

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**WEST MONROE, LOUISIANA**

*Basic Financial Statements with Independent Auditor's Report  
As of and For the Year Ended August 31, 2024*



**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY**  
**WEST MONROE, LOUISIANA**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
West Ouachita Sewerage District No. 5  
West Monroe, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinion*

I have audited the accompanying financial statements of the business-type activities of West Ouachita Sewerage District No. 5 (the District, a component unit of the Ouachita Parish Police Jury), as of and for the year ended August 31, 2024, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of August 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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***

My 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 my 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 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*, I:

- 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 West Ouachita Sewerage District No. 5'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Ouachita Sewerage District No. 5's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-8, the Schedule of Changes in Total OPEB Liability and Related Ratios on page 34, the Schedule of Employer's Proportionate Share of Net Pension Liability on page 35, the Schedule of Employer's Contributions to Pension Plan on page 36, and the Notes to the Required Supplementary Information for Pensions on page 37 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, economical, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of Changes in Restricted Assets on page 38, the Schedule of Per Diem Paid to Board of Commissioners on page 39, Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 40, and the Schedule of Expenditures of Federal Awards on page 48, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, accompanying schedule of Changes in Restricted Assets, the Schedule of Per Diem Paid to Board of Commissioners, Schedule of Compensation, Benefits, and Other Payments to Agency Head, and the Schedule of Expenditures of Federal Awards 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 financial statements. The other information comprises the Schedule of Insurance Coverage on page 41 but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the other information, and I do not express an opinion or any form of assurance thereon.

Board of Commissioners  
West Ouachita Sewerage District No. 5  
West Monroe, Louisiana

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated February 25, 2025, on my consideration of the District's internal control over financial reporting and my 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 my 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.

Maxwell CPA, LLC

Sterlington, Louisiana  
February 25, 2025

REQUIRED SUPPLEMENTAL INFORMATION (PART A)  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A Component Unit of the Ouachita Parish Police Jury)**  
**West Monroe, Louisiana**

**Management's Discussion and Analysis**  
**Year Ended August 31, 2024**

As management of West Ouachita Sewerage District No. 5 (A Component Unit of the Ouachita Parish Police Jury) (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's activities for the year ended August 31, 2024. Please read it in conjunction with the District's financial statements.

**Required Financial Statements**

The Basic Financial Statements of the District report information about the District using the Governmental Accounting Standards Board's (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position 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 the District's creditors (liabilities). All the current year's revenues and expenses are accounted for in the Statement of Revenue, Expenses, and Changes in Net Position. This statement measures 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 customer charges and other revenue sources. The final required statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash from operating, noncapital financing, and investing 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?"

A summary of the District's Statements of Net Position is presented as follows:

**Table 1**  
**Condensed Statements of Net Position**

	<b>August 31, 2024</b>	<b>August 31, 2023</b>	<b>% Change</b>
Assets:			
Current and Other Assets	\$16,486,133	\$15,636,986	5.4%
Restricted Assets	2,550,193	2,343,620	8.8%
Capital Assets, Net of Depreciation	<u>30,428,611</u>	<u>26,781,399</u>	<u>13.6%</u>
Total Assets	49,464,937	44,762,005	10.5%
Deferred Outflows of Resources	231,730	371,996	-37.7%
Liabilities:			
Current Liabilities Payable from Current Assets	540,422	1,378,760	-60.8%
Current Liabilities Payable from Restricted Assets	742,353	714,176	3.9%
Noncurrent Liabilities	<u>7,190,943</u>	<u>7,867,321</u>	<u>-8.6%</u>
Total Liabilities	8,473,718	9,960,257	-14.9%



Deferred Inflows of Resources	92,341	80,943	14.1%
Net Position:			
Net Investment in Capital Assets	23,043,611	18,904,149	21.9%
Restricted Net Position - Debt Service	1,807,840	1,629,443	10.9%
Unrestricted Net Position	<u>16,279,157</u>	<u>14,559,209</u>	<u>11.8%</u>
Total Net Position	<u>\$41,130,608</u>	<u>\$35,092,801</u>	<u>17.2%</u>

The total net position of the District at August 31, 2024 was \$41,130,608. Net position can be separated into three categories: Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position.

Net Investment in capital assets represents the District's long-term investment in capital assets, net of accumulated depreciation and outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. It is not available for current operations.

Net investment in capital assets of \$23,043,611 consists of capital assets at original cost of \$53,238,198, less accumulated depreciation of \$22,809,587 and related debt of \$7,385,000. Accumulated depreciation is the aggregate depreciation expense since acquisition. Depreciation expense is recorded based on the original cost of the asset and is expensed over the estimated useful life of the asset.

Restricted net position represents amounts that are restricted for debt service based on the terms of the District's bond agreements. The balance of \$1,807,840 consists of \$2,306,665 in cash balances that are held in the District's debt service, debt service reserve, and depreciation and contingency accounts, less the current portion of bonds payable of \$465,000 and accrued interest payable on bonds of \$33,825.

A summary of the District's Statements of Revenue, Expenses, and Changes in Net Position is presented as follows:

**Table 2**  
**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<b>August 31, 2024</b>	<b>August 31, 2023</b>	<b>% Change</b>
Operating Revenues	\$ 6,420,663	\$ 6,200,881	3.5%
Operating Expenses	<u>(4,179,878)</u>	<u>(4,235,422)</u>	-1.3%
Operating Income	2,240,785	1,965,459	14.0%
Nonoperating Income	<u>3,797,022</u>	<u>2,777,280</u>	<u>36.7%</u>
Increase in Net Position	<u>\$ 6,037,807</u>	<u>\$ 4,742,739</u>	<u>27.3%</u>

The District's operating income increased from 2023 to 2024 mainly due to revenues increasing 3.5% and a decrease in operating expenses. Operating expenses decreased by approximately \$55,500, primarily resulting from a decrease in depreciation expense.

The District's nonoperating income increased by approximately \$1,000,000. This increase is primarily due to the receipt of approximately \$2,400,000 in federal funding for the LA Water Sector Program and approximately \$600,000 in state funding for the LA Capital Outlay Program, along with an increase income from higher bank interest rates during 2024.

## Capital Assets and Debt Administration

### Capital Assets

As of August 31, 2024, and 2023, the District investment in capital assets including buildings and improvements, furniture and fixtures, equipment, vehicles, infrastructure, and land, less related accumulated depreciation, consisted of the following:

**Table 3**  
**Capital Assets**

	<b>August 31, 2024</b>	<b>August 31, 2023</b>	<b>% Change</b>
Building and Improvements	\$ 423,736	\$ 417,680	1.4%
Furniture and Fixtures	5,483	5,483	0.0%
Equipment	574,655	574,655	0.0%
Vehicles	660,177	444,904	48.4%
Infrastructure	49,727,470	42,199,570	17.8%
Construction in Progress	1,347,899	4,544,752	-70.3%
Land	498,778	498,778	0.0%
Totals	53,238,198	48,685,822	9.4%
Less: Accumulated Depreciation	(22,809,587)	(21,904,422)	4.1%
Capital Assets, Net	<u>\$ 30,428,611</u>	<u>\$ 26,781,400</u>	<u>13.6%</u>

Major additions to capital assets for fiscal year 2024 consisted primarily of ongoing construction for the relocation of sewer lines, mains, and manholes associated with the expansion of the system into the Steep Bayou and other subdivisions, ongoing construction for the LA Water Sector Program project, capital upgrade costs for the joint agreement with the City of West Monroe, and purchase of three new vehicles.

