

CONCORDIA WATERWORKS DISTRICT No. 1
(A COMPONENT UNIT OF THE CONCORDIA
PARISH POLICE JURY)

ANNUAL FINANCIAL STATEMENTS

AS OF JUNE 30, 2023 AND 2022
AND FOR THE YEARS THEN ENDED

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

CONCORDIA WATERWORKS DISTRICT No. 1
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
WITH SUPPLEMENTARY INFORMATION SCHEDULES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Concordia Waterworks District No. 1
Ferriday, Louisiana

Opinions

We have audited the accompanying financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of Concordia Waterworks District No. 1 (the District), a component unit of the Concordia Parish Police Jury, as of and for the years ended June 30, 2023 and 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, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- 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 information on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report, thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance, thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or 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.



Natchez, Mississippi
December 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CONCORDIA WATERWORKS DISTRICT No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

INTRODUCTION

The Management's Discussion and Analysis (MD&A) of Concordia Waterworks District No. 1's (the District) financial performance provides an overall narrative review of the District's financial activities for the years ended June 30, 2023 and 2022. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the District's financial performance.

Concordia Waterworks District No. 1 is located on Highway 15 near Ferriday, Louisiana, in Concordia Parish. The District provides water to approximately 2,200 customers and is a component unit of the Concordia Parish Police Jury.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of the years ended June 30, 2023 and 2022, the District's net position increased \$420,230, resulting in an ending net position of \$8,234,119 at June 30, 2023, and increased \$322,727, resulting in an ending net position of \$7,813,889 at June 30, 2022.

1. The cash balance for the District was \$4,244,608 at June 30, 2023, and \$3,866,673 at June 30, 2022.
2. In fiscal year 2023, the District had \$1,832,582 in revenues, which primarily consisted of water sales. There were \$1,412,352 in expenses, including depreciation of \$234,567. In fiscal year 2022, the District had \$1,721,022 in revenues, which primarily consisted of water sales. There were \$1,398,294 in expenses, including depreciation of \$228,180.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction the District's basic financial statements. The District's basic financial statements comprise two components: (1) fund financial statements and (2) notes to financial statements.

Fund financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statements of net position present information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statements of revenues, expenses, and changes in net position present information showing how the District's net position changed during the most recent fiscal year.

The fund financial statements can be found on pages 9 through 12 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 13 through 19 of this report.

**CONCORDIA WATERWORKS DISTRICT No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

FUND FINANCIAL ANALYSIS

Net Position as of and for the years ended June 30, 2023 and 2022

The following is a condensed statement of the District's net position as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Assets		
Current assets	\$ 4,172,091	\$ 3,798,343
Restricted assets	303,854	298,087
Noncurrent assets – capital assets	5,207,415	5,275,952
Noncurrent assets – other assets	<u>335</u>	<u>335</u>
Total assets	<u>\$ 9,683,695</u>	<u>\$ 9,372,717</u>
Deferred outflows	<u>\$ -</u>	<u>\$ -</u>
Liabilities		
Current liabilities	\$ 98,224	\$ 119,101
Current liabilities – payable from restricted assets	279,352	270,727
Long-term liabilities	<u>1,072,000</u>	<u>1,169,000</u>
Total liabilities	<u>\$ 1,449,576</u>	<u>\$ 1,558,828</u>
Deferred inflows	<u>\$ -</u>	<u>\$ -</u>
Net position		
Net investment in capital assets	\$ 4,038,415	\$ 4,012,952
Restricted for debt service	120,000	120,000
Unrestricted	<u>4,075,704</u>	<u>3,680,937</u>
Total net position	<u>\$ 8,234,119</u>	<u>\$ 7,813,889</u>

The largest portion of the District's total assets (\$5,207,415 or 54%) is its investment in capital assets such as equipment. Another portion of the District's total assets (\$303,854 or 3%) is restricted to paying long-term debt and meter deposit refunds. The remaining balance of the total assets (\$4,172,426 or 43%) may be used to pay current operating expenses and customer deposits.

The District has long-term debt, net of current portion, of \$1,072,000, which was used to finance additions to the utility system in prior years. More information concerning this debt may be found on page 18 of the notes to financial statements. Total liabilities of \$1,449,576 represent 15% of the total assets of the District.

The business-type activities increased the net position by \$420,230.

