

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021



WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA

105 GISELE STREET

NEW ROADS, LA 70760

(225) 638-4501

COMMISSIONERS

Marvin Losavio. Chairman

Van J. Debetaz

Mark Major

Ronald A. Pourciau

Kelly Rivet

MEETING DATE:

2nd Monday of Every Month
5:00 PM - Police Jury Office

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Required Supplementary Information	
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position.....	10
Statements of Cash Flow.....	11
Notes to Basic Financial Statements	12
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23
Schedule of Findings and Responses.....	25
Supplemental Information Required by USDA (unaudited)	
Water Customers and Rates	27
Aged Accounts Receivable	27
Insurance in Force.....	28
Other Supplemental Information	
Schedules of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer	29

Board of Directors
Waterworks District No. 2 of Pointe Coupee Parish, LA
New Roads, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Waterworks District No. 2 of Pointe Coupee Parish, LA, (a component unit of the Parish of Pointe Coupee) (the District) as of and for the years ended December 31, 2022 and 2021, 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 District, as of December 31, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the report. The supplementary information required by U.S. Department of Agriculture on pages 26-27 and the supplementary information required by the Louisiana Legislative Auditor on page 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information required by the Louisiana Legislative Auditor is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, reimbursement, benefits and other payments to agency head, political subdivision head, or chief executive officer is fairly stated, in all material respects, in relation to the basis financial statements as a whole.

The supplemental information required by USDA has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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 September 30, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
September 30, 2024

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

INTRODUCTION

This annual report consists of –

- Our independent auditors' report on the financial statements in which they rendered an unmodified opinion.
- Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.
- The basic financial statements which consists of proprietary fund financial statements, and the notes to those financial statements.
- Supplementary information required by USDA.
- Our independent auditors' report on the District's compliance with laws and regulations and how management applied internal controls over its financial operations. The results of those tests and observations did not indicate any violations that they considered to be in noncompliance or conditions that required to be disclosed that could affect our operations.
- Supplementary information required by Louisiana Legislative Auditor.

Management's Discussion and Analysis

As management of the District, we are pleased to provide an overview of our financial activities for the year ended December 31, 2022. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last year's audited financial report.

Financial Highlights

- The District's net position decreased by \$28,104 from \$2,681,822 in 2021 to \$2,653,718 in 2022.
- Restricted and unrestricted Cash increased by \$31,748 from \$573,730 in 2021 to \$605,478 in 2021.
- Utility revenues increased by \$69,788 from \$678,664 in 2021 to \$ 748,452 in 2022.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which are comprised of three components: (1) proprietary fund financial statements, (2) notes to the financial statements, and (3) other required supplementary information in addition to the basic financial statements themselves required by USDA.

Financial Statements

The District's Financial Statements report functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). When the District charges customers for the services it provides these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

The Financial Statements, presented on pages 9 through 11, are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The Statements of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statements of Cash Flows presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to the Financial Statements

The notes, presented on pages 12 through 23, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are a required part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information required by USDA, on pages 27 and 28, and supplementary information required by LLA, on page 29.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At the end of the most recent year, the assets of the District exceeded its liabilities and deferred outflows by \$2,653,718.

The District's total assets are composed of \$704,607 (11.7%) in cash and receivables, \$5,304,189 (90.4%) investment in capital assets (land, buildings, utility systems, vehicles and equipment, etc.), and \$12,388 (15%) in prepaid and other assets. The District uses these capital assets to provide various services to residents and businesses in the incorporated area, these assets are not available for future spending.

Statements of Net Position

	Total 2022	Total 2021	% Change
Current and Other Assets	\$ 716,995	\$ 608,271	17.9%
Capital Assets	<u>5,304,189</u>	<u>5,549,632</u>	-4.4%
Total Assets	<u>6,021,184</u>	<u>6,157,903</u>	-2.2%
Current and Other Liabilities	294,139	277,394	6.0%
Long-term Debt	<u>3,047,482</u>	<u>3,175,986</u>	-4.0%
Total Liabilities	<u>3,341,621</u>	<u>3,453,380</u>	-3.2%
Deferred Inflows of Resources	<u>25,845</u>	<u>22,701</u>	13.8%
Net Position –			
Invested in Capital assets, Net of Related Debt	2,128,179	2,260,521	-5.9%
Restricted	505,519	472,340	7.0%
Unrestricted – (Deficit)	<u>20,020</u>	<u>(51,039)</u>	139.2%
Total Net Position	<u>\$ 2,653,718</u>	<u>\$ 2,681,822</u>	-1.0%