### Debt Administration

As of August 31, 2024, and 2023, the District's outstanding debt consisted of the following:

**Table 4**  
**Outstanding Debt**

	<b>August 31, 2024</b>	<b>August 31, 2023</b>	<b>% Change</b>
Bonds Payable	\$ 7,121,000	\$ 7,581,750	-6.1%

Due To Other Governments	264,000	295,500	-10.7%
Totals	<u>\$ 7,385,000</u>	<u>\$ 7,877,250</u>	<u>-6.2%</u>

### **Economic Factors and Next Year's Budget**

The District contracts with Greater Ouachita Water Company (GOWC) to bill and collect monthly sewer fees. Monthly revenues collected by the District are used for operation and maintenance activities as well as the elimination of package sewer treatment plants within the District and to increase the capacity of the District's sewer collection and transport system to deliver domestic wastewater to the West Monroe Regional Wastewater Treatment Facility and the Sparta Recovery Treatment Facility.

To date, the District has replaced six package sewer treatment plants and one oxidation lagoon treatment facility. The District has one package sewer treatment plant remaining within the current boundaries of WOSD No. 5 and is actively working on plans to replace these remaining package sewer treatment plants with upgraded facilities.

Ongoing and upcoming major improvement projects include:

1. L & A, Inc. Project No. 15E040.01 – Replacement of Lift Station “N” Force Main from New Natchitoches Road to Edwards Road. Estimated cost is \$1,250,000. Project to be funded with Louisiana Capital Outlay funds and WOSD No. 5 funds through the OPPJ. To be bid in calendar year 2025. (Planning and Design)
2. L & A, Inc. Project No. 23E010.00 and 23E010.01 – Pipe bursting of Line No. IA0000 from MH #15 on Avant Road to MH #27 on Wallace Dean Road. Estimated cost is \$950,000. Project to be funded with Louisiana Capital Outlay funds and WOSD No. 5 funds through the Ouachita Parish Police Jury. To be bid in calendar year 2025. (Planning & Design)

Also includes Line No. IA0600 from MH #18 on Line No. IA0000 to MH #6 on Defreese Road. Estimated cost is \$600,000. Project to be funded with Louisiana Capital Outlay funds and WOSD No. 5 funds through Ouachita Parish Police Jury. To be bid in calendar year 2026. (Planning & Design)

3. L & A, Inc. Project No. 23E028.00 – Pipe Bursting of Line No. CA0000 from Lift Station “C” to MH #11 west of Good Hope Road. Estimated cost is \$1,800,000. Project to be funded with Louisiana Capital Outlay funds and WOSD No. 5 funds through Ouachita Parish Police Jury. To be bid in calendar year 2026 or 2027. (Planning & Design)
4. Manhole Rehabilitation and Upgrading Project – Install Sewer Sentry's on existing manholes in south half of collection system. Estimated cost is \$1,250,000.
5. L & A, Inc. Project No. 22E032.00 – Gravity sewer line extension along U.S.80 from Steep Bayou to Vancil Road. Estimated cost is \$1,000,000. To be funded with Louisiana Capital Outlay funds and WOSD No. 5 funds through Ouachita Parish Police Jury. To be bid in calendar year 2027. (Planning & Design)

### **Contacting the District's Financial Management**

If you have questions about this report or need additional information, contact Ricky McMullen, District Manager of the West Ouachita Sewerage District No. 5, 327 Wallace Road, West Monroe, Louisiana 71291.

## BASIC FINANCIAL STATEMENTS

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2024**

**Assets**

Current Assets

Cash and Cash Equivalents	\$ 14,657,810
Accounts Receivable - Customers, Net	605,669
Due From Third Party Collector	426,792
Due From Other Governments	654,173
Inventory	141,689
Total Current Assets	<u>16,486,133</u>

Noncurrent Assets

Restricted Assets

Cash and Cash Equivalents - Customer Deposits	243,528
Cash and Cash Equivalents - Debt Service	2,306,665
Total Restricted Assets	<u>2,550,193</u>

Capital Assets

Buildings and Improvements	423,736
Furniture and Fixtures	5,483
Equipment	574,655
Vehicles	660,177
Lines, Mains and Manholes	38,337,265
Lift Station - Pumps	2,613,255
Lift Station - Structures	4,503,521
Treatment Plant	2,908,486
Treatment Plant - Sparta Water Reuse Project	1,364,943
Total Depreciable Assets	<u>51,391,521</u>
Less: Accumulated Depreciation	<u>(22,809,587)</u>
Net Depreciable Assets	28,581,934
Construction in Progress	1,347,899
Land	498,778
Net Capital Assets, Net	<u>30,428,611</u>
Total Noncurrent Assets	<u>32,978,804</u>
<b>Total Assets</b>	<u><b>49,464,937</b></u>

**Deferred Outflows of Resources**

Deferred Outflows on Pensions	158,434
Deferred Outflows on Other Post-Employment Benefits (OPEB)	73,296
<b>Total Deferred Outflows of Resources</b>	<u><b>\$ 231,730</b></u>

The accompanying notes are an integral part of this financial statement.

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2024**

**Liabilities**

Current Liabilities

Payable From Current Assets	
Accounts and Retainage Payable	\$ 493,299
Accrued Payroll and Benefits	15,623
Due To Other Governments - Current Portion	31,500
Total Current Liabilities Payable From Current Assets	<u>540,422</u>

Payable From Restricted Assets

Bonds Payable - Current Portion	465,000
Accrued Interest Payable	33,825
Customer Deposits	243,528
Total Current Liabilities Payable From Restricted Assets	<u>742,353</u>

Noncurrent Liabilities

Due To Other Governments	232,500
Bonds Payable	6,656,000
Net Pension Liability	58,087
OPEB Liability	244,356
Total Noncurrent Liabilities	<u>7,190,943</u>

Total Liabilities	8,473,718
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**Deferred Inflows of Resources**

Deferred Inflows on Pensions	28,979
Deferred Inflows on Other Post-Employment Benefits (OPEB)	63,362
Total Deferred Inflows of Resources	<u>92,341</u>

**Net Position**

Net Investment in Capital Assets	23,043,611
Restricted Net Position - Debt Services	1,807,840
Unrestricted Net Position	<u>16,279,157</u>

Total Net Position	<u><u>\$ 41,130,608</u></u>
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The accompanying notes are an integral part of this financial statement.

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Operating Revenues**

Sewerage Fees	\$ 6,293,046
Penalties Earned	73,085
Franchise Fees	37,511
Miscellaneous	17,021
<b>Total Operating Revenues</b>	<b>6,420,663</b>

**Operating Expenses**

Advertising	978
Bad Debt Expense	103,683
Collection Expense	222,000
Commissioners' Fees	3,900
Communications and Telephone	10,636
Depreciation and Amortization	905,165
Dues and Subscriptions	607
Gas and Oil	35,471
Insurance	216,339
Maintenance and Repairs	439,882
Miscellaneous	52,618
Payroll Taxes	6,982
Pension and Retirement Expense	26,911
Professional Fees	152,248
Salaries and Wages	481,523
Treatment Plant Operations	1,300,542
Utilities	220,393
<b>Total Operating Expenses</b>	<b>4,179,878</b>
Operating Income	2,240,785

**Nonoperating Revenues (Expenses)**

Intergovernmental - Federal	2,443,391
Intergovernmental - State	600,096
Interest Earned	802,624
Interest Expense	(49,089)
<b>Total Nonoperating Expenses</b>	<b>3,797,022</b>

Change in Net Position 6,037,807

Net Position at Beginning of Year 35,092,801

Net Position at End of Year \$ 41,130,608

The accompanying notes are an integral part of this financial statement.

