

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT
WELSH, LOUISIANA

ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITORS' REPORTS

Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

August 25, 2023

Board of Commissioners
Jefferson Davis Central Waterworks District
Welsh, Louisiana

Opinions

We have audited the accompanying financial statements of the business-type activities of the Jefferson Davis Central Waterworks District, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Jefferson Davis Central Waterworks District as of June 30, 2023, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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

Jefferson Davis Central Waterworks 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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.
- Obtaining 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 Jefferson Davis Central Waterworks District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jefferson Davis Central Waterworks District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises of The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2023 on our consideration of Jefferson Davis Central Waterworks District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson Davis Central Waterworks District's internal control over financial reporting and compliance.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Net Position

June 30, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash	\$ 4,064,380	\$ 3,493,043
Accounts receivable, net	73,499	73,743
Prepaid expenses	18,333	14,278
	<u>4,156,212</u>	<u>3,581,064</u>
Restricted Assets		
Customer deposits		
Cash	218,362	215,014
Total current assets	<u>4,374,574</u>	<u>3,796,078</u>
Property, plant and equipment		
Land	28,285	28,285
Construction in progress	393,870	6,901
Distribution system	6,776,378	6,776,378
Furniture, fixtures and equipment	69,017	69,017
Machinery and equipment	403,365	382,935
	<u>7,670,915</u>	<u>7,263,516</u>
Less accumulated depreciation	<u>4,809,390</u>	<u>4,645,716</u>
	2,861,525	2,617,800
Other assets		
Construction period interest, net	<u>3,383</u>	<u>5,771</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,239,482</u>	<u>\$ 6,419,649</u>

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

Continued

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Net Position - Continued

June 30, 2023

	<u>2023</u>	<u>2022</u>
LIABILITIES		
Current Liabilities		
Payable from current assets		
Accounts payable	\$ 29,116	\$ 24,496
Accrued liabilities	<u>2,678</u>	<u>1,620</u>
	31,794	26,116
Payable from restricted assets		
Customer deposits	<u>209,960</u>	<u>205,250</u>
Total Current Liabilities	241,754	231,366
Long-term liabilities		
Accrued compensated absences	<u>66,860</u>	<u>72,414</u>
	308,614	303,780
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Investment in capital assets, net of related debt	2,861,525	2,617,800
Net position - Unrestricted	<u>4,069,343</u>	<u>3,498,069</u>
Total Net Position	<u>6,930,868</u>	<u>6,115,869</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 7,239,482</u>	<u>\$ 6,419,649</u>

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

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for services	\$ 655,135	\$ 614,213
Installations	15,900	58,816
Penalties and reconnect fees	<u>25,467</u>	<u>25,985</u>
TOTAL OPERATING REVENUES	696,502	699,014
OPERATING EXPENSES		
Advertising	1,526	1,007
Amortization	2,388	2,388
Auto mileage	410	685
Chemicals	37,729	32,016
Communications	7,770	10,206
Contract labor	50	200
Convention expense	-	738
Depreciation	163,674	168,736
Dues	5,194	6,214
Equipment rental	24,865	25,958
Fuel	11,118	11,743
Garbage service	359	252
Insurance - employees	38,181	38,398
Insurance - other	22,907	21,473
Meter reading services	28,185	23,579
Miscellaneous	5,714	5,023
Office	10,289	10,958
Per diem	7,350	9,300
Postage	9,677	7,043
Printing	246	3,014
Professional fees	12,741	30,950
Repairs and maintenance	90,424	168,524
Retirement	22,277	21,249
Salaries	212,932	224,438
Supplies	84,022	149,120
Taxes and licenses	16,714	17,811
Utilities	54,698	56,265
Water samples	<u>1,529</u>	<u>1,390</u>
TOTAL OPERATING EXPENSES	<u>872,969</u>	<u>1,048,678</u>
OPERATING PROFIT (LOSS)	(176,467)	(349,664)

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

Continued

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Revenues, Expenses and Changes in Net Positon - Continued

Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	\$ 487,115	\$ 478,162
Interest income	104,577	5,066
Gain on sale of asset	-	4,351
Covid relief funds - intergovernmental	386,970	-
Other income	12,804	16,839
	<u>991,466</u>	<u>504,418</u>
CHANGE IN NET POSITION	814,999	154,754
NET POSITION - BEGINNING	<u>6,115,869</u>	<u>5,961,115</u>
NET POSITION - ENDING	<u>\$ 6,930,868</u>	<u>\$ 6,115,869</u>

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

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Cash Flows

Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING REVENUES		
Received from customers	\$ 696,746	\$ 682,694
Payments for supplies	(497,906)	(666,558)
Payments for services	<u>(212,932)</u>	<u>(224,438)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	(14,092)	(208,302)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from customers	4,710	15,257
Proceeds from other income	12,804	16,839
Proceeds from the sale of fixed assets	-	4,351
Covid relief fund	386,970	-
Acquisition of fixed assets	(407,399)	(6,901)
Ad valorem taxes	<u>487,115</u>	<u>478,162</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	484,200	507,708
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>104,577</u>	<u>5,066</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	574,685	304,472
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,708,057</u>	<u>3,403,585</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,282,742</u>	<u>\$ 3,708,057</u>

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

Continued

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Cash Flows - Continued

Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit (loss)	\$ (176,467)	\$ (349,664)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Amortization	2,388	2,388
Depreciation	163,674	168,736
(Increase) decrease in:		
Accounts receivable	244	(16,320)
Prepaid expenses	(4,055)	(3,188)
Increase (decrease) in:		
Accounts payable	4,620	(1,851)
Accrued liabilities	1,058	(6)
Accrued compensated absences	(5,554)	(8,397)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	<u>\$ (14,092)</u>	<u>\$ (208,302)</u>

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

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jefferson Davis Central Waterworks District is a political subdivision of the State of Louisiana. It was created under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the rural area of Central Jefferson Davis Parish. The District is governed by a board of commissioners composed of five members appointed by the Jefferson Davis Parish Police Jury.

1. Reporting Entity

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

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

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

Because the police jury appoints a voting majority to the district and has the ability to impose its will, the District was determined to be a component unit of the Jeff Davis Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

The accompanying financial statements of the Jefferson Davis Central Waterworks District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3. Cash

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2023, the District has \$4,285,227 in deposits (collected bank balances). All of which are secured by federal deposit insurance and pledged securities held in the District's name.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Accounts Receivable

Uncollectible amounts due for accounts receivable are recognized as bad debts using the direct write-off method. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. This method does not result in a charge to a bad debt that is materially different from the amount that would be charged if the reserve method were used.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

5. Construction Period Interest

Interest costs of \$90,740 during original construction period of plant were capitalized and are being amortized over the term of the original bond issue using the straight-line method. Amortization expense was \$2,388 for the year ended June 30, 2023.

6. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Vacation - Two weeks after 1 year of service,
- Three weeks after 10 years of service,
- Four weeks after 20 years of service.
- Vacation may not be carried over to the next year and will not be paid upon termination.

Sick Leave - One day per month after 30 days of employment.
- Maximum of 150 days may be carried over to the next year.
- Unused sick days will be paid upon retirement.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The District's recognition and measurement criterion for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At June 30, 2023, the District had an accrual for compensated absences of \$66,860.

7. Statement of Cash Flows

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$4,282,742 which represents unrestricted amounts of \$4,064,380 and restricted amounts of \$218,362.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level.

9. Net Position

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that the committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Estimates

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

11. Subsequent Events

Management has evaluated subsequent events through August 25, 2023, the date the financial statements were available to be issued.

12. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

NOTE B - AD VALOREM TAXES

For the year ended June 30, 2023 taxes of 10.24 mills were levied on property with assessed valuations totaling \$50,229,366 and were dedicated as follows:

General operations	10.24 mills
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Total taxes levied were \$514,351.