**CONCORDIA WATERWORKS DISTRICT No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

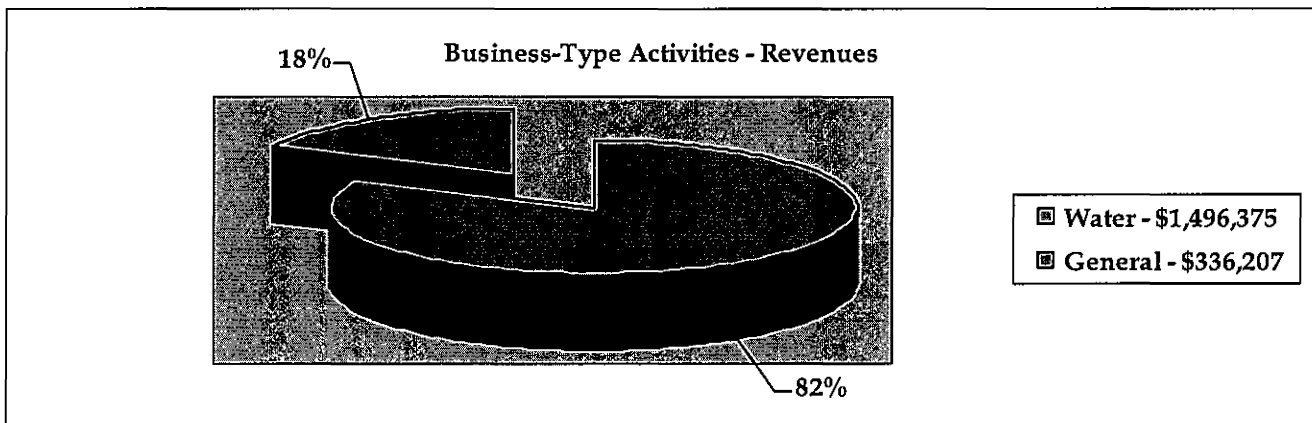
The following is a summary of the statement of activities:

	<u>2023</u>	<u>2022</u>
Revenues		
Water sales	\$ 1,496,375	\$ 1,474,868
General revenues	<u>336,207</u>	<u>246,154</u>
Total revenues	<u>\$ 1,832,582</u>	<u>\$ 1,721,022</u>
Expenses		
Operating expenses	\$ 1,375,879	\$ 1,359,629
Interest expense	<u>36,473</u>	<u>38,665</u>
Total expenses	<u>\$ 1,412,352</u>	<u>\$ 1,398,294</u>
Increase in net position	\$ 420,230	\$ 322,728
Net position, beginning of year	<u>7,813,889</u>	<u>7,491,161</u>
Net position, end of year	<u>\$ 8,234,119</u>	<u>\$ 7,813,889</u>

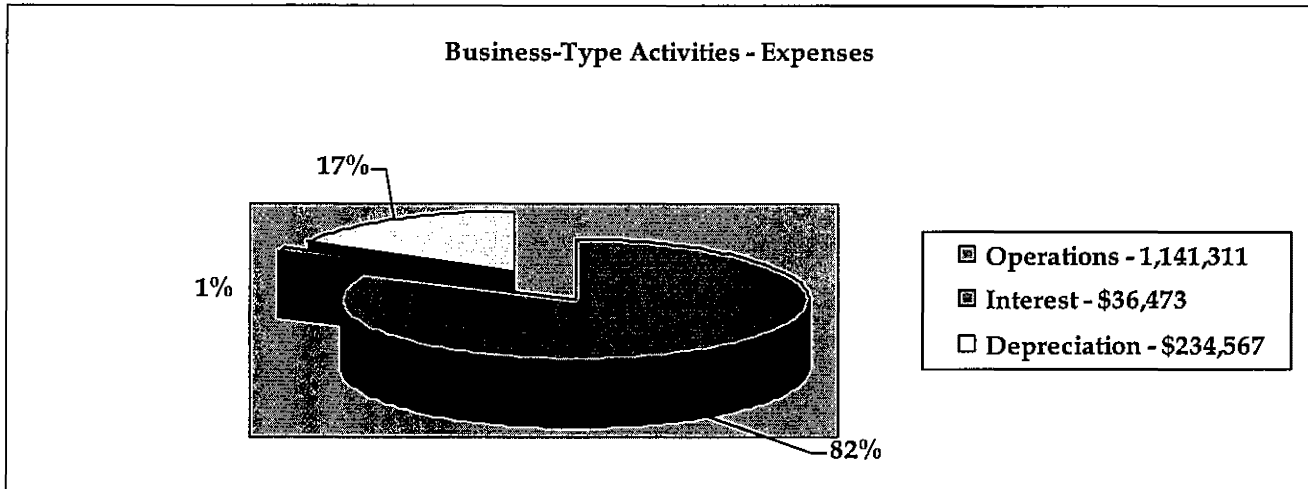
Business-type activities

The business-type activities of the District include revenues resulting from fees charged to customers.

The following presents in graphs the information from the statement of activities for the business-type activities:



**CONCORDIA WATERWORKS DISTRICT No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**



The notes to financial statements should be read to have a full understanding of the data in the government-wide financial statements.

FUTURE PLANS, CAPITAL ASSETS, AND DEBT

As of June 30, 2023, the District had \$5,207,414 invested in capital assets, net of accumulated depreciation of \$4,971,145. During the year, assets of \$166,030 were added to capital assets. Additions to the system primarily included progress towards the Elevated Tank Project.