Changes in Net Position

	Total 2022	Total 2021	% Change
Revenues:			
Charges for Services	\$ 748,452	\$ 678,664	10.3%
Interest Earned	37	46	-19.6%
Grant Revenue	<u>0</u>	<u>0</u>	
Total Revenues	<u>748,489</u>	<u>678,710</u>	10.3%
Functions/Program Expenses –			
Administrative	26,074	15,408	69.2%
Professional Fees	54,073	76,580	-29.4%
Utility Operator	145,257	143,536	1.2%
Maintenance	110,722	119,816	-7.9%
Utilities	36,600	31,837	15.0%
Insurance	17,583	20,882	-15.8%
Depreciation	268,623	267,798	0.3%
Interest on Long-term Debt	<u>117,661</u>	<u>122,867</u>	-4.2%
Total Expenses	<u>776,593</u>	<u>798,724</u>	-2.8%
Decrease in Net Position	(28,104)	(120,014)	76.6%
Beginning Net Position	<u>2,681,822</u>	<u>2,801,836</u>	-4.3%
Ending net position	<u>\$ 2,653,718</u>	<u>\$ 2,681,822</u>	-1.0%

Capital Assets

At December 31, 2022 and 2021, the District had \$10,970,886 and 10,947,706 respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment.

During 2022, the District made \$23,180 in capital outlay, mostly related to the water system in Batchelor, LA.

Further detail on capital assets is presented in Note 4 on page 16.

	Business-type Activities	
	2022	2021
Land	\$ 148,358	\$ 148,358
Buildings	13,500	13,500
Utility property	10,809,028	10,785,848
Less Accumulated Depreciation	<u>(5,666,697)</u>	<u>(5,398,074)</u>
Totals	<u>\$ 5,304,189</u>	<u>\$ 5,549,632</u>

Economic Factors and Utility Rates

The District relies on user charges for their operations; therefore, activities are impacted by the number of users served and the consumption of water.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Edward Merrick, CPA at (225) 638-4501 or write to the District at 105 Gisele Street, New Roads, LA 70760.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



TWRU
CPAs & Financial Advisors

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA
STATEMENTS OF NET POSITION
(See Independent Auditors' Report and Accompanying Notes to Financial Statements)

	December 31,	
	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 99,959	\$ 101,390
Accounts Receivable (Net of Allowance of \$60,263 and \$55,037)	98,661	25,915
Other Receivable	2,966	-
Prepaid Expenses	12,388	8,626
TOTAL CURRENT ASSETS	<u>213,974</u>	<u>135,931</u>
RESTRICTED ASSETS:		
USDA Restricted Reserves	505,519	472,340
TOTAL RESTRICTED ASSETS	<u>505,519</u>	<u>472,340</u>
NON-CURRENT ASSETS:		
Capital Assets (Net of Accumulated Depreciation)	5,304,189	5,549,632
TOTAL NON-CURRENT ASSETS	<u>5,304,189</u>	<u>5,549,632</u>
TOTAL ASSETS	<u>\$ 6,023,682</u>	<u>\$ 6,157,903</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accounts Payable	21,492	\$ 23,620
Due to Related Party	4,394	10,084
Current Portion of Long-Term Debt	128,528	113,125
Accrued Interest Payable	8,836	-
TOTAL CURRENT LIABILITIES	<u>163,250</u>	<u>146,829</u>
NON-CURRENT LIABILITIES:		
Consumer Meter Deposits Payable	133,387	130,565
Long-Term Debt (Net of Current Portion)	3,047,482	3,175,986
TOTAL NON-CURRENT LIABILITIES	<u>3,180,869</u>	<u>3,306,551</u>
TOTAL LIABILITIES	<u>\$ 3,344,119</u>	<u>\$ 3,453,380</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unearned Water Sales	<u>\$ 25,845</u>	<u>\$ 22,701</u>
<u>NET POSITION</u>		
NET POSITION:		
Invested in Capital Assets	\$ 2,128,179	\$ 2,260,521
Restricted - USDA Funds	505,519	472,340
Unrestricted (Deficit)	20,020	(51,039)
TOTAL NET POSITION	<u>\$ 2,653,718</u>	<u>\$ 2,681,822</u>

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 (See Independent Auditors' Report and Accompanying Notes to Financial Statements)

	For the Year Ended December 31,	
	2022	2021
OPERATING REVENUES:		
Charges for Services		
Water Charges	\$ 730,017	\$ 657,249
Penalties	18,435	21,415
TOTAL OPERATING REVENUES	<u>748,452</u>	<u>678,664</u>
OPERATING EXPENSES:		
Accounting and Billing Fees	44,279	47,305
Board Member Compensation and Travel Reimbursements	7,121	6,942
Chemicals	6,462	4,135
Depreciation	268,623	267,798
Grass Cutting	1,170	3,336
Insurance	17,583	20,882
Meter Readers	26,685	25,661
Miscellaneous	12,116	6,654
Professional and Technical Services	9,794	29,275
Publishing	1,611	1,812
Repairs, Maintenance and Supplies	76,405	86,684
Uncollectible Accounts	5,226	-
Utilities	36,600	31,837
Utility Operator	145,257	143,536
TOTAL OPERATING EXPENSES	<u>658,932</u>	<u>675,857</u>
NET OPERATING INCOME (LOSS)	89,520	2,807
NONOPERATING (EXPENSES) REVENUES:		
Interest Income	37	46
Interest on Long-Term Debt and Other Charges	(117,661)	(122,867)
TOTAL NONOPERATING EXPENSES	<u>(117,624)</u>	<u>(122,821)</u>
CHANGE IN NET POSITION	(28,104)	(120,014)
NET POSITION - BEGINNING	<u>2,681,822</u>	<u>2,801,836</u>
NET POSITION - ENDING	<u>\$ 2,653,718</u>	<u>\$ 2,681,822</u>