Property tax millage rates are adopted in October for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15 of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

NOTE C - FIXED ASSETS

All purchased fixed assets are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE C - FIXED ASSETS - CONTINUED

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Plant & distribution system	30 - 50 years
Furniture, fixtures and equipment	3 -10 years

A summary of changes in fixed assets for the year ended June 30, 2023 are as follows:

	<u>Beginning of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of year</u>
Land	\$ 28,285	\$ -	\$ -	\$ 28,285
Construction in Progress	6,901	386,969	-	393,870
Plant & Distribution System	6,776,378	-	-	6,776,378
Furniture, Fixtures & Equipment	<u>451,952</u>	<u>20,430</u>	-	<u>472,382</u>
	7,263,516	<u>\$ 407,399</u>	<u>\$ -</u>	7,670,915
Less accumulated depreciation	<u>(4,645,716)</u>			<u>(4,809,390)</u>
Totals	<u>\$ 2,617,800</u>			<u>\$ 2,861,525</u>

Depreciation expense was \$163,674 for the year ended June 30, 2023.

Construction in progress consists of the Woodlawn Filtration Plant Project. The project is in the preliminary bid stage and is expected to cost approximately \$5.0 million with a completion date in fiscal year June 30, 2024. The Jefferson Davis Parish Police Jury will fund up to \$1.7 million of the project. Through June 20, 2023, the Police Jury has funded \$386,970. In addition, the District intends to eventually borrow approximately \$2.0 million to fund the Project.

NOTE D - PER DIEM

Total per diem paid consisted of the following:

Benet Augustine	\$ 1,800
Billy Compton	1,050
Steve Lopez	1,950
John Reeves	1,950
Kevin Webb	<u>600</u>
	<u>\$ 7,350</u>

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE E - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F – RETIREMENT COMMITMENTS

The District approves annually contributions to individual retirement accounts of all eligible employees. Eligible employees are all full-time employees after one year of service. Contribution rate is 10% of annual salary. Total payroll for the District was \$232,834 and total payroll for covered employees was \$222,769. Total contributions made by the District were \$22,277. Participants are immediately fully vested.

REQUIRED SUPPLEMENTAL INFORMATION

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Revenues, Expenses and Changes in Net Position -
Budget and Actual

Year Ended June 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$ 580,000	\$ 655,135	\$ 75,135
Installations	20,000	15,900	(4,100)
Penalties and reconnect fees	25,000	25,467	467
TOTAL OPERATING REVENUES	625,000	696,502	71,502
OPERATING EXPENSES			
Advertising	1,000	1,526	(526)
Amortization	-	2,388	(2,388)
Auto mileage	1,200	410	790
Bad debt expense	1,000	-	1,000
Bank charges	1,200	-	1,200
Chemicals	40,000	37,729	2,271
Communication	15,000	7,770	7,230
Contract labor	2,500	50	2,450
Convention	4,500	-	4,500
Depreciation	-	163,674	(163,674)
Dues	12,000	5,194	6,806
Equipment rental	15,000	24,865	(9,865)
Fuel	22,000	11,118	10,882
Garbage service	600	359	241
Insurance - employees	60,000	38,181	21,819
Insurance - other	35,000	22,907	12,093
Meter reading services	36,000	28,185	7,815
Miscellaneous	5,000	5,714	(714)
Office	15,000	10,289	4,711
Per diem	12,000	7,350	4,650
Postage	10,000	9,677	323
Printing	6,000	246	5,754
Professional fees	15,000	12,741	2,259
Repairs and maintenance	161,000	90,424	70,576
Retirement	26,000	22,277	3,723
Salaries	275,000	212,932	62,068
Supplies	140,000	84,022	55,978
Taxes and licenses	24,000	16,714	7,286
Utilities	65,000	54,698	10,302
Water samples	4,000	1,529	2,471
TOTAL OPERATING EXPENSES	1,005,000	872,969	132,031
OPERATING INCOME (LOSS)	(380,000)	(176,467)	203,533
NON-OPERATING REVENUES (EXPENSES)			
Ad valorem taxes (net)	450,000	487,115	37,115
Interest income	10,000	104,577	94,577
Gain of sale of assets	-	-	-
Covid relief funds - intergovernmental	-	386,970	386,970
Other income	-	12,804	12,804
	460,000	991,466	531,466