The District continues to monitor the water system as a whole for ways to improve the efficiency of providing water services to its customers. The District continuously monitors the water system, water lines, and water meters for general maintenance to detect and prevent issues in the future. The District currently has grant requests pending to help keep the water system in good operating condition.

On June 27, 2013, the District issued Water Revenue Refunding Bonds, Series 2013, in the amount of \$2,146,000. The proceeds of these bonds were to consolidate three outstanding notes payable, and reduce the overall length of the debt repayment, and reduce the overall interest expense. The Water Revenue Refunding Bonds are expected to result in a reduction of seven years of debt repayment, ultimately saving the District over \$950,000 in future interest expense.

The District had outstanding bonded indebtedness of \$1,169,000 at June 30, 2023 and \$1,263,000 at June 30, 2022. Principal payments of \$94,000 were paid during the current fiscal year. Principal payments of \$97,000 are due to be paid during the next fiscal year. This debt consists of the Water Revenue Refunding Bonds, Series 2013, which are secured by a pledge of the capital assets and revenues from the sale of water. The debt is as follows:

Original balance of \$2,146,000 issued on June 27, 2013, at a net interest rate of 3.848%, refinanced in 2021 at an interest rate of 2.750% until 2027 and at 3.000% until maturity, due in annual installments ranging from \$130,400 to \$143,170, including principal and interest through May 1, 2033.

	<u>2023</u>	<u>2022</u>
Total indebtedness	<u>\$ 1,169,000</u>	<u>\$ 1,263,000</u>
	<u>\$ 1,169,000</u>	<u>\$ 1,263,000</u>

**CONCORDIA WATERWORKS DISTRICT No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report, or request, for additional information, may be directed to Charles Renfrow, Manager, at (318) 757-4353.

FINANCIAL STATEMENTS

CONCORDIA WATERWORKS DISTRICT No. 1
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2023 AND 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 3,940,754	\$ 3,568,586
Accounts receivable - customers	220,992	223,093
Accrued interest receivable	-	-
Prepaid insurance	10,345	6,664
Total current assets	\$ 4,172,091	\$ 3,798,343
Restricted assets - cash and cash equivalents		
Bond Contingency Fund	\$ 120,000	\$ 120,000
Consumer deposits	183,854	178,087
Total restricted assets	\$ 303,854	\$ 298,087
Capital assets		
Property, plant, and equipment	\$ 10,178,560	\$ 10,012,530
Less accumulated depreciation	(4,971,145)	(4,736,578)
Total capital assets	\$ 5,207,415	\$ 5,275,952
Other noncurrent assets		
Utility deposits	\$ 335	\$ 335
Total assets	\$ 9,683,695	\$ 9,372,717
Deferred outflows	\$ -	\$ -

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CONCORDIA WATERWORKS DISTRICT No. 1
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 92,221	\$ 108,623
Accrued interest payable	5,641	6,065
Sales tax payable	362	486
FICA taxes payable	-	3,927
Tenant deposits	182,352	176,727
Notes payable, current portion	97,000	94,000
Total current liabilities	<u>\$ 377,576</u>	<u>\$ 389,828</u>
Long-term liabilities		
Notes payable, net of current portion	<u>\$ 1,072,000</u>	<u>\$ 1,169,000</u>
Total liabilities	<u>\$ 1,449,576</u>	<u>\$ 1,558,828</u>
Deferred inflows	<u>\$ -</u>	<u>\$ -</u>
Net position		
Net investment in capital assets	\$ 4,038,415	\$ 4,012,952
Restricted for debt service	120,000	120,000
Unrestricted	4,075,704	3,680,937
Total net position	<u>\$ 8,234,119</u>	<u>\$ 7,813,889</u>

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

CONCORDIA WATERWORKS DISTRICT No. 1
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues		
Charges for sales and services		
Water sales	\$ 1,496,375	\$ 1,474,868
Penalties for late payment	43,845	43,228
Reconnect fees	33,407	31,037
Memberships	5,400	14,725
Other income	97,378	90,492
Total operating revenue	<u>\$ 1,676,405</u>	<u>\$ 1,654,350</u>
Operating expenses		
Salaries	\$ 416,147	\$ 458,234
Bad debts	14,329	13,916
Commissioners' fees	4,050	4,200
Depreciation	234,567	228,180
Insurance	184,601	163,469
Office expense	41,651	35,367
Operating supplies	254,645	256,353
Other operating expense	34,717	43,358
Payroll taxes	29,078	33,269
Professional fees	10,974	11,358
Repairs and maintenance	45,256	7,650
Truck expense	35,336	38,792
Utility expense	70,528	65,484
Total operating expenses	<u>\$ 1,375,879</u>	<u>\$ 1,359,630</u>
Operating income	<u>\$ 300,526</u>	<u>\$ 294,720</u>
Nonoperating revenues (expenses)		
Interest income	\$ 12,416	\$ 3,805
Interest expense	(36,473)	(38,665)
Grant income	143,761	62,867
Total nonoperating revenues (expenses)	<u>\$ 119,704</u>	<u>\$ 28,007</u>
Change in net position	\$ 420,230	\$ 322,727
Net position, beginning	<u>7,813,889</u>	<u>7,491,162</u>
Net position, ending	<u>\$ 8,234,119</u>	<u>\$ 7,813,889</u>