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA
STATEMENTS OF CASH FLOWS

(See Independent Auditors' Report and Accompanying Notes to Financial Statements)

	For the Year Ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers	\$ 673,624	\$ 687,319
Payments to Suppliers	(390,973)	(415,190)
NET CASH PROVIDED BY OPERATING ACTIVITIES	282,651	272,129
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Meter Deposits Received net of Refunds	2,822	3,736
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	2,822	3,736
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Due to Related Party	(8,656)	(1,525)
Cash Paid for Capital Assets	(23,180)	(15,108)
Principal Paid on Capital Debt	(113,101)	(128,099)
Interest Paid on Capital Debt	(108,825)	(133,297)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(253,762)	(278,029)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Earned	37	46
NET CASH PROVIDED BY INVESTING ACTIVITIES	37	46
NET INCREASE IN CASH	31,748	(2,118)
CASH - BEGINNING OF YEAR	573,730	575,848
CASH - END OF YEAR	\$ 605,478	\$ 573,730
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income	\$ 89,520	\$ 2,807
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Cash Flows Reported in Other Categories		
Depreciation expense	268,623	267,798
Bad Debt Expense	5,226	-
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:		
Accounts Receivable	(77,972)	4,852
Prepaid Expenses	(3,762)	1,838
Accounts Payable	(2,128)	(8,969)
Unearned Water Charges	3,144	3,803
Net Cash Provided by Operating Activities	\$ 282,651	\$ 272,129

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA

NOTES TO BASIC FINANCIAL STATEMENTS

INDEX

	Page
Summary of Significant Accounting Policies	
Organization and Operations	12
Financial Reporting Entity	12
Basis of Presentation	12
Financial Statements	12
Fund Financial Statements	13
Proprietary Funds	13
Basis of Accounting	13
Operating Revenues and Expenses	13
Net Position	14
Fair Value Financial Statements	14
Deferred Inflows of Resources	14
Cash, Cash Equivalents, and Investments	14
Restricted Assets	14
Accounts Receivable and Bad Debts	15
Capital Assets	15
Estimates	15
Use of Restricted Resources	15
Concentration of Credit Risk	16
Reclassifications	16
Deposits with Financial Institutions	16
Accounts Receivable	17
Capital Assets	17
Long-Term Debt Obligations	18-20
Contingencies	20
Lease Agreement	20
Compensation Paid to Board Members	21
Maintenance Agreements	21
Financial Services & Billing Agreements	21
State Fees	21
Liquidity and Availability of Resources	22
Recent Accounting Pronouncements	22
Subsequent Events	22

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Waterworks District No. 2 of Pointe Coupee Parish, LA (the "District") was created by an ordinance of the Pointe Coupee Parish Police Jury on August 25, 1987 and October 13, 1987 under the authority of the provisions of Article VI, Section 19 of the 1974 Louisiana Constitution and R.S. 33:3811 et seq. The District provides potable water to portions of the Parish of Pointe Coupee. The District is governed by a board of five commissioners, who are residents of the District, appointed by the Pointe Coupee Parish Police Jury (PCP PJ) under the authority of R.S. 33:3813. All commissioners serve at the pleasure of the governing authority of the parish.

Financial Reporting Entity

The District is a component of the Parish of Pointe Coupee, the financial reporting entity. The Parish of Pointe Coupee is financially accountable for the District because it appoints a voting majority of the Board and has the ability to impose its will on the District. The District is economically dependent on the Parish of Pointe Coupee.

The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Parish of Pointe Coupee, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying component unit financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the District are discussed below.

Financial Statements

The District has adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"*. This statement provides that special purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of:

- Management's Discussion and Analysis (MD&A)
- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements
- RSI other than MD&A, if applicable

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, deferred inflows, deferred outflows, net position, revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The emphasis in fund financials is on the major funds in the business type activities. GASB No.34 sets forth minimum criteria for the determination of major funds. The District does not have any non-major funds.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The City reports an Enterprise fund type.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The Water Enterprise fund operates the City's water distribution system, which primarily serves Pointe Coupee Parish residents.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Business-type activities in the proprietary fund financial statements are presented on the accrual basis of accounting. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred. Non-exchange revenues, including grants, are reported when all eligibility requirements have been met.

