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the South Toledo Bend Waterworks District’s (District) basic financial statements and have issued our report thereon dated February 8, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of audit findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of audit findings as item 2022-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of audit findings as item 2022-002 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

### **South Toledo Bend Waterworks District's Response to the Finding**

*Government Auditing Standards* require the auditor to perform limited procedures on the South Toledo Bend Waterworks District's response to the findings identified in our audit and described in the accompanying schedule of audit findings. South Toledo Bend Waterworks District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

February 8, 2023

South Toledo Bend Waterworks District  
Schedule of Audit Findings  
Year Ended September 30, 2022

I. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the South Toledo Bend Waterworks District.
2. There was one material weakness and one significant deficiency noted in internal control during the audit of the financial statements.
3. There were no instances of noncompliance material to the financial statements of the South Toledo Bend Waterworks District disclosed during the audit.

II. Findings in Accordance with *Government Auditing Standards*

The following findings relate to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Internal Control-

*2022-001 Internal Control over Secretary/Treasurer Payments*

*Criteria* - Internal controls are the policies and procedures that are put in place to safeguard its assets against loss due to fraud and misappropriation.

*Condition* - The previous Secretary/Treasurer overpaid herself one month of per diem and service pay totaling \$460. The Secretary/Treasurer was charged with fraudulent activity by a separate entity, therefore the District requested that the Sabine Parish Police Jury withdraw her commission from the District board. After her commission was rescinded, this overpayment was discovered by the President and CPA.

*Cause* - Inadequate internal controls to safeguard the District's assets.

*Effect* - The District suffered a loss of assets.

*Recommendation* – Policies and procedures should be implemented to ensure that all District assets are safeguarded against loss due to errors, abuse, fraud or misappropriation.

*Management's Response* – All commissioner compensation will be paid at board meetings.

*2022-002 Internal Control over Disbursement Records*

*Criteria* – Louisiana Revised Statutes require governments to maintain their records for three years from the date the record is made (unless required longer by a retention schedule).

*Condition* - The District did not maintain documentation for paid invoices.

*Cause* - Inadequate internal controls of record retention.

South Toledo Bend Waterworks District  
Schedule of Audit Findings (continued)  
Year Ended September 30, 2022

*Effect* – There is not an adequate audit trail.

*Recommendation* - Procedures should be implemented to ensure that all records are retained in accordance with the state and/or District record retention policy.

*Management's Response* – Due to the change-over in board members and board member positions, some invoices were misplaced. All invoices will go through the normal process of approval and payment policies. After the accountant goes through their process, the invoices will be kept on file at the main office of South Toledo Bend Waterworks District.

III. Prior Year Findings

Compliance-

*2021-001 Cash Balance Unsecured*

*Condition* - The cash balance in the bank was not fully secured by FDIC or pledged securities at September 30, 2022.

*Status* – This finding was cleared at September 30, 2022.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
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**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING  
STATEWIDE AGREED-UPON PROCEDURES**

To the South Toledo Bend Waterworks District and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2021 through September 30, 2022. The South Toledo Bend Waterworks District’s (District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period October 1, 2021 through September 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user for this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. We obtained and inspected the entity’s written policies and procedures and observed that they address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:
  - ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ***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.
  - ***Disbursements***, including processing, reviewing, and approving.
  - ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation.)



- **Payroll/Personnel**, including (1) payroll processing, and (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 schedule.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **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).
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **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) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- **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.
- **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Procedure Results - We noted exceptions with regard to the written policies and procedures for receipts, payroll/personnel, ethics, and debt service.**

#### ***Board or Finance Committee***

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2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
  - Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

- Obtained the prior year audit report and observed the unassigned fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the General Fund.

**Procedure Results – We noted no exceptions with regard to Board or Finance Committee.**

### ***Bank Reconciliations***

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3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all if less than 5). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
  - Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
  - Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and
  - Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Procedure Results – We noted no exceptions regarding Bank Reconciliations.**

### ***Collections (excluding electronic funds transfers)***

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4. We obtained 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. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties were properly segregated at each collection location such that:
  - Employees that are responsible for cash collections do not share cash drawers/registers.
  - Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - 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.