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

CONCORDIA WATERWORKS DISTRICT No. 1
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Cash received from water sales	\$ 1,684,131	\$ 1,635,904
Cash paid to suppliers and employees	(1,165,446)	(1,076,349)
Net cash provided by operating activities	\$ 518,685	\$ 559,555
Cash flows from investing activities		
Purchase and construction of fixed assets	\$ (166,030)	\$ (204,752)
Net cash used for investing activities	\$ (166,030)	\$ (204,752)
Cash flows from financing activities		
Principal paid on notes payable	\$ (94,000)	\$ (91,000)
Interest paid on notes payable	(36,897)	(39,399)
Interest income	12,416	4,091
Grant income	143,761	62,867
Net cash provided by (used for) financing activities	\$ 25,280	\$ (63,441)
Net increase in cash and cash equivalents	\$ 377,935	\$ 291,362
Cash and cash equivalents, beginning of year	3,866,673	3,575,311
Cash and cash equivalents, end of year	\$ 4,244,608	\$ 3,866,673
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 300,526	\$ 294,720
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	\$ 234,567	\$ 228,180
(Increase) decrease in accounts receivable	2,101	(21,172)
(Increase) decrease in prepaid insurance	(3,681)	-
Increase (decrease) in accounts payable	(16,402)	51,085
Increase (decrease) in sales tax payable	(124)	90
Increase (decrease) in FICA taxes payable	(3,927)	3,927
Increase in tenant deposits	5,625	2,725
Total adjustments	\$ 218,159	\$ 264,835
Net cash provided by operating activities	\$ 518,685	\$ 559,555

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

NOTES TO FINANCIAL STATEMENTS

CONCORDIA WATERWORKS DISTRICT No. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Concordia Waterworks District No. 1 (the District) have been prepared in conformity with the accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District complies with the provisions of GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement 63 provides financial reporting guidance for deferred outflows and deferred inflows of resources as a consumption of net assets applicable to a future reporting period and an acquisition of net assets applicable to a future reporting period, respectively.

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

The more significant accounting policies of the District are described below.

A. Reporting Entity

The District is part of the financial reporting entity of the Concordia Parish Police Jury. It was created by the Police Jury by Ordinance 393, dated May 16, 1966, to serve the rural areas of eastern Concordia Parish, under R.S. 33:3811. As such, it is accounted for as a component unit.

The District is governed by a Board of Commissioners who are appointed by the members of the Police Jury. The Board consists of five members, each serving five-year terms. They are compensated at the rate of \$75 per meeting.

The District serves approximately 2,200 customers with a staff of 10 employees. They maintain 230 miles of water lines, supplying over 160,000,000 gallons of water, annually, from four wells.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The District is classified and reported as a proprietary fund in the financial statements of the Concordia Parish Police Jury. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary, or useful, for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The District is an enterprise fund.

CONCORDIA WATERWORKS DISTRICT No. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

Basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on statements of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Assets, Liabilities, and Equity

1. Cash and Investments

Cash in excess of monthly operating needs and restricted reserve fund requirements is invested in bank certificates of deposit with maturities from one to twelve months. Such investments are deemed to be cash equivalents for the purpose of the statement of cash flows.

Cash and investments at June 30, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Unrestricted		
Cash	\$ 3,751,838	\$ 3,403,080
Certificates of deposit	<u>188,916</u>	<u>165,506</u>
	<u>\$ 3,940,754</u>	<u>\$ 3,568,586</u>
Restricted		
Cash	\$ 264,284	\$ 258,517
Certificates of deposit	<u>39,570</u>	<u>39,570</u>
	<u>\$ 303,854</u>	<u>\$ 298,087</u>
 Total cash and cash equivalents	 <u>\$ 4,244,608</u>	 <u>\$ 3,866,673</u>

2. Accounts Receivable

Accounts receivable consists of water charges for the District and sewer charges for Concordia Sewer billed for areas within Concordia Parish.

An allowance for doubtful accounts is not maintained by the District. Bills not paid by the 15th of the following month receive a 10% penalty, plus \$100 late charge. Customer services are cut off and their consumer deposit surrendered once two months of nonpayment occurs. A final bill is then prepared for services in excess of the consumer deposit and submitted for collection.

CONCORDIA WATERWORKS DISTRICT No. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Equity (continued)

3. Inventory

Inventories of materials and supplies are considered to be expenditures at the time of purchase. Amounts on hand at the financial statement date are immaterial and, therefore, are not included in the balance sheet.

4. Property, Plant, and Equipment

Additions to the utility plant in service are recognized at cost or, if contributed property, at their estimated fair market value at the time of contribution. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain, or loss, to income.

The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives, is not capitalized.