Operating Revenues and Expenses

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District consists of water sales to residential and commercial users, including penalty charges, connection fees, and late charges. Operating expenses for District include the cost to distribute water, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Proprietary fund net positions are divided into three components:

Invested in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of borrowings that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - This component of net position consists of assets that are restricted by the District's creditors, by the state enabling legislation, by grantors, and by other contributors. This includes cash reserve funds as required by the loan agreements with USDA and cash for customer deposits.

Unrestricted net position - This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets."

Fair Value Financial Statements

The carrying value of cash, accounts receivable and operating liabilities approximate fair value due to the short-term maturity of these instruments.

Deferred Inflows of Resources

The District's statements of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to future periods. Deferred inflows of resources are reported in the statements of net position for unearned water revenue. The District will not recognize the related revenues until they are available under accrual basis accounting.

Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposit accounts. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana and investments in United States bonds, treasury notes and bills.

Cash is 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. Investments are stated at market value. As of December 31, 2022 and 2021, the District has no cash equivalents.

Restricted Assets

Restricted assets on the balance sheet represents funds held for accounts required by U.S. Department of Agriculture - Rural Development (reserve account, short lived asset account, and depreciation and contingency account).

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Bad Debts

Accounts receivable represent amounts owed to the District from customer water usage net of the allowance for doubtful accounts. The District establishes an allowance equal to account balances of terminated customers.

The District requires a deposit on account from its customers as a source of collateral.

Capital Assets

Additions to the utility plan in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; additions, improvements, and other capital assets with an original cost of \$5,000 or more are capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on depreciable property using the straight-line method. Estimated useful lives are as follows:

Water System	10 – 50 Years
Buildings	20 Years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward unrestricted resources and then toward restricted resources. Due to the nature of the restricted resources, all use of restricted resources must be approved by USDA.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Corporation extends credit to its customers, including governmental agencies, private homeowners and businesses. Although the majority of these customers are located in New Roads, Louisiana, the District does not believe that it is exposed to any significant credit risk in connection with the extension of credit to its customers.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose deposits that are insured with no custodial credit risk. GASB Statement 40 requires only the separate disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either: 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer. The deposits at December 31, 2022, consisted of the following:

	<u>Cash</u>	<u>Total</u>
Deposits in bank accounts per bank	\$ 605,478	\$ 605,478
Bank balances exposed to custodial credit risk:		
a) Uninsured and uncollateralized	355,478	355,478
b) Uninsured and collateralized with securities held by the pledging institution	-	-
c) Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name	-	-

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts Receivable consisted of the following as of December 31,

	<u>2022</u>	<u>2021</u>
Water Customers	\$ 67,968	\$ 80,952
Unbilled Receivables	90,956	-
Less: Allowance for Doubtful Accounts	<u>(60,263)</u>	<u>(55,037)</u>
Accounts Receivable, Net	<u>\$ 98,661</u>	<u>\$ 25,915</u>

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>01/01/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2022</u>
Land (not depreciated)	\$ 148,358	\$ -	\$ -	\$ 148,358
Buildings	13,500	-	-	13,500
Utility Property	<u>10,785,848</u>	<u>23,180</u>	<u>-</u>	<u>10,809,028</u>
	10,947,706	<u>\$ 23,180</u>	<u>\$ -</u>	10,970,886
Accumulated Depreciation	<u>(5,398,074)</u>	<u>\$ (268,623)</u>	<u>\$ -</u>	<u>(5,666,697)</u>
	<u>\$ 5,549,632</u>			<u>\$ 5,304,189</u>

	<u>01/01/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2021</u>
Land (not depreciated)	\$ 148,358	\$ -	\$ -	\$ 148,358
Buildings	13,500	-	-	13,500
Utility Property	<u>10,770,740</u>	<u>15,108</u>	<u>-</u>	<u>10,785,848</u>
	10,932,598	<u>\$ 15,108</u>	<u>\$ -</u>	10,947,706
Accumulated Depreciation	<u>(5,130,276)</u>	<u>\$ (267,798)</u>	<u>\$ -</u>	<u>(5,398,074)</u>
	<u>\$ 5,802,322</u>			<u>\$ 5,549,632</u>

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 5 – LONG-TERM DEBT OBLIGATIONS

The District's debt consists of USDA Bonded Debt. The following summarizes debt transactions for the year ended December 31, 2022:

	Balance 01/01/2022	Additions	Reductions	Balance 12/31/2022	Due Within One Year
\$451,300 Revenue	\$ 168,076	\$ -	\$ (19,604)	\$ 148,472	\$ 22,700
\$110,000 Revenue	72,083	-	(2,630)	69,453	2,995
\$556,000 Revenue	364,347	-	(13,292)	351,055	15,136
\$356,000 Revenue	247,352	-	(7,560)	239,792	8,609
\$1,250,000 Revenue	669,062	-	(35,488)	633,574	40,414
\$2,050,000 Revenue	1,768,191	-	(34,527)	1,733,664	38,674
	<u>\$ 3,289,111</u>	<u>\$ -</u>	<u>\$ (113,101)</u>	<u>\$ 3,176,010</u>	<u>\$ 128,528</u>

Long-term debt obligations for the District at December 31, 2022 are comprised of the following:

Revenue Bonds:

\$451,300 Waterworks Revenue Bonds, dated April 3, 1989, due in monthly installments of \$2,612 beginning April 1992 through August 2028, including interest at 6.25%	\$ 148,472
\$110,000 U.S. Department of Agriculture – RUS, dated April 3, 2001, due in monthly installments of \$505 beginning May 2001 through February 2039, including interest at 4.5%	69,453
\$556,000 U.S. Department of Agriculture – RUS, dated April 3, 2001, due in monthly installments of \$2,552 beginning May 2001 through February 2039, including interest at 4.5%	351,055
\$356,000 U.S. Department of Agriculture – RUS, dated June 7, 2001, due in monthly installments of \$1,602 beginning June 2001 through May 2041, including interest at 4.5%	239,792
\$1,250,000 U.S. Department of Agriculture – RUS, dated February 15, 2005, due in monthly installments of \$5,675 beginning February 2005 through January 2035, including interest at 4.5%	633,574
\$2,050,000 Waterworks Revenue Bonds, dated July 24, 2012, due in monthly installments of \$7,155 beginning August 2013 through July 2052, including interest at 2.75%.	<u>1,733,664</u>
Total Indebtedness	<u>\$3,176,010</u>

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 5 – LONG-TERM DEBT OBLIGATIONS (Continued)

Debt Service Requirements to Maturity

The annual requirements to amortize debt outstanding at December 31, 2022, are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 128,528	\$ 112,678	\$ 241,206
2024	134,151	107,055	241,206
2025	140,038	101,168	241,206
2026	146,205	95,001	241,206
2027	152,665	88,541	241,206
2028-2032	714,693	355,539	1,070,232
2033-2037	633,504	217,211	850,715
2038-2042	409,306	128,474	537,780
2043-2047	354,130	75,170	429,300
2048-2052	362,790	46,461	409,251
	<u>\$ 3,176,010</u>	<u>\$ 1,327,298</u>	<u>\$ 4,503,308</u>

Bond Restrictions

In accordance with the indentures governing the revenue bonds, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability to be serviced by the earnings of the District. Deposits are made to these trust accounts in accordance with the requirements as follows: All revenue derived from operations are to be deposited in a "Revenue Fund" in a bank that is a member of Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.

Required monthly transfers from the "Revenue Fund" are to be made into a "Bond Fund" to provide payment of the next maturing interest and principal of the revenue bonds. The District has opted to make monthly payments on the bonds instead of annual payments; therefore, the use of the "Bond Fund" is not required.

Required monthly transfers of \$358 are to be made from the "Revenue Fund" into a "Reserve Fund" until a sum equal to the highest annual principal and interest on all outstanding bonds of the District. As of December 31, 2022, this is \$241,206 until the year 2027. This fund is restricted to payment of principal and interest in case of default. At December 31, 2022, \$136,487 has accumulated in this fund.

Required monthly transfers of \$358 are to be made from the "Revenue Fund" into a "Depreciation and Contingency Fund". This fund is restricted to payments for unusual or extraordinary maintenance and repairs. Replacement and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the "Bond Fund" or "Reserve Fund". At December 31, 2022, \$122,117 has accumulated in this fund. Management has suspended making payments to these two funds and has been instructed by USDA that no additional annual funding is required.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 5 – LONG-TERM DEBT OBLIGATIONS (Continued)

Required monthly transfers of \$3,013 are to be made from the "Revenue Fund" into a "Short Lived Asset Fund". This fund is restricted to payments for replacement and repairs of assets. At December 31, 2022, \$246,915 has accumulated in this fund.

	Short Lived Asset Fund	Reserve Fund	Depreciation & Contingency Fund
Balance – December 31, 2021	\$ 213,755	\$ 136,477	\$ 122,108
Monthly Deposits	33,143	-	-
Interest Earned	17	10	9
Distribution(s) Authorized by USDA	<u>-</u>	<u>-</u>	<u>-</u>
Balance – December 31, 2022	\$ 246,915	\$ 136,487	\$ 122,117
Amount Required by Bond Resolutions	<u>202,191</u>	<u>120,603</u>	<u>120,603</u>
Surplus – December 31, 2022	<u>\$ 44,724</u>	<u>\$ 15,884</u>	<u>\$ 1,514</u>

USDA has communicated to management that because the combined balances are in a net surplus, the funds are considered in compliance.