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Cash Flows From Operating Activities**

Receipts from Customers	\$ 6,345,918
Payments to Suppliers	(3,428,100)
Payments for Employee Services	(546,394)
<b>Net Cash Provided by Operating Activities</b>	<b>2,371,424</b>

**Cash Flows From Capital and Related Financing Activities**

Receipts from Other Governments	3,971,026
Purchases of Capital Assets	(4,552,376)
Principal Paid to City of West Monroe for Joint Agreement	(31,500)
Principal Paid on Bonds	(460,750)
Interest Paid on Bonds	(31,101)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(1,104,701)</b>

**Cash Flows From Investing Activities**

Interest Received	802,624
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<b><u>Net Increase in Cash and Cash Equivalents</u></b>	<b>2,069,347</b>
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<b><u>Cash and Cash Equivalents at Beginning of Year</u></b>	<b>15,138,656</b>
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<b><u>Cash and Cash Equivalents at End of Year</u></b>	<b>\$ 17,208,003</b>
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(continued)



**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Reconciliation of Operating Income to Net Cash Provided (Used)**  
**by Operating Activities**

Operating Income (Loss)	\$	2,240,785
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**Adjustments to Reconcile Operating Income to Net Cash Provided**  
**(Used) by Operating Activities**

Depreciation		905,165
Changes in Assets, Deferred Outflows of Resources, Liabilities and		
Deferred Inflows of Resources		
Accounts Receivable		(62,590)
Due From Third Party Collector		126,237
Inventory		22,441
Accounts and Retainage Payable		(794,927)
Accrued Payroll and Benefits		(2,514)
Unearned Revenue		(40,897)
Customer Deposits		6,188
Net Pension Liability		(160,490)
Deferred Outflows - Pensions		120,426
Deferred Outflows - OPEB		19,840
OPEB Liability		(19,638)
Deferred Inflows - Pensions		(1,007)
Deferred Inflows - OPEB		12,405

<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$</b>	<b>2,371,424</b>
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**Cash and Cash Equivalents on the Balance Sheet as:**

Current Assets		
Cash and Cash Equivalents	\$	14,657,810
Restricted Assets		
Cash and Cash Equivalents		2,550,193
<b>Total Cash and Cash Equivalents</b>	<b>\$</b>	<b>17,208,003</b>

**Supplemental Disclosure of Noncash Operating Activities**

OPEB	\$	12,607
Pensions	\$	(41,071)

The accompanying notes are an integral part of this financial statement.

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Note 1 - Summary of Significant Accounting Policies**

**A. History**

West Ouachita Sewerage District No. 5 (the District) was created on January 24, 1974, by the Ouachita Parish Police Jury, through adoption of Ordinance No. 7386, and therefore it is a component unit of the Ouachita Parish Police Jury (the Police Jury) and is an integral part of the Police Jury reporting entity. As a governmental entity, the District is exempt from federal and state income taxes. It is governed by a board of commissioners composed of three property taxpayers residing within the District, all of which are appointed by the Police Jury.

**B. Reporting Entity**

The Governmental Accounting Standards Board (GASB) is the accepted standard setting authority for generally accepted accounting principles as applied to governmental entities. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, establishes criteria for determining which component units of governments should be considered part of a primary government for financial reporting purposes.

The basic criterion for determining a component unit is accountability. As the Police Jury appoints a voting majority of the board of commissioners of the District and can impose its will upon the District, the District is considered a component unit of the Police Jury, the primary governmental body with oversight responsibility.

The accompanying basic financial statements present information only on the fund maintained by the District and do not present information on the Police Jury, the general government services provided by the primary governmental unit, or other component units that comprise the primary government reporting entity.

**C. Basis of Accounting**

The District has adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. Statement 34 established standards for external reporting for all state and local governmental entities which includes a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows. It also requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances on any bonds, mortgages, notes, or other borrowings attributed to the acquisition, construction, or improvement of those assets.

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**Note 1 - Summary of Significant Accounting Policies (continued)**

- Restricted net position – This component of net position consists of the net position on which constraints have been placed externally by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of the net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District’s financial statements are prepared in accordance with accounting principles accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASAB and AICPA Pronouncements*.

The financial statements of the District are a Business-Type Activity and are financed in whole or in part by fees charged to external parties for goods and services.

The District recognizes income on the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are earned, and expenses are recognized in the period incurred. When both restricted and unrestricted resources are available, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District’s principal ongoing operations. The principal operating revenues are charges to customers for service. Customers are billed monthly for services received during the month. The District estimates their unbilled revenues to reflect the weekly billing cycles. As such, 50% of the subsequent month’s billings are recognized as revenues for the previous month.

The District outsources its billing and collection of sewer services and collection and refunding of customer deposits via contract to Greater Ouachita Water Company (GOWC) for a recurring monthly fee of \$18,500. GOWC then outsources billings and collections of sewer fees via contract to Northeast LA Utilities (NLU) and GOWC remits payments to the District monthly.

The District also recognizes the fees intended to recover the cost of connecting new customers to the system as operating revenues. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Services are billed as follows:

1. Residential, multi-housing, and multi-unit services are charged at \$45 per month.
  - a. Multi-housing is based on a 100% occupancy factor.
  - b. The multi-unit is based on a physical count each month.
2. Commercial service is charged at \$4.50 per 1,000 gallons of water per month (metered water usage - \$45 minimum bill).
3. Institutional billing is based on monthly water use at \$45 per 8,000 gallons used.
4. Industrial billing is based on average monthly water use plus the Industrial Cost Recovery factor and surcharge for excessive pollutant concentration.

The District provided services to 8,981 residential customers and 422 institutional and industrial customers as of August 31, 2024.

**D. Accounts Receivable**

The allowance for doubtful accounts is established to provide an estimate of receivables that are expected to be unrecoverable. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

**E. Inventory**

Inventory consists primarily of pump motors and is valued at estimated recoverable cost as determined by specific identification method. Other materials and supplies needed for maintenance and operations are included in the inventory and are valued at lower of cost or net realizable value using first in, first out, basis.

**F. Property and Equipment**

Upon completion of new subdivisions, developers donate their systems to the District for servicing and maintenance. These systems are recorded at fair market value at the date of contribution. The District considers assets with an individual cost of \$2,000 or more and an estimated useful life of one year or more a capital asset. Property and equipment are recorded at their historical cost and depreciated on the straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Buildings and Improvements	15-40 Years
Lift Station Structures	40 Years
Gravity Lines, Force Mains and Manholes	40 Years
Equipment	3-20 Years
Lift Station Pumps	10 Years
Vehicles	5 Years
Furniture and Fixtures	3-15 Years

Customers are billed a flat rate for new connection taps which covers the cost of the tap to the District; therefore, new connection costs are expensed rather than capitalized.