Depreciation of fixed assets used by the District is charged as an expense against their operations. Depreciation is calculated over the estimated useful lives of the assets using the straight-line method, as follows:

	Estimated Useful Life in Years
Buildings	25
Distribution system	50
Furniture and equipment	3-25

5. Reserves of Fund Equity

The District records reserves to represent those portions of fund equity legally segregated for a specific future use. The following lists such reserves used by the District:

	2023	2022
Debt service and depreciation reserve	\$ 120,000	\$ 120,000

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CONCORDIA WATERWORKS DISTRICT No. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Reclassifications

Certain reclassifications have been made to the prior-year financial statement presentation to correspond to the current year's format. Total net position and change in net position are unchanged due to these reclassifications.

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

The carrying amount of the District's total deposits with financial institutions at June 30, 2023, was \$4,244,068. The bank balance was \$4,265,592.

Total bank balance		\$ 4,265,592
Amount of FDIC coverage	\$ 539,570	
Market value of pledged securities	<u>4,364,833</u>	
Total federally insured or collateralized		<u>4,904,403</u>
FDIC coverage and pledged securities in excess of the total bank balance at June 30, 2023		<u>\$ (638,811)</u>

The carrying amount of the District's total deposits with financial institutions at June 30, 2022, was \$3,866,673. The bank balance was \$3,957,954.

Total bank balance		\$ 3,957,954
Amount of FDIC coverage	\$ 482,856	
Market value of pledged securities	<u>3,938,787</u>	
Total federally insured or collateralized		<u>4,421,643</u>
FDIC coverage and pledged securities in excess of the total bank balance at June 30, 2022		<u>\$ (463,689)</u>

NOTE 3 - RESTRICTED ASSETS

Certain assets were restricted for debt service and consumer deposits. These assets consisted of, and are restricted to, the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Bond contingency fund	\$ 120,000	\$ 120,000
Consumer deposits	<u>183,854</u>	<u>178,087</u>
	<u>\$ 303,854</u>	<u>\$ 298,087</u>

CONCORDIA WATERWORKS DISTRICT No. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 - ACCOUNTS RECEIVABLE

The following is an aged analysis of accounts receivable due on June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Current billing	\$ 188,266	\$ 192,958
31-60 days	32,726	28,836
Over 60 days	-	1,299
	<u>\$ 220,992</u>	<u>\$ 223,093</u>

Management believes all receivables to be collectible; therefore, no allowance is recorded as of June 30, 2023 and 2022.

NOTE 5 - FIXED ASSETS

The following is a summary of property, plant, equipment, and depreciation reserves at June 30, 2023 and 2022:

	<u>06/30/23</u> <u>Asset Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u>	<u>FYE 06/30/23</u> <u>Depreciation</u>
Land	\$ 193,328	\$ -	\$ 193,328	\$ -
Right-of-way easements	93,814	-	93,814	-
Construction in progress	96,911	-	96,911	-
Distribution system, wells, tanks, and equipment	9,240,248	4,531,701	4,708,547	208,885
Office building, furniture, and equipment	554,259	439,444	114,815	25,682
Totals	<u>\$ 10,178,560</u>	<u>\$ 4,971,145</u>	<u>\$ 5,207,415</u>	<u>\$ 234,567</u>

	<u>06/30/22</u> <u>Asset Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u>	<u>FYE 06/30/22</u> <u>Depreciation</u>
Land	\$ 193,328	\$ -	\$ 193,328	\$ -
Right-of-way easements	93,814	-	93,814	-
Construction in progress	-	-	-	-
Distribution system, wells, tanks, and equipment	9,214,944	4,322,816	4,892,128	200,321
Office building, furniture, and equipment	510,444	413,762	96,682	27,859
Totals	<u>\$ 10,012,530</u>	<u>\$ 4,736,578</u>	<u>\$ 5,275,952</u>	<u>\$ 228,180</u>

Changes in fixed assets during the years ended June 30, 2023 and 2022:

	<u>Balance</u> <u>06/30/22</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>06/30/23</u>
Land	\$ 193,328	\$ -	\$ -	\$ 193,328
Right-of-way easements	93,814	-	-	93,814
Construction in progress	-	96,911	-	96,911
Distribution system, wells, tanks, and equipment	9,214,944	25,304	-	9,240,248
Office building, furniture, and equipment	510,444	43,815	-	554,259
Totals	<u>\$ 10,012,530</u>	<u>\$ 166,030</u>	<u>\$ -</u>	<u>\$ 10,178,560</u>

CONCORDIA WATERWORKS DISTRICT No. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 - FIXED ASSETS (continued)

	Balance <u>06/30/21</u>	<u>Additions</u>	<u>Dispositions</u>	Balance <u>06/30/22</u>
Land	\$ 193,328	\$ -	\$ -	\$ 193,328
Right-of-way easements	93,814	-	-	93,814
Construction in progress	-	-	-	-
Distribution system, wells, tanks, and equipment	9,043,077	171,867	-	9,214,944
Office building, furniture, and equipment	<u>477,559</u>	<u>32,885</u>	-	<u>510,444</u>
Totals	<u>\$ 9,807,778</u>	<u>\$ 204,752</u>	<u>\$ -</u>	<u>\$ 10,012,530</u>