- The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. We observed that the bond or insurance policy for theft was enforced during the fiscal period.
  7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under “Bank Reconciliations” above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits were made on the same day). We obtained supporting documentation for each of the deposits selected and:
    - We observed that receipts are sequentially pre-numbered.
    - We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
    - We traced the deposit slip total to the actual deposit per the bank statement.
    - We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
    - We traced the actual deposit per the bank statement to the general ledger.

**Procedure Results – We noted no exceptions regarding Collections.**

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

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8. We obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and we observed that job duties are properly segregated such that:
  - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - At least two employees are involved in processing and approving payments to vendors.
  - The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

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

**Procedure Results – We noted no exceptions with regard to Non-Payroll Disbursements.**

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. We obtained 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. We obtained management's representation that the listing is complete.

12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), and obtained supporting documentation, and:

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, we described the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Procedure Results – We noted no exceptions with regard to Credit Cards/Debit Cards/Fuel Cards/P-Cards.**

#### ***Travel and Expense Reimbursement***

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14. We obtained 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. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

- If reimbursed using a per diem, we observed that the approved reimbursement rate is no more than those rates established by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- We observed that each reimbursement was supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Procedure Results – We noted no exceptions with regard to Travel and Expense Reimbursements.**

***Contracts***

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15. We obtained 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. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, excluding our contract, and:
- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
  - We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

**Procedure Results – We noted no exceptions with regard to Contracts.**

***Payroll and Personnel***

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16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:
- We observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

- We observed that supervisors approved the attendance and leave of the selected employees/officials.
  - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - We observed that the rate paid to the employees or officials agree to the authorized salary/pay rate found with the personnel file.
18. We obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected two employees or officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. If applicable, we agreed the hours to the employees or officials' cumulative leave records, and the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and the termination payment to entity policy.
19. We obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

**Procedure Results – We noted no exceptions with regard to Payroll and Personnel.**

***Ethics***

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20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management, and:
- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - We observed that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Procedure Results – We noted no exceptions regarding Ethics.**

***Debt Service***

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21. We obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. We selected all debt instruments on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Procedure Results – We noted no exceptions with regard to Debt Service.**

### ***Fraud Notice***

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23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the District attorney of the parish in which the entity is domiciled.
24. We observed whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Procedure Results – We noted no exceptions with regard to the Fraud Notice.**

### ***Information Technology Disaster Recovery/Business Continuity***

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25. We performed the following procedures:
  - We obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on the physical medium (e.g., tapes, CDs), we observed that backups are encrypted before being transported.
  - We obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
  - We obtained a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. We randomly selected the required number of computers (at least 5) and observed 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.

**Procedure Results – We performed the procedure and discussed the results with management.**

### ***Sexual Harassment***

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26. We randomly selected the employees/officials from procedure #16 under "Payroll and Personnel" above, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. We observed that the entity has posted its sexual harassment policy and complaint procedures on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. We obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that it includes the applicable requirements of R.S. 42:344:
  - Number and percentage of public servants in the agency who have completed the training requirements;

- Number of sexual harassment complaints received by the agency;
- Number of complaints which resulted in a finding that sexual harassment occurred;
- Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- Amount of time it took to resolve each complaint.

**Procedure Results – We noted exceptions regarding Sexual Harassment training.**

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the 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.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

February 8, 2023



MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Item 1: Exception - The written policies and procedures do not address receipts, payroll/personnel, ethics, and debt service.

Response – Policies and Procedures for receipts, payroll/personnel, ethics and debt service will be adopted and approved by the Board of Directors.

Item 28: Exception - The District does not require each employee to complete sexual harassment training.

Response – The District will require employees to complete sexual harassment training.