**G. Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**H. Compensated Absences**

The District's policy for paid vacation, which is non-cumulative, is as follows:

Employment 1-3 Years	1 Week per Year
4-9 Years	2 Week per Year
10-19 Years	3 Week per Year
After 20 Years	4 Week per Year

Employees accrue sick leave as follows:

Employment less than 6 months	0 Days per Year
6 months - 1 Year	4 Days per Year
1 - 3 Years	8 Days per Year
After 3 Years	12 Days per Year

Sick leave may be carried forward from year to year with no limit on the number of hours that may be accrued. Employees are compensated with a maximum of 30 days accumulated sick leave only upon normal retirement. No other time off is paid upon separation and, accordingly, the financial statements do not include any accruals.

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**I. 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.

**J. New and Upcoming Accounting Pronouncements**

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that have been implemented or are scheduled to be implemented in the future that may affect the District's financial report:

GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This statement requires that quantitative effects on beginning balances be disclosed in a tabular format. This Statement is effective for fiscal years beginning after June 15, 2023.

**Note 2 - Cash and Cash Equivalents**

Under state law, the District may invest funds in demand deposits, interest bearing demand deposits, or in time deposits with state banks organized under Louisiana law or any other state, and under the laws of the United States. At August 31, 2024, the District had cash and cash equivalents totaling \$15,138,561 was in the form of demand deposits and \$95 was in the form of petty cash.

Custodial Credit Risk – Deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits (or 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 pledged securities plus the federal deposit insurance must always equal the amount on deposits with the fiscal agent. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties.

Cash and cash equivalents were secured as follows at August 31, 2024:

Total Bank Balance	\$17,371,529
FDIC Coverage	250,000
Pledged Securities	17,121,529
Total Secured Balances	<u>\$17,371,529</u>

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**Note 3 - Accounts Receivable – Customers and Due From Other Entities**

Accounts receivable – customers consisted of the following at August 31, 2024:

Receivables billed to customers	\$ 356,826
Unbilled Revenues	253,550
Gross Accounts Receivable - Customers	610,376
Less: Allowance for Uncollectible Accounts	(4,707)
Net Accounts Receivable - Customers	<u>\$ 605,669</u>

Due from a third-party collector of \$426,792 at August 31, 2024, consists of funds received from customers by the billing company but not yet received by the District. Accordingly, these are given as a separate line and not included in accounts receivable.

Amounts due from other governments totaled \$654,173 at August 31, 2024. \$107,182 of this balance is due from the Louisiana Department of Transportation and Development (LA DOTD) for the adjustment of Sanitary Sewer Facilities along Arkansas Road. The remaining \$546,991 is due from the LA Water Sector Commission for the District's Water Sector Program project for sewer improvements, which is new in fiscal year 2024.

**Note 4 - Changes in Capital Assets**

The changes in capital assets for the year ended August 31, 2024 were as follows:

	<b><u>Balance</u></b> <b><u>9/1/2023</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>Balance</u></b> <b><u>8/31/2024</u></b>
Non depreciable Assets				
Land	\$ 498,778	\$ -	\$ -	\$ 498,778
Construction in Progress	4,544,752	-	(3,196,853)	1,347,899
Total Non-depreciable Assets	<u>5,043,530</u>	<u>-</u>	<u>(3,196,853)</u>	<u>1,846,677</u>
Depreciable Assets				
Buildings and Improvements	417,680	6,056	-	423,736
Furniture & Fixtures	5,483	-	-	5,483
Equipment	574,655	-	-	574,655
Vehicles	444,904	215,273	-	660,177
Lines, Mains, & Manholes	33,420,207	4,917,058	-	38,337,265
Lift Stations - Pumps	2,046,719	566,536	-	2,613,255
Lift Stations - Structures	2,494,200	2,009,321	-	4,503,521
Treatment Plant	2,873,501	34,985	-	2,908,486
Treatment Plant - Sparta	1,364,943	-	-	1,364,943
Total Depreciable Assets	<u>43,642,292</u>	<u>7,749,229</u>	<u>-</u>	<u>51,391,521</u>

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**Note 4 - Changes in Capital Assets (continued)**

Less: Accum. Depreciation	(21,904,422)	(905,165)	-	(22,809,587)
Net Depreciable Assets	21,737,870	6,844,064	-	28,581,934
Capital Assets, Net	<u>\$26,781,400</u>	<u>\$ 6,844,064</u>	<u>\$ (3,196,853)</u>	<u>\$30,428,611</u>

Depreciation expense was \$905,165 for the fiscal year ending August 31, 2024.

**Note 5 - Long-Term Obligations**

The changes in long-term obligations for the year ended August 31, 2024, were as follows:

	Balance 9/1/2023	Additions	Deductions	Balance 8/31/2024	Due Within One Year
Bonds Payable	\$7,581,750	\$ -	\$ (460,750)	\$ 7,121,000	\$ 465,000
Due to Other Governments	295,500	-	(31,500)	264,000	31,500
OPEB Liability	263,994	-	(19,638)	244,356	-
Net Pension Liability	218,577	-	(160,490)	58,087	-
Total LT Obligations	<u>\$8,359,821</u>	<u>\$ -</u>	<u>\$ (672,378)</u>	<u>\$ 7,687,443</u>	<u>\$ 496,500</u>

*Bonds Payable*

In November 2011, the District issued \$1,918,000 Department of Environmental Quality (DEQ) Sewer Revenue Bonds Series 2011. These bonds are payable over 20 years with interest at the rate of .45% per annum and an administrative fee of .50% per annum.

Both principal and interest are due in total, to maturity, as follows:

Year Ending August 31,	Principal	Interest	Total
2025	\$ 98,000	\$ 3,434	\$ 101,434
2026	99,000	2,990	101,990
2027	100,000	2,543	102,543
2028	101,000	2,090	103,090
2029	102,000	1,634	103,634
2030-2031	312,000	2,115	314,115
Total	<u>\$ 812,000</u>	<u>\$ 14,806</u>	<u>\$ 826,806</u>



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**Note 5 - Long-Term Obligations (continued)**

In June 2019, the District issued \$7,710,750 Louisiana Department of Environmental Quality (DEQ) Sewer Revenue Bond, Series 2019. These bonds are payable over 20 years with interest at the rate of .45% per annum and an administrative fee of .50% per annum.

Both principal and interest are due in total, to maturity, as follows:

Year Ending August 31,	Principal	Interest	Total
2025	\$ 367,000	\$ 27,565	\$ 394,565
2026	370,000	25,907	395,907
2027	374,000	24,233	398,233
2028	378,000	22,541	400,541
2029	381,000	20,833	401,833
2030-2034	1,961,000	77,987	2,038,987
2035-2039	2,055,000	32,816	2,087,816
2040	423,000	952	423,952
Total	<u>\$ 6,309,000</u>	<u>\$ 232,834</u>	<u>\$ 6,541,834</u>

The District's debt service coverage ratio at August 31, 2024 was as follows:

Net Operating Income	\$ 2,260,319
Annual Debt Service	<u>\$ 495,999</u>
Debt Service Coverage Ratio	<u>4.58</u>

The DEQ loan agreements provide for the establishment of the following bank accounts:

**"Sewer Revenue Bond Debt Service Fund"** – The agreements for the Series 2011 and Series 2019 DEQ Revenue Bonds require the establishment of this account, whereby monthly transfers are accrued for the payment of principal and interest on the bonds. As of August 31, 2024, the balance in the Sewer Revenue Bond Debt Service Fund was \$272,591.