NOTE 6 - LONG-TERM DEBT

Long-term debt as of June 30, 2023 and 2022, is comprised of the following:

	<u>2023</u>	<u>2022</u>
Water Revenue Refunding Bonds, Series 2013, due to Concordia Bank & Trust, issued June 27, 2013, in the original amount of \$2,146,000 at a net interest rate of 3.848%, refinanced in 2021 at an interest rate of 2.750% until 2027, and at 3.000% until maturity, due in annual installments ranging from \$130,400 to \$143,170, including amortized principal and interest through May 1, 2033.	\$ <u>1,169,000</u>	\$ <u>1,263,000</u>
Total debt	\$ 1,169,000	\$ 1,263,000
Less current portion	<u>(97,000)</u>	<u>(94,000)</u>
Total long-term debt	<u>\$ 1,072,000</u>	<u>\$ 1,169,000</u>

The annual requirements to amortize notes payable as of June 30, 2023, including interest payments, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
Year ending June 30,			
2024	\$ 97,000	\$ 34,312	\$ 131,312
2025	101,000	31,645	132,645
2026	105,000	28,868	133,868
2027	110,000	25,980	135,980
2028	114,000	22,680	136,680
2029-2033	<u>642,000</u>	<u>59,370</u>	<u>701,370</u>
Totals	<u>\$ 1,169,000</u>	<u>\$ 202,855</u>	<u>\$ 1,371,855</u>

The Water Revenue Refunding Bonds are limited obligations of the District. The bonds are secured by, and payable in, principal and interest solely from the income and revenues derived, or to be derived, from the operation of the water system after provisions have been made for payment, therefrom, of the reasonable and necessary expenses of operating and maintaining the water system.

CONCORDIA WATERWORKS DISTRICT No. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 - RESTRICTED RESERVE FUNDS

The District's proprietary fund bonds are governed by bond indentures, the terms of which are summarized as follows:

Water Revenue Refunding Bonds, Series 2013

1. Water Revenue Refunding Bond and Interest-Sinking Fund

The District shall transfer monthly in advance, on or before the 20th day of each month of each year, a sum equal to the principal and interest accruing on the bonds payable from the Interest-Sinking Fund for such calendar month, to continue until such proportionate sum as may be required to pay said principal and interest as the same respectively become due.

2. Water Revenue Depreciation and Contingency Fund

The District shall transfer monthly in advance, on or before the 20th day of each month of each year, a sum equal to 5% of the amount to be paid into the Interest-Sinking Fund, to continue until such a time as there has been accumulated in the Contingency Fund a sum equal to \$120,000. Should the sum of the deposit in the Contingency Fund fall below \$120,000 at any time, then the monthly deposits set forth above will recommence until \$120,000 is on deposit, therein.

OTHER SUPPLEMENTARY INFORMATION

**CONCORDIA WATERWORKS DISTRICT No. 1
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO AGENCY HEAD AND BOARD OF COMMISSIONERS
 FOR FISCAL YEAR ENDED JUNE 30, 2023**

The Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners is presented in compliance with Louisiana Revised Statute 24:513A(3) and House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:3819. The commissioners receive \$75 for each board meeting they attend.

BOARD COMPENSATION

Agency Head: Mrs. Jean Fairbanks, President	\$	750
Mr. Warren Enterkin		825
Mrs. Catherine Cartwright		825
Mr. Mike Sanders		825
Mr. Don Linder		<u>825</u>
Total	\$	<u>4,050</u>

See Independent Auditor's Report.

CONCORDIA WATERWORKS DISTRICT No. 1
SCHEDULE OF WATER RATES
JUNE 30, 2023

Water rates for the year ended June 30, 2023 are as follows:

Residential

¾" Meters 0-2,000 gallons	\$31.50 minimum
Over 2,000 gallons	\$5.50 per thousand

Commercial

1" to 6" Meters 0-2,000 gallons	\$33.00 minimum
Over 2,000 gallons	\$5.50 per thousand

See Independent Auditor's Report.

INTERNAL CONTROL AND COMPLIANCE REPORTS



209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

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

To Management and the Board of Commissioners
Concordia Waterworks District No. 1
Ferriday, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of Concordia Waterworks District No. 1, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Concordia Waterworks District No. 1's basic financial statements and have issued our report, thereon, dated December 13, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses 2023-1, that we consider to be significant deficiencies.

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 did not identify any instances of noncompliance, or other matters, that are required to be reported under *Government Auditing Standards*. However, issues of noncompliance may exist that have not been identified.