NOTE 6 – CONTINGENCIES

Litigation

There is no pending litigation against the District.

Environmental Contingencies

Management of the District is not aware of any unrecorded material environmental commitments or contingent environmental liabilities. Environmental contingencies have been mitigated by testing of the water systems on a regular basis and providing the test results to the proper environmental authorities.

NOTE 7 - LEASE AGREEMENT

On April 4, 1989, a lease was obtained from Perry Glenn Gustin for a certain lot of land for the purpose of constructing and operating a water district plant and system. The lease was made and accepted for a term of fifty (50) years, effective April 3, 1989, and ending April 3, 2039. The agreement was amended on November 30, 1989 and then again on July 1, 1999. The rental for the use of this property is free water usage for his present household and shop building during the term of the lease at the rate of \$42 per month or \$502 per annum.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 8 – COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the board members is as follows:

	<u>2022</u>	<u>2021</u>
Van J. Debetaz	\$ 1,300	\$ 1,300
Marvin Losavio	1,200	1,300
Mark Major	1,300	1,200
Ron Pourciau	1,100	1,000
Kelly Rivet	<u>1,100</u>	<u>1,100</u>
	<u>\$ 6,000</u>	<u>\$ 5,900</u>

NOTE 9 - MAINTENANCE AGREEMENT

The District entered into a maintenance agreement with M & C Water, L.L.C. ("Contractor") for the maintenance of all service lines to minimum standards of the State of Louisiana, maintenance of eight wells, after hour call outs for necessary repairs and maintenance, disconnect water service, and attendance at board meetings. The Contractor is to be paid \$5.02 per meter or approximately \$8,300 per month for all routine service, \$175 or \$200 per new service taps, \$100 per hour for repairs, \$1 per meter for readings, \$50 per disconnect service, and \$100 per hour to repair hydrants. The Agreement was renewed on November 1, 2008 and renewed again in November, 2011. Fees incurred under the agreement for the year ended December 31, 2022 and 2021 were \$145,351 and \$143,431, respectively.

NOTE 10 - FINANCIAL SERVICES & BILLING AGREEMENTS

The District has entered into a financial service and billing agreement with Merrick & Hogan, CPAs for accounting and billing services. For the year ended December 31, 2022 and 2021, fees and reimbursed costs incurred under the agreements amounted to \$48,508 and \$51,252, respectively.

NOTE 11 – STATE FEES

Certain fees required by the Louisiana Department of Health and Hospitals are passed on to the District's customers. These fees are billed, collected, and remitted to the appropriate state agency and are not included in the revenues and expenses of the District.

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 12 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The District's financial assets available within one year of the balance sheet date for general expenses are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents- Operating	\$ 605,478	\$ 573,730
Accounts receivable	98,661	25,915
Prepaid expenses	<u>12,388</u>	<u>8,626</u>
Total Current Assets	<u>\$ 716,527</u>	<u>\$ 608,271</u>

Certain assets are restricted by lenders for specific purposes and, therefore, are not available for general expenses. As part of the District's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. Although the District does not intend to spend from its restricted assets other than the amounts appropriated for general expenses as part of its annual budgeting process, amounts from its restricted assets could be made available if necessary.

NOTE 13 – RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issues ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets. The standard will require organizations to recognize on the statement of net position the assets and liabilities for the rights and obligations created by those leases if the least terms are more than 12 months. The guidance also will require qualitative and quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for the fiscal year beginning after December 15, 2020, including interim periods within those fiscal years. The District is evaluating the potential impact of the amendment on future financial statements

NOTE 14 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 30, 2024, which is the date the financials were available to be issued.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on internal control and on compliance with laws and regulations and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the basic financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

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*

Board of Directors
Waterworks District No. 2 of Pointe Coupee Parish, LA
New Roads, 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 Waterworks District No. 2 of Pointe Coupee Parish, LA (the District), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2024.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion 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.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
September 30, 2024

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2022

Section A – Summary of Auditors’ Reports

- The auditors’ report expresses an unmodified opinion on the financial statements of the Waterworks District No. 2 of Pointe Coupee Parish, LA.
- No deficiencies were disclosed during the audit of the financial statements.
- No instances of noncompliance were disclosed during the audit of the financial statements.

Section B – Findings Relating to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards

2022-001 – Late filing of audit with Louisiana Legislative Auditor

Fiscal year finding initially occurred: 2022

CONDITION – The District did not submit the audited financial statements to the Louisiana Legislative Auditor by the extended due date.

CRITERIA – L.R.S. 24:513 provides that the financial statements are to be filed with the Legislative Auditor within six-months of the close of the fiscal year plus approved extensions.

CAUSE – The CPA firm was understaffed and the audit was not completed timely.