**"Sewer Revenue Bond Debt Service Reserve Fund"** – The agreements for the Series 2011 and Series 2019 DEQ Bonds provide that at least 20% of the reserve fund requirement be transferred into the reserve fund each bond year, so that the reserve fund is fully funded no later than five years after the delivery date. As of August 31, 2024, the balance in the Sewer Revenue Bond Debt Service Fund was \$536,332 for the Series 2011 Bonds and \$429,795 for the Series 2019 Bonds.

**"Sewer Revenue Bond Depreciation & Contingency Fund"** – The agreements for the Series 2011 and Series 2019 DEQ Bonds each provide that a sum equal to 5% of the preceding month's net

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**Note 5 - Long-Term Obligations (continued)**

revenues shall be transferred to this account each month until such time as \$500,000 has accumulated in this fund, whereby such payments may cease. As of August 31, 2024, the balance in the Sewer Revenue Bond Depreciation & Contingency Fund was \$1,067,946.

**Note 6 - Joint Agreement with the City of West Monroe**

On August 1, 1984, the District entered into a 25-year intergovernmental agreement with the City of West Monroe (the City) for joint use of the Regional Wastewater Treatment Facility, which is solely owned and exclusively operated by the City. The agreement was renewed for a term of 25 years on July 26<sup>th</sup>, 2012, with an additional 10-year option available to the District, provided that the District provides written notice at least 12 months prior to the original term expiration. The operations and maintenance of the treatment facility are prorated between the District and the City based on usage, which is determined by the flows measured at the influent metering station. The treatment plant operation costs to the District were \$1,300,542 for the year ended August 31, 2024. The agreement also provides for the sharing of costs to upgrade the facility during the term of the agreement. The District incurred capital upgrading costs of \$34,985 for the year ended August 31, 2024. The cumulative cost of capital upgrading includes long term liability to the City of West Monroe as described below.

In fiscal year 2012, the District participated in a capital project with the City of West Monroe to upgrade the quality and quantity of wastewater effluent from the West Monroe/West Ouachita Sewerage District No. 5 Regional Wastewater Treatment Facility. The City financed a portion of the project by means of a \$1,250,000 loan from the Department of Environmental Quality (DEQ) State Revolving Fund Loan Program. The loan is payable over 20 years with an interest rate of .45% and an administrative fee rate of .50%.

The financing arrangement for the project calls for the District to share in 50% repayment of the loan as payments are incurred. The District's total principal obligation to the City consists of 20 principal payments totaling \$625,000 and interest and administrative fees of .45% and .50%, respectively. Both principal and interest are due in total, to maturity, as follows:

Year Ending August 31,	Principal	Interest	Total
2025	\$ 32,000	\$ 1,116	\$ 33,116
2026	32,000	972	32,972
2027	32,500	827	33,327
2028	33,000	680	33,680
2029	33,000	531	33,531
2030-2032	101,500	687	102,187
Total	<u>\$ 264,000</u>	<u>\$ 4,813</u>	<u>\$268,813</u>

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**Note 7 - Parochial Employee's Retirement System of Louisiana**

**Plan Description**

The Parochial Employee's Retirement System of Louisiana (the System or PERS) is the administrator of a cost sharing, multiple employers, defined benefit pension plan. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statutes (LRS). Substantially all employees of the District participate in Plan A of the System.

**Benefits Provided**

Employees who were hired prior to January 1, 2007, who retire at or after age 65 with a minimum of seven (7) years of service, at or after age 60 with 10 years of service, at or after age 55 with 25 years of service, or with 30 years of service regardless of age are entitled to a retirement benefit.

Employees who were hired after January 1, 2007, who retire at age 67 with 7 years of experience, age 62 with 10 years of experience or age 55 with 30 years of experience are entitled to a retirement benefit.

Generally, the monthly amount of the retirement allowance shall consist of an amount equal to three percent 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.

**1. Survivor 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 no less than twelve (12) months immediately preceding death of the member, shall be paid on Option 2 benefit beginning at age 50.

**2. Deferred Retirement Option Program (DROP)**

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three-year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

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**Note 7 - Parochial Employee's Retirement System of Louisiana (continued)**

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 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 the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, the option of PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of the Plan must agree that the benefits payable to the participant are not the obligations of the state or PERS, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

**3. 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 have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and are not eligible for normal retirement and have 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 three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

**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 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 sixty-five 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 (RS 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.

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**Note 7 - Parochial Employee's Retirement System of Louisiana (continued)**

**Employer Contributions**

According to state statute, contributions for all employers are actuarially determined each year. For the period from September 1, 2023, to December 31, 2023, and for the period from January 1, 2024, to August 31, 2024, the actuarially determined contribution rates was 7.49% of member's compensation for Plan A. However, the actual rates for those periods were 11.50%. Contributions to the pension plan from the District were \$37,312 and \$48,252 for the years ended August 31, 2024 and August 31, 2023, respectively.

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. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

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

On August 31, 2024, the Employer reported a liability of \$58,087 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The District's proportion of the Net Pension Liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. On December 31, 2023, the District's proportion was 0.060970%, which was an increase of 0.004179% from its proportion measured as of December 31, 2022.

For the year ended August 31, 2024, the District recognized pension expense of \$21,717 net of the District's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions of (\$1,261).

At August 31, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**Note 7 - Parochial Employee's Retirement System of Louisiana (continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 27,506	\$ (15,592)
Changes in Assumptions	-	(10,120)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	93,616	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	(3,267)
Employer Contributions subsequent to Measurement Date	37,312	-
	<u>\$ 158,434</u>	<u>\$ (28,979)</u>

The \$37,312 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Liability in the year ending August 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ended August 31:

Year	Amount
2025	\$ 6,086
2026	45,367
2027	78,740
2028	(38,050)
	<u>\$ 92,143</u>

***Actuarial Assumptions***

A summary of the actuarial methods and assumptions used in determining the total pension used in determining the total pension liability as of December 31, 2023, the valuation date, are as follows:

Actuarial Cost Method:	Entry Age Normal
Expected Remaining Service Lives:	4 Years
Investment Rate of Return:	6.40% Net of Investment Expenses, including Inflation
Projected Salary Increases:	4.75%

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Note 7 - Parochial Employee's Retirement System of Louisiana (continued)**

**Cost of Living Adjustment:** The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously grants cost of living increases. The present values do not included provisions for potential future increase not yet authorized by the Board of Trustees.

**Mortality:** Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females 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.

**Inflation Rate:** 2.30%

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 plan member contributions from participating employers and non-employer contributing entities will be made at actuarially determined contribution rates and, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' 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 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 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.50% for the year ended December 31, 2023.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2023, are summarized in the following table:

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Note 7 - Parochial Employee's Retirement System of Louisiana (continued)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	33%	1.12%
Equity	51%	3.20%
Alternatives	14%	0.67%
Real Assets	2%	0.11%
Totals	100%	5.10%
Inflation		2.40%
Expected Arithmetic Nominal Return		7.50%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2018, through December 31, 2022. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality.

***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 (Asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.4%) or one percentage-point higher (7.40%) than the current rate:

	<b>1.00% Decrease</b>	<b>Current Discount Rate</b>	<b>1.00% Increase</b>
Discount Rate	5.40%	6.40%	7.40%
Share of NPL	\$ 414,465	\$ 58,087	\$ (241,056)

***Support of Non-employer Contributing Entities***

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended August 31, 2024, the District recognized revenue as a result of support received from non-employer contributing entities of \$- for its participation in PERS.