Continued

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Revenues, Expenses and Changes in Net Position -
Budget and Actual - Continued

Year Ended June 30, 2023

	<u>Budget</u> <u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CHANGE IN NET POSITION	\$ 80,000	\$ 814,999	\$ 734,999
NET POSITION - BEGINNING	<u>6,115,869</u>	<u>6,115,869</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 6,195,869</u>	<u>\$ 6,930,868</u>	<u>\$ 734,999</u>

OTHER INFORMATION

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended June 30, 2023

Chief Executive Officer: John Reeves, Board President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	1,950
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

INDEPENDENT AUDITORS' 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*

August 25, 2023

Board of Commissioners
Jefferson Davis Central Waterworks District
Welsh, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Jefferson Davis Central Waterworks District, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Jefferson Davis Central Waterworks District's basic financial statements, and have issued our report thereon dated August 25, 2023.

Internal Control Over Financial Reporting

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

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did

identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

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

Jefferson Davis Central Waterworks District's Response to Findings

Jefferson Davis Central Waterworks District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Jefferson Davis Central Waterworks District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Schedule of Findings and Responses

Year Ended June 30, 2023

1. Summary of Auditors' Results:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses(es) identified? yes no
- Control deficiencies identified that are not considered to be material weakness(es)? yes none reported
- Noncompliance material to financial statements noted? yes no

2. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding #2023-001

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management Response/Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review bank reconciliations on a monthly basis.

3. Findings and Questioned Costs for Federal Awards

N/A

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Schedule of Findings and Responses - Continued

Year Ended June 30, 2023

4. Prior Year Findings

Finding #2022-001

Inadequate segregation of duties

Corrective Action Taken: None, repeat finding in 2023.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

August 25, 2023

Board of Commissioners
Jefferson Davis Central Waterworks District
Welsh, Louisiana

We have performed the procedures included 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 year July 1, 2022 through June 30, 2023. The District's management is responsible for those C/C areas identified in the SAUPs.

Jefferson Davis Central Waterworks 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 year July 1, 2022 through June 30, 2023. 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

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:

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

The District written policies and procedures manual does not address this area.

Management response: The District will update the Policies and Procedures manual to include this area.

- 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.

The District written policies and procedures manual does not address this area.

Management response: The District will update the Policies and Procedures manual to include this area.

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

The District written policies and procedures manual does not address this area.

Management response: The District will update the Policies and Procedures manual to include this area.

- 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 confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The District's policies and procedures manual addresses receipt/collections.

- 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.

The District written policies and procedures manual does not address this area.

Management response: The District will update the Policies and Procedures manual to include this area.

- 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.

The District written policies and procedures manual does not address this area.

Management response: The District will update the Policies and Procedures manual to include this area.

- vii. *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The District written policies and procedures manual does not address this area.

Management response: The District will update the Policies and Procedures manual to include this area.

- 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).

The District written policies and procedures manual does not address this area.

Management response: The District will update the Policies and Procedures manual to include this area.

- ix. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The District's policies and procedures manual addresses ethics.

- x. *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The District written policies and procedures manual does not address this area.

Management response: The District will update the Policies and Procedures manual to include this area.

- xi. *Information Technology Disaster Recovery/Business Continuity*, includes (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.

The District's policies and procedures manual addresses information technology disaster recovery/business continuity.

- 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.

The District's policies and procedures manual addresses prevention of sexual harassment.

2) Board or Finance Committee

- 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

- 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.

No exceptions were found as a result of this procedure.

- 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, and semi-annual budget-to-actual, at a minimum, on special revenue funds.

No exceptions were found as a result of this procedure.

- iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

3) Bank Reconciliations

- 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 (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, electronically logged);

No exception were found as a result of this procedure.