EFFECT – According to the Legislative Auditor of the State of Louisiana, failure to comply with the six-month plus approved extensions statutory submission of the financial reports is a reportable instance of noncompliance with state law.

RECOMMENDATION – Management should get the audit firm to start the audit earlier to ensure timely completion in future period.

MANAGEMENT’S CORRECTIVE ACTION PLAN – In the future the District will contract with the audit firm to start the audit within 90 days of year end and ask for audit to be delivered in advance of the six month deadline.

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2021

Section A – Summary of Auditors’ Reports

- The auditors’ report expresses an unmodified opinion on the financial statements of the Waterworks District No. 2 of Pointe Coupee Parish, LA.
- No deficiencies were disclosed during the audit of the financial statements.
- No instances of noncompliance were disclosed during the audit of the financial statements.

Section B - Findings Relating to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards

2021-001 – Late filing of audit with Louisiana Legislative Auditor

Fiscal year finding initially occurred: 2021

CONDITION – The District did not submit the audited financial statements to the Louisiana Legislative Auditor by the extended due date.

CRITERIA – L.R.S. 24:513 provides that the financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year plus approved extensions.

CAUSE – The CPA firm was understaffed and the audit was not completed timely.

EFFECT – According to the Legislative Auditor of the State of Louisiana, failure to comply with the six-month plus approved extensions statutory submission of the financial reports is a reportable instance of noncompliance with state law.

RECOMMENDATION – Management should get the audit firm to start the audit earlier to ensure timely completion in future period.

MANAGEMENT’S CORRECTIVE ACTION PLAN – In the future the District will contract with the audit firm to start the audit within 90 days of year end and ask for audit to be delivered in advance of the six month deadline for the year ending December 31, 2022.

Supplemental Information Required by USDA

(Unaudited)



TWRU
CPAs & Financial Advisors

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Supplemental Information Required by USDA (Unaudited)

December 31, 2022 and 2021

Water Customers and Rates

At December 31, 2022, the District billed the following number of customers:

<u>Rate Code/Description</u>		<u>Customers</u>	<u>Rate</u>
W1 – Residential	1,454	\$ 14.64 – 1 st 2,000 gallons	
		\$ 4.28 – per thousand, over 2,000 gallons	
W2 – Commercial	23	\$ 43.94 – 1 st 10,000 gallons	
		\$ 4.28 – per thousand, over 10,000 gallons	
W4 – Industrial	2	\$ 925.89 – 1 st 1,000,000 gallons	
		\$ 4.28 – per thousand, over 1,000,000 gallons	
W5 – Batchelor Elementary	1	\$ 450.00 – per month flat rate	
W6 – P. C. Central High	1	\$ 1,500.00 – per month flat rate	
W7 – Camps	87	\$ 15.01 – 1 st 2,000 gallons	
		\$ 4.18 – per thousand, next 8,000 gallons	
		\$ 4.28 – per thousand, over 10,000 gallons	
W8 – Farmers	40	\$ 23.0448 – 1 st 2,000 gallons	
		\$ 4.28 – per thousand, over 2,000 gallons	
W9 – Sheriff	31	\$ 23.0448 – 1 st 2,000 gallons	
		\$ 4.28 – per thousand, over 2,000 gallons	
W10 – Governmental	0	\$ 43.94 – 1 st 10,000 gallons	
		\$ 4.28 – per thousand, over 10,000 gallons	

Aged Accounts Receivable

At December 31, 2022, the receivables due from customers are as follows:

	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91-120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Gross Billed	\$ 0	\$ 5,230	\$ 2,669	\$ 2,247	\$ 57,822	\$ 67,968
Gross Unbilled	90,956	0	0	0	0	90,956
Allowance	(0)	(121)	(1,324)	(1,351)	(57,467)	(60,263)
Net	<u>\$ 90,956</u>	<u>\$ 5,109</u>	<u>\$ 1,345</u>	<u>\$ 896</u>	<u>\$ 355</u>	<u>\$ 98,661</u>

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

Supplemental Information Required by USDA (Unaudited)

December 31, 2022 and 2021

Issuer/Insurer	Insurance in Force		Coverage Effective Dates
	Type of Insurance	Limit Description	
Cazayoux Insurance Agency/ American Alternative Insurance Corporation			07/31/22 – 07/31/23
	General Liability: Bodily injury and property damage	Per occurrence	\$ 1,000,000
		Aggregate	\$ 3,000,000
		Medical expense Per accident	\$ 10,000
	Personal injury and advertising injury	Per person or organization	\$ 1,000,000
		Aggregate	\$ 3,000,000
	Professional liability	Per claim	\$ 1,000,000
		Aggregate	\$ 3,000,000
	Directors and Officers	Occurrence	\$ 1,000,000
		Aggregate Limit	\$ 3,000,000
	Cyber Liability	Occurrence	\$ 1,000,000
	Umbrella Policy	Per person	\$ 1,000,000
		Aggregate	1,000,000
	Property	Replacement Cost	\$ 6,050,863
		Loss of Income	\$ 250,000
		Extra Expenses	\$ 250,000
Smith - LBA Insurance CNA Surety	Fidelity Bond		05/15/22 – 05/15/23
		Per Occurrence	\$ 241,206



Other Supplemental Information

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA

SCHEDULES OF COMPENSATION, REIMBURSEMENTS, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD, POLITICAL SUBDIVISION HEAD, OR CHIEF EXECUTIVE OFFICER

For the Year Ended December 31, 2022 and 2021

Agency Head Name: There is no agency head, political subdivision head or chief executive officer.