**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
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**WEST MONROE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Note 7 - Parochial Employee's Retirement System of Louisiana (continued)**

***Payables to the Pension Plan***

At August 31, 2024, the District had \$18,588 payable to the pension plan for employer and member contributions. The payable is based on the legally required contributions by the District and members and is derived from the payroll period ended August 31, 2024.

**Note 8 - Other Post-employment Benefits (OPEB) Plan**

***General Information about the OPEB Plan***

*Plan Description* – The District participates in a group defined health retirement plan (“the Plan”), authorized by Louisiana Revised Statute, which is administered by the Ouachita Parish Police Jury. The plan provides medical, dental, and vision insurance benefits to eligible retirees. The Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The premium rates are established and may be amended by the Ouachita Parish Police Jury.

Employees covered by benefit terms – At September 1, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries currently receiving benefit payments	1
Inactive Employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>7</u>
Total	<u><u>8</u></u>

***Total OPEB Liability***

The District's total OPEB liability of \$244,356 was measured as of August 31, 2024 and was determined by an actuarial valuation as of September 1, 2023.

Actuarial assumptions and other inputs – The total OPEB liability in the September 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

<b>Inflation:</b>	2.40%
<b>Salary Increases, including Inflation:</b>	2.50%
<b>Discount Rate:</b>	3.99%

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Note 8 - Other Post-employment Benefits (OPEB) Plan (continued)**

**Health Care Cost Trend Rates:** The expected rate of increase in health insurance premiums was based on the Society of Actuaries' Getzen Model (updated for 2022). The initial rate of 11.03% in the first year, 7.25 in the second year, 7.00% in the third year, then decreasing to an ultimate rate of 3.83% after 25 years, was used.

The discount rate was based on the 8/31/2024 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table for males or females, as appropriate, with generational adjustments for mortality improvement based on Scale MP-2021.

Mortality rates for retirees and surviving spouses were based on the PubG.H-2010 Healthy Retiree Mortality Table for males and females, as appropriate, with generational adjustments for mortality improvement based on Scale MP-2021.

The actuarial assumptions used in the September 1, 2023 valuation were based on those used in the Parochial Employees' Retirement System of Louisiana valuation and actuarial experience.

**Changes in the Total OPEB Liability**

Balance at August 31, 2023	<u>\$263,994</u>
Changes for the Year:	
Service Cost	13,662
Interest	11,054
Differences between Expected and Actual Experience	(3,755)
Changes in Assumptions or	
Inputs	(20,390)
Changes in Benefit Terms	-
Benefit Payments	(20,210)
Administrative	
Payments	<u>-</u>
Net Changes	<u>(19,639)</u>
Balance at August 31, 2024	<u><u>\$244,355</u></u>

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Note 8 - Other Post-employment Benefits (OPEB) Plan (continued)**

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB Liability of the District, as well as what the District's total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (2.99%) and one percentage point higher (4.99%) than the current discount rate (3.99%).

	1.00%	Current	1%
	Decrease	Discount	Increase
	2.99%	Rate	4.99%
Discount Rate	2.99%	3.99%	4.99%
Total OPEB Liability	\$ 266,715	\$ 244,356	\$ 222,092

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current healthcare cost trend rates.

	1.00%	Current	1%
	Decrease	Trend Rate	Increase
Total OPEB Liability	\$ 213,271	\$ 244,356	\$ 279,567

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

For the year ended August 31, 2024, the District recognized OPEB expense of \$32,817. At August 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 49,894	\$ (18,823)
Changes of Assumptions or Other Inputs	23,402	(44,539)
	<u>\$ 73,296</u>	<u>\$ 63,362</u>

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

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Note 8 - Other Post-employment Benefits (OPEB) Plan (continued)**

<u>Year Ending August 31,</u>	<u>Amount</u>
2025	\$ (377)
2026	(377)
2027	(377)
2028	(377)
2029	4,452
Thereafter	\$ -

**Note 9 - Franchise Fees**

The District entered into a franchise agreement in 1992 with a corrugated container plant located outside their taxing district boundaries. This agreement calls for payment of an unrestricted franchise fee equivalent to the taxes which would have been levied had the plant been in the boundaries of the District. The plant also pays a monthly user fee. The franchise fees were \$37,511 for the year ended August 31, 2024.

**Note 10 - Related Party Transactions**

The District is covered by certain umbrella insurance policies including liability and property, worker's compensation, and group health insurance policies through the Ouachita Parish Police Jury (the Police Jury). During 2024, the District incurred costs of \$228,932 from the Police Jury for this coverage.

**Note 11 - Risk Financing Activities Transactions**

Through its primary government, the Ouachita Parish Police Jury, the District, participates in a self-funded program (the fund) for potential losses under general liability, property and automobile coverage, and worker's compensation. The fund pays the premiums for reinsurance and pays all deductibles up to \$150,000 per occurrence, except for \$500 that is paid by the District. The premiums, which are modified for experience and other factors, are computed annually. The reinsurance policy covers all losses over \$150,000 deductible with an aggregate general liability coverage of \$3,000,000. Two funds are established, one for general liability and property loss and one for worker's compensation. These funds had a total balance of \$9,153,650 in net position as of December 31, 2023. The District contributed \$89,674 into the fund during the year ended August 31, 2024.

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Note 12 - Concentrations of Risk**

Accounts receivable primarily represent amounts due from customers located within the boundaries of the District. The District requires a security deposit of \$30 for each new customer being serviced by the system. Failure of the District's ability to collect approximately \$305,740 after applying the security deposits of \$237,340.

**Note 13 - Litigation**

The District has resolved all litigations. There are no pending cases against the District at this time.

**Note 14 - Subsequent Events**

The District has evaluated subsequent events through February 25, 2025, the date which the financial statements were available to be issued and determined that there were no events that occurred subsequent to the reporting period that are required to be disclosed.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>							
Service Cost	\$ 13,662	\$ 12,431	\$ 14,912	\$ 13,888	\$ 12,911	\$ 10,539	\$ 10,282
Interest	11,054	9,537	5,176	5,814	5,590	6,374	6,366
Difference Between Expected and Actual Experience	(3,755)	(5,446)	(16,376)	6,247	84,186	32,781	(989)
Changes in Assumptions	(20,390)	24,010	(7,064)	6,590	(42,684)	18,932	-
Benefit Payments	(20,210)	(16,522)	(14,978)	(18,836)	(30,512)	(31,406)	-
<b>Net Change in Total OPEB Liability</b>	<u>(19,639)</u>	<u>24,010</u>	<u>(18,330)</u>	<u>13,702</u>	<u>29,491</u>	<u>37,220</u>	<u>15,659</u>
 <b>Total OPEB liability - beginning</b>	 <u>263,994</u>	 <u>239,983</u>	 <u>258,313</u>	 <u>244,611</u>	 <u>215,120</u>	 <u>177,900</u>	 <u>162,241</u>
 <b>Total OPEB liability - ending (a)</b>	 <u><u>\$ 244,356</u></u>	 <u><u>\$ 263,994</u></u>	 <u><u>\$ 239,983</u></u>	 <u><u>\$ 258,313</u></u>	 <u><u>\$ 244,611</u></u>	 <u><u>\$ 215,120</u></u>	 <u><u>\$ 177,900</u></u>
 Covered Employee Payroll	 \$ 418,108	 \$ 351,027	 \$ 342,465	 \$ 326,743	 \$ 318,774	 \$ 339,982	 \$ 331,690
 Net OPEB liability as a percentage of covered employee payroll	 58.44%	 75.21%	 70.08%	 79.06%	 76.73%	 63.27%	 53.63%
 <b>Notes to Schedule:</b>							
<i>Benefit Changes:</i>	None	None	None	None	None	None	None
 <i>Changes in Assumption :</i>							
<i>Discount Rate:</i>	3.99%	4.13%	3.91%	1.95%	2.33%	2.63%	3.69%
<i>Mortality:</i>	MP-2021	MP-2021	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018

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

See independent auditor's report.