- ii. Bank reconciliations include 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

No exception were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

4) Collections

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

The listing was provided by management.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe the job duties are properly segregated at each collection location such that:

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

The cash drawer is shared.

Management Response: The District maintains only one cash drawer. All employees have access to the drawer, although the amount of cash on hand and the activity of cash transactions are minimum.

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

The employee responsible for collecting cash is also responsible for preparing/making bank deposits and reconciles collection documentation to the deposit.

Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board

review of bank statements and disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

- iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

The employee responsible for collecting cash is responsible for posting collection entries to the general ledger.

Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of bank statements and disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

- 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 responsible for collecting cash, unless another employee/official verifies the reconciliation.

The employee responsible for reconciling collections to the general ledger by revenue source is responsible for collecting cash.

Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of bank statements and disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

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

No exceptions were found as a result of this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure 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 no the same day). Obtain supported documentation for each of the deposits and:

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 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).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing was provided by management.

- B. For each location selected under #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;

Purchase orders are not utilized. Purchases can be initiated by a single employee.

Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of bank statements and disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions were found as a result of this procedure.

- 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;

The employee responsible for processing payments is not prohibited from adding/modifying vendor files. No other employee is responsible for periodically reviewing changes to vendor files.

Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of bank statements and disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

- 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

The employee responsible for processing payments mails payments after checks are signed.

Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of bank statements and disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

- 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.

No exceptions were found as a result of this procedure.

- 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

No exceptions were found as a result of this procedure.

- 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.

Disbursements tested included exceptions of #5B as noted above.

Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of bank statements and disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

- 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) 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.

The disbursements tested were not approved by the required number of authorized signers.

Management Response: In the future, all electronic disbursements will be approved by the required number of authorized signers.

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

- 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. Obtain management's representation that the listing is complete.

The listing was provided by management.

- 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 excess 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

One of the credit cards tested was not approved by someone other than the authorized card holder.

Management Response: Management will have someone other than the authorized card holder review and approve, in writing, each statement.

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

No exceptions were found as a result of this procedure.

- C. Using the monthly statements or combined statements selected under procedure #6B 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). For each transaction, observed 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.

No exceptions were found as a result of this procedure.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements 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);

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- 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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *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 (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions were found as a result of this procedure.

- 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);

No exceptions were found as a result of this procedure.

- 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

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

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

There was no documented authorization of payrates maintained in the personnel files.

Management response: Payrate approval documentation will be added to each personnel file.

- 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 documented their daily attendance and leave (e.g., vacation sick, compensatory);

No exceptions were found as a result of this procedure.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were found as a result of this procedure.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions were found as a result of this procedure.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

There was no documented authorization of payrates maintained in the personnel files. Authorized salary/payrates were found within board minutes.

Management response: Payrate approval documentation will be added to each 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 the entity policy.

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

10) Ethics

- 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 each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

The District does not have any debt.

- 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).

The District does not have any debt.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the 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.

The District was not aware of any misappropriation of public funds or assets during the fiscal year.

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

The District has the required notice posted in a conspicuous place upon its premises and does not have a website.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures.
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if 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.

No exceptions were found as a result of this procedure.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if 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.

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

14) Prevention of Sexual Harassment

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

Sexual harassment training documentation was not obtained for one of the employees selected for testing.

Management Response: Management will have each employee/official complete the sexual harassment training annually.

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

No exceptions were found as a result of this procedure.

- 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;

The annual sexual harassment report for 2022 was not filed as of February 1.

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

The annual sexual harassment report for 2022 was not filed as of February 1.

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

The annual sexual harassment report for 2022 was not filed as of February 1.

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

The annual sexual harassment report for 2022 was not filed as of February 1.

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

The annual sexual harassment report for 2022 was not filed as of February 1.

Management Response: Management filed District's annual sexual harassment report on February 7th. The report noted that there were no complaints.

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

We are required to be independent of Jefferson Davis Central Waterworks District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.