Concordia Waterworks District No. 1's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

This report is intended for the information of the members of the Board of Commissioners, Management of Concordia Waterworks District No. 1, and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Natchez, Mississippi
December 13, 2023

**CONCORDIA WATERWORKS DISTRICT No. 1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditor's report issued on the financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes |
| 3. Material noncompliance to the financial statements? | No |

**CONCORDIA WATERWORKS DISTRICT No. 1
STATUS OF PRIOR-YEAR AUDIT FINDINGS
JUNE 30, 2022**

SECTION II - FINANCIAL STATEMENT FINDINGS

2022-1	<u>Segregation of Duties (Internal Control Finding) (Unresolved)</u>
Condition:	Due to the small size of the District and the lack of segregation of duties from employees, many important elements of good internal control cannot be implemented to ensure adequate protection of the District's assets.
Criteria:	The important elements of good internal control require that the same employee does not handle the functions of collection, accounting, billing, receiving, and check writing.
Cause of Condition:	The small size of the District and the lack of employees.
Effect of Condition:	Significant deficiency in internal control.
Recommendation:	We recommend that management continue to provide the necessary oversight in its internal control procedures, specifically in the areas of cash receipts, recording of transactions, deposits, and review of checks written.
Response:	Management indicates that it is not feasible or cost efficient to provide the internal control that a larger organization could provide. Management will continue to provide the necessary oversight in its current internal control procedures in order to safeguard assets.

**CONCORDIA WATERWORKS DISTRICT No. 1
CURRENT YEAR FINDINGS, RECOMMENDATION, AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

2023-1	<u>Segregation of Duties (Internal Control Finding)</u>
Condition:	Due to the small size of the District and the lack of segregation of duties from employees, many important elements of good internal control cannot be implemented to ensure adequate protection of the District's assets.
Criteria:	The important elements of good internal control require that the same employee does not handle the functions of collection, accounting, billing, receiving, and check writing.
Cause of Condition:	The small size of the District and the lack of employees.
Effect of Condition:	Significant deficiency in internal control.
Recommendation:	We recommend that management continue to provide the necessary oversight in its internal control procedures, specifically in the areas of cash receipts, recording of transactions, deposits, and review of checks written.
Response:	Management indicates that it is not feasible or cost efficient to provide the internal control that a larger organization could provide. Management will continue to provide the necessary oversight in its current internal control procedures in order to safeguard assets.

AGREED-UPON PROCEDURES



209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Concordia Waterworks District No.1
and the Louisiana Legislative Auditor

We have performed the procedures in the attached supplement, which were agreed to by the Concordia Waterworks District No. 1 (the District) enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The District's management is responsible for those control and compliance 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 control and compliance areas identified in the LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and findings are included in the supplement to this report.

We were engaged by Concordia Waterworks District No. 1 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance 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 Concordia Waterworks District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those control and compliance 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.

Silas Simms, LLP

Natchez, Mississippi
December 13, 2023

**CONCORDIA WATERWORKS DISTRICT No. 1
SCHEDULE OF PROCEDURES AND FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories, if applicable, to public funds and the entity's operations:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
 - b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) *Disbursements*, including processing, reviewing, and approving.
 - d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) *Payroll/Personnel*, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) *Information Technology Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

Findings: We reviewed the written policies and procedures for the related functions listed above in the procedures, and we found that the District has appropriate policies and procedures for each of the above procedures.

No exceptions were noted during the above procedures.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public fund if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Findings: We obtained a copy of the District's minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the Board's enabling legislation, charter, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly budget-to-actual comparisons. We obtained a copy of the prior year audit report and observed the unrestricted fund balance in the general fund as being positive.

No exceptions were noted during the above procedures.

Bank Reconciliations

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

Findings: We obtained a listing of bank accounts from the list management gave for bank confirmations and had management identify the main operating bank account. We selected the main operating bank account and randomly selected four additional bank accounts. We obtained the related bank statements and randomly selected one month from the fiscal period to review whether bank reconciliations had been prepared within two months of the related statement closing date and included evidence of a member of management unrelated to the cash collection/disbursement process had reviewed each bank reconciliation. There were no items outstanding for greater than 12 months.

No exceptions were noted during the above procedures.

Collections (excluding electronic funds transfers)

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

Findings: We reviewed a listing of deposit sites for the fiscal period and management's representation that the listing is complete. The District only has one deposit site.

No exceptions were noted during the above procedures.

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

Findings: We obtained a listing of collection locations and management's representation that the listing is complete. The District has only one collection location at the one deposit site. We obtained written policies and procedures and inquired of management and employees to determine whether employees who are responsible for cash collections do not share cash drawers/registers, do not prepare/make bank deposits, and are not responsible for posting collection entries to the general ledger or subsidiary ledgers, and employees responsible for reconciling cash collections to the general ledger or subsidiary ledger(s) are not responsible for collecting cash.

During our testing, we noted that the one cash register is shared amongst two employees and the employee responsible for collecting cash is also responsible for reconciling and posting collection entries.

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

Findings: We inquired of management to determine if they are covered by a bond or insurance policy for theft to determine that there is a blanket policy covering theft.