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

Parochial Employees' Retirement System					
Plan Year End	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.060970%	58,087	481,523	12%	98.0%
2022	0.056791%	218,577	386,059	57%	91.7%
2021	0.049926%	(235,173)	332,683	-71%	110.5%
2020	0.051122%	(89,638)	330,043	-27%	104.0%
2019	0.049914%	2,350	309,870	1%	99.9%
2018	0.051201%	227,248	329,878	69%	88.9%
2017	0.071192%	(52,842)	397,024	-13%	98.1%
2016	0.068026%	140,100	317,095	44%	98.1%
2015	0.061655%	162,294	280,466	58%	92.2%
2014	0.061672%	16,862	300,643	6%	99.2%

*This schedule is intended to show information for 10 years.*

\* Amounts presented were determined as of the measurement date (plan year ended December 31).



**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO PENSION PLAN**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

Parochial Employees Retirement System of Louisiana					
Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as % of Covered Employee Payroll
2024	55,375	55,375	-	481,523	11.5%
2023	48,252	48,252	-	419,582	11.5%
2022	43,191	43,191	-	367,861	11.7%
2021	36,835	36,835	-	300,686	12.3%
2020	38,560	38,560	-	323,887	11.9%
2019	35,699	35,699	-	310,422	11.5%
2018	44,268	44,268	-	373,139	11.9%
2017	52,053	52,053	-	410,981	12.7%
2016	37,072	37,072	-	273,014	13.6%
2015	41,789	41,789	-	277,602	15.1%

*This schedule is intended to show information for 10 years.*

*Amounts presented were determined as of the end of the fiscal year (August 31).*

See independent auditor's report.

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR PENSIONS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Parochial Employees Retirement System of Louisiana**

**Changes of Benefit Terms**

There were no changes of benefit terms for the ten years ended August 31, 2024.

**Changes of Assumptions**

The investment rate of return was decreased from 6.5% to 6.4% and the inflation rate was decreased from 2.4% to 2.3% for the valuation year ended December 31, 2020.

The investment rate of return was decreased from 6.75% to 6.50% and projected salary increases decreased from 5.25% to 4.75% for the valuation year ended December 31, 2018.

The investment rate of return was decreased from 7.00% to 6.75% for the valuation year ended December 31, 2017.

The investment rate of return was decreased from 7.25% to 7.00% and projected salary increases decreased from 5.75% to 5.25% for the valuation year ended December 31, 2015.

See independent auditor's report.

## SUPPLEMENTAL INFORMATION

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**SCHEDULE OF CHANGES IN RESTRICTED ASSETS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

	<b><u>Customer Deposits</u></b>	<b><u>Debt Service</u></b>	<b><u>Debt Service Reserve</u></b>	<b><u>Depreciation and Contingency</u></b>	<b><u>Total</u></b>
<b>Balance at September 1, 2023</b>	\$ 237,340	\$ 259,369	\$ 919,266	\$ 927,644	\$ 2,343,619
Plus:					
Deposits and Transfers	6,188	-	-	90,834	97,022
Interest Earned	-	13,222	46,862	49,468	109,552
Total Funds Available	<u>243,528</u>	<u>272,591</u>	<u>966,128</u>	<u>1,067,946</u>	<u>2,550,193</u>
<b>Balance at August 31, 2024</b>	<u><u>\$ 243,528</u></u>	<u><u>\$ 272,591</u></u>	<u><u>\$ 966,128</u></u>	<u><u>\$ 1,067,946</u></u>	<u><u>\$ 2,550,193</u></u>

See independent auditor's report.

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**SCHEDULE OF PER DIEM PAID TO BOARD OF COMMISSIONERS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

<b>Board Member</b>	<b>Position</b>	<b>Amount</b>
Don Leach	President	\$ 660
Jeff Glover	Vice President	480
Anne Sanders	Treasurer	660
<b>TOTAL</b>		<u>\$ 1,800</u>

The members of the Board of Commissioners are paid \$60 per regular meeting and \$25 per special meeting. Commissioners are paid shortly after year-end for the meetings that were attended during the year.

See independent auditor's report.

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS**  
**AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

Agency Head	District Manager Ricky McMullen
Salary	\$ 91,383
Benefits	
Retirement	10,509
Insurance	13,834
Vehicle	693
Total Benefits	<u>25,036</u>
Total	<u><u>\$ 116,419</u></u>

## OTHER INFORMATION

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**SCHEDULE OF INSURANCE COVERAGE**  
**AUGUST 31, 2024**

<b><u>Property or Risk and Insurance Company</u></b>	<b><u>Insurance Type and Term</u></b>	<b><u>Maximum Coverage</u></b>
Employees Safety National Casualty Corporation	Workers' Compensation 1/1/2024 to 1/1/2025	Statutory
Multi-Peril Intact Insurance	Comprehensive General Liability 1/1/2024 to 1/1/2025	\$3,000,000 - Aggregate \$1,000,000 - Occurrence
Vehicles Intact Insurance	Auto Liability 1/1/2024 to 1/1/2025	Combined Single Limit \$1,000,000
3 Commissioners and All Employees Intact Insurance	Fidelity Bond 1/1/2024 to 1/1/2025	\$1,000,000 - Occurrence \$1,000 Deductible

This schedule, prepared from the policies, is intended only as a descriptive summary.  
Policies are covering the Ouachita Parish Police Jury, which includes and covers the District.

See independent auditor's report.



REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE



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

**Board of Commissioners  
West Ouachita Sewerage District No. 5  
West Monroe, Louisiana**

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of West Ouachita Sewerage District No. 5 (the District) as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated February 25, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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.

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



**Board of Commissioners  
West Ouachita Sewerage District No. 5  
West Monroe, Louisiana**

**Report on Compliance and Other Matters**

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

**Purpose of the Report**

The purpose of this report is solely to describe the scope of my 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Maxwell CPA, LLC*

Sterlington, Louisiana  
February 25, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

**Board of Commissioners  
West Ouachita Sewerage District No. 5  
West Monroe, Louisiana**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

I have audited West Ouachita Sewerage District No. 5's (the District, a component unit of the Ouachita Parish Police Jury), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2024. The District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In my opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended August 31, 2024.

***Basis for Opinion on Each Major Federal Program***

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the District and to meet my other ethical responsibilities in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.



**Board of Commissioners  
West Ouachita Sewerage District No. 5  
West Monroe, Louisiana**

***Auditor's Responsibilities for the Audit of Compliance***

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on my audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

**Report on Internal Control Over Compliance**

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

**Board of Commissioners  
West Ouachita Sewerage District No. 5  
West Monroe, Louisiana**

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Maxwell CPA, LLC*

Sterlington, Louisiana  
February 25, 2025

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OURACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

Federal Grants/Pass Through Grantor/Program Title	Assistance Listing Number	Agency or Pass-Through Number	Federal Expenditures
<b><u>United Statement Department of the Treasury</u></b>			
Pass-Through: Louisiana Division of Administration			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	LAWSP1013	\$ 1,647,436
Pass-Through: Ouachita Parish Police Jury			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>795,955</u>
<b><u>Total United Statement Department of the Treasury</u></b>			<u>2,443,391</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 2,443,391</u></u>

\* Denotes major federal program.

See accompanying notes to schedule of expenditures of federal awards.

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

1. **Basis of Presentation**

The Accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs the West Ouachita Sewerage District No. 5 (the District), a component unit of the Ouachita Parish Police Jury, for the year ended August 31, 2024. The District's reporting entity is defined in Note 1 to the District's financial statements. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.

The information is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. **Basis of Accounting**

Expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenses when they are incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to their reimbursement.

3. **Federal Indirect Cost Rate**

The District did not elect to use the 10% de minimis federal indirect cost rate for the year ended August 31, 2024.



**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the West Ouachita Sewerage District No. 5.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements as reported in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the West Ouachita Sewerage District No. 5, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award program in the report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Uniform Guidelines Requirements for Federal Awards.
5. The auditor's report on compliance for the major federal award program West Ouachita Sewerage District No. 5 expressed an unmodified opinion on the major federal program.
6. There were no audit findings related to the major federal award program for the West Ouachita Sewerage District No 5.
7. The program tested as a major program was COVID-19 Coronavirus State and Local Fiscal Recovery Funds, AL # 21.027.
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. The West Ouachita Sewerage District No. 5 does not qualify to be a low-risk auditee.

Section II - Financial Statement Findings - No matters were reported.

Section III - Federal Award Findings and Questioned Costs - No matters were reported.

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**(A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY)**  
**WEST MONROE, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**Financial Statement Findings Reported in Accordance with *Government Auditing Standards***

**2023-01      Timely Cut-off of Delinquent Accounts**

Condition:

The year-end financial close accounting was not complete/accurate. The most significant of these items are as follows:

- A state project being completed by the pass-through entity was not correctly recorded on the District's accounting records. Construction in progress was understated by \$472,990 (\$4,046,050 unadjusted balance), retainage payable was understated by \$7,754, and state revenue was understated by \$465,236 (0 unadjusted balance).
- Engineering fees associated with a capital project were posted to professional fees resulting in an overstatement of professional fees resulting in an understatement of construction in progress (\$4,046,050 unadjusted balance) and overstatement of professional fees (\$317,117 unadjusted balance) in the amount of \$118,745.
- Engineering fees for work performed at the end of the fiscal year were not accrued. Construction in progress was understated by \$90,892 (\$4,046,050 unadjusted balance), professional fees were understated by \$3,540 and accounts payable were understated by \$94,432 (\$1,038,214 unadjusted balance).
- The District booked the total retainage payable displayed on each invoice rather than recording only the incremental changes since the last invoice. As a result, the retainage payable balance was overstated by \$176,172 (\$315,957 unadjusted balance rather than actual amount of \$139,785).

Current Status:

Resolved

**WEST OUACHITA SEWERAGE DISTRICT NO. 5**  
**WEST MONROE, LOUISIANA**

*Statewide Agreed-Upon Procedures  
For the Year Ended August 31, 2024*



MAXWELL CPA, LLC, *Certified Public Accountant*, Sterlington, Louisiana



INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the West Ouachita Sewerage District No. 5 Board of Commissioners; and the Louisiana Legislative Auditor:

I 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 September 1, 2023, through August 31, 2024. The West Ouachita Sewerage District No.'s (the District's) 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 September 1, 2023, through August 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***1) Written Policies and Procedures***

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- A. 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:<sup>1</sup>
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - iii. ***Disbursements***, including processing, reviewing, and approving.
  - iv. ***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

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<sup>1</sup> For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.



procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. ***Ethics***<sup>2</sup>, 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.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Findings:** The District did not have written policies related to information technology and disaster recovery/business continuity or prevention of sexual harassment.

## ***2) Board or Finance Committee***<sup>3</sup>

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- A. 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

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<sup>2</sup> The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

<sup>3</sup> These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

- i. 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.
- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds<sup>4</sup>, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds<sup>5</sup> if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.<sup>6</sup>

**Findings:** No exceptions noted.

### 3) **Bank Reconciliations**

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts<sup>7</sup> (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a 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
  - iii. 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.

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<sup>4</sup>Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

<sup>5</sup> R.S. 24:513 (A)(1)(b)(iv) defines public funds.

<sup>6</sup> No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

<sup>7</sup> Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

**Findings:** No exceptions noted.

#### ***4) Collections (excluding electronic funds transfers)<sup>8</sup>***

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- A. Obtain a listing of deposit sites<sup>9</sup> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations<sup>10</sup> and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also 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; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:
  - i. Observe that receipts are sequentially pre-numbered.<sup>11</sup>
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

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<sup>8</sup> The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

<sup>9</sup> A deposit site is a physical location where a deposit is prepared and reconciled.

<sup>10</sup> A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

<sup>11</sup> The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt<sup>12</sup> 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).
- v. Trace the actual deposit per the bank statement to the general ledger.

**Findings:** No exceptions noted.

**5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)***

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- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
  - B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
    - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
    - ii. At least two employees are involved in processing and approving payments to vendors;
    - iii. 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;
    - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
    - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
    - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

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<sup>12</sup> As required by Louisiana Revised Statute 39:1212.



- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Findings:** One exception noted in relation to adding vender payments.

#### ***6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)***

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- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards<sup>13</sup>. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. 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
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection)<sup>14</sup>. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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<sup>13</sup> Including cards used by school staff for either school operations or student activity fund operations.

<sup>14</sup> For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

**Findings:** No exceptions noted.

#### **7) Travel and Travel-Related Expense Reimbursements<sup>15</sup> (excluding card transactions)**

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

**Findings:** No exceptions noted.

#### **8) Contracts**

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- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law<sup>16</sup> (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

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<sup>15</sup> Non-travel reimbursements are not required to be inspected under this category.

<sup>16</sup> If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Findings:** No exceptions noted.

## ***9) Payroll and Personnel***

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- A. Obtain a listing of employees and officials<sup>17</sup> employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials<sup>18</sup> documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Findings:** No exceptions noted.

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<sup>17</sup> "Officials" would include those elected, as well as board members who are appointed.

<sup>18</sup> 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.

## 10) *Ethics*<sup>19</sup>

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Findings:** No exceptions noted.

## 11) *Debt Service*<sup>20</sup>

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Findings:** No exceptions noted.

## 12) *Fraud Notice*<sup>21</sup>

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

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<sup>19</sup> The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

<sup>20</sup> This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

<sup>21</sup> Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at [www.la.gov/hotline](http://www.la.gov/hotline)

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

**Findings:** No exceptions noted.

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

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- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Findings:** I performed the procedure and discussed the results with management.

### ***14) Prevention of Sexual Harassment<sup>22</sup>***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

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<sup>22</sup> While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

- C. 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 that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

**Findings:** One exception noted for not having an annual sexual harassment report.

### **Management's Response**

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We agree with the results of the procedures and will address the identified exception.

I was 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*. I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the District and to meet my 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.

*Maxwell CPA, LLC*

Sterlington, Louisiana  
February 25, 2025