No exceptions were noted during the above procedures.

7. Randomly select two deposit dates for each of the five bank accounts selected for Procedure 3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings: We randomly selected two deposit dates for each of the five bank accounts selected under Procedure 3 and performed the procedures above by observing that receipts are sequentially pre-numbered and traced to collection documentation and the bank statements. We observed that deposits were made within one business day of receipt and that the deposits were traced from the bank statements to the general ledger.

No exceptions were noted during the above procedures.

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

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

Findings: We obtained a listing of locations that process payments and management's representation that the listing is complete. The District has one location for processing payments.

No exceptions were noted during the above procedures.

9. For each location selected under Procedure 8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Findings: Using the District's one location, we inquired of employees involved with non-payroll purchasing and payment functions and obtained written policies and procedures.

No exceptions were noted during the above procedures.

10. For each location selected under Procedure 8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under Procedure 9, as applicable.

Findings: For each location from Procedure 8, we obtained the nonpayroll disbursement transaction population and management's representation that the population is complete. We randomly selected five disbursements and obtained the documentation that the disbursement matched the related original invoice and the related documentation that the related documentation included evidence of segregation of duties tested under Procedure 9.

No exceptions were noted during the above procedures.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Findings: We obtained a listing of all active cards from management and management's representation that the listing was complete.

No exceptions were noted during the above procedures.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings: We selected the monthly statements for the five accounts for one month randomly selected and observed that the statements were reviewed and approved.

Through our review, we found that the monthly statements were not reviewed or approved, in writing, by someone other than the authorized card holder.

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

Findings: For four of the statements, 10 transactions (or all transactions if less than 10) were selected and supporting documentation was obtained. Each transaction was supported by an original itemized receipt that identified what was purchased, written documentation of individuals in meals for meal charges.

No exceptions were noted during the above procedures.

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

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

Findings: We obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and obtained management's representation that the listing is complete. We randomly selected five reimbursements and obtained the supporting documentation to observe how the reimbursement was determined, what the purpose was, and if the reimbursement was approved appropriately.

No exceptions were noted during the above procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Findings: We obtained a list of all contracts in effect during the fiscal period and management's representation that the listing is complete. We observed that the contract was in accordance with the Louisiana Public Bid Law and observed that the contract was approved by the governing body/board. We randomly selected one payment from the fiscal period, the supporting invoice, and agreed the invoice to the contract terms.

No exceptions were noted during the above procedures.

Payroll and Personnel

- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Findings: We obtained a listing of employees with their related salaries and randomly selected five employees to determine if compensation paid to them was in compliance with the terms of their employment contract. We also checked for any changes made to hourly pay rates/ salaries during the fiscal period.

No exceptions were noted during the above procedures.

- 17. Randomly select one pay period during the fiscal period. For the five employees or officials selected under Procedure 16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Findings: We randomly selected five employees to determine if each selected employee documented their daily attendance and leave, whether there was written documentation that supervisors approved the attendance and leave of the selected employees/officials, and whether there was a written documentation that the District maintained written leave record on the selected employees.

No exceptions were noted during the above procedures.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Findings: We inquired with management as to whether any employees/ officials were terminated during the fiscal period.

No exceptions were noted during the above procedures.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings: We reviewed remittances and cancelled checks to verify payroll taxes were remitted timely to appropriate agencies.

No exceptions were noted during the above procedures.

Ethics

20. Using the five randomly selected employees/officials from Procedure 16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Findings: For the five employees selected from Procedure 16, we observed documentation that demonstrates each employee completed one hour of ethics training during the fiscal period and documentation that demonstrates each employee attested through signature verification that he/she has read the District's policy during the fiscal period.

No exceptions were noted during the above procedures.

Debt Service

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

Findings: We obtained a listing of bonds/notes and other debt instruments issued during the fiscal period, and we obtained management's representation that the listing is complete. We selected all debt instruments on the listing, and obtained supporting documentation.

No exceptions were noted during the above procedures.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Findings: The District is in compliance with its debt covenants.

No exceptions were noted during the above procedures.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings: Management is not aware of any misappropriation of public funds.

No exceptions were noted during the above procedures.

24. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: Management has the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted in the workplace. Management does not maintain a website.

No exceptions were noted during the above procedures.

Information Technology Disaster Recovery/Business Continuity

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

Findings: We obtained the District's most recent documentation that it has backed up its critical data and verified that the backups can be restored. We performed the above procedures and discussed the results with management.

No exceptions were noted during the above procedures.

Sexual Harassment

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

Findings: Using the five randomly selected employees/officials from Procedure 16, we found that the District has adequate documentation that each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were noted during the above procedures.

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

Findings: The District has posted its sexual harassment policy listed in its policies and procedures.

No exceptions were noted during the above procedures.

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

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Findings: The District is not aware of any complaints of sexual harassment during the current fiscal year.

No exceptions were noted during the above procedures.