Board Members were paid the following in non-employee compensation for attending board meetings.

	<u>2022</u>	<u>2021</u>
Van J. Debetaz	\$ 1,300	\$ 1,000
Marvin Losavio	1,200	1,000
Mark Major	1,300	1,100
Ron Pourciau	1,100	1,000
Kelly Rivet	<u>1,100</u>	<u>900</u>
	<u>\$ 6,000</u>	<u>\$ 5,100</u>

Board Members were paid the following in travel reimbursement for attending board meetings.

	<u>2022</u>	<u>2021</u>
Van J. Debetaz	\$ 335	\$ 257
Marvin Losavio	309	283
Mark Major	167	142
Kelly Rivet	<u>311</u>	<u>158</u>
	<u>\$ 1,122</u>	<u>\$ 840</u>

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Waterworks District No. 2 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Waterworks District No. 2 (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022, through December 31, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- I. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules. ***Not applicable.***
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

- h) **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). *Not Applicable.*
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **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.

Finding: *With regards to all items except "e" and "h", the Entity has no written procedures within the organization resulting in findings for all written policies and procedures excluding the two mentioned above. Payroll and credit cards were not applicable*

Management's Response: *Management is a small organization with no employees. It is run by a board and an outside CPA firm. Practices are in place and followed consistently, but no policies are documented.*

2) Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - 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 noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, 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 if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Finding: *Budget to actual comparisons were not provided to the board.*

Management's Response: *Monthly financials are reviewed with the CPA and the board.*

- 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.

Not Applicable – only one fund – an enterprise fund.



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- 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.

Not applicable-no prior year audit findings.

3) Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 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 or electronically logged);

No exceptions noted.

- 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

Finding: Reconciliations do not include written evidence that a member of the board who does not handle cash has reviewed the reconciliation.

Management response: Accounts with monthly activity are reconciled monthly by the outside CPA firm and reviewed by the board. Board members sign checks. Due to the small nature of the entity there is no one without authority over cash to review documents.

- 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.

Finding: Reconciliations include outstanding items over 12 months old.

Management response: The amounts are not material.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 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 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;



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- 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.

Not Applicable – no employees - all payments made by outside CPA firm and reviewed by the board/

- 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.

Not Applicable – no employees. CPA firm handles all cash and their insurance covers any potential loss.

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

Finding: Pre-numbered deposit slips are not used. Person making deposits also posts deposits into accounting system.

Management response: Due to the small nature of the entity and fact that there are no employees and only CPA handles deposits and accounting duties, management feels risk is low.. All cash activity is reviewed by the board monthly.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. 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
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;



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- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- e) 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.

Finding: *There are no employees. One person from the hired CPA firm handles all steps in the process*

Management response: *Due to the small nature of the entity the fact that there are no employees and that CPA firm handles all transactions, risk is considered low. All cash activity is reviewed by the board monthly.*

10. 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
 - 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.

Finding: *There are no employees. One person from the hired CPA firm handles all steps in the process*

Management response: *Due to the small nature of the entity the fact that there are no employees and that CPA firm handles all transactions, risk is considered low. All cash activity is reviewed by the board monthly.*

11. 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. **Not applicable.**

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards) – NOT APPLICABLE

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

other than the authorized card holder (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

- b) 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). 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.

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);
 - 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.

No exceptions noted.

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;
 - 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);



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- 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
- 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 Noted.

9) Payroll and Personnel – NOT APPLICABLE

- A. Obtain a listing of employees and officials 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 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.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. 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

No exceptions noted.

- b. 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.

No changes, not applicable.

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

Finding: The Entity has no ethics designee.

*Management Response: The Board Chairman makes sure all ethics requirements are met.
We will update our Policies and Procedures to include these discrepancies.*

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 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).

No exceptions noted.

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.

Not applicable.

- 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.

Not applicable – entity has no premises or website.

13) Information Technology Disaster Recovery/Business Continuity

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

"We performed the procedure and discussed the results with management."

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

Not applicable.

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 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).
- 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.
 - vi. Amount of time it took to resolve each complaint.

Finding: The Board members have not obtained sexual harassment training. The entity has no premise or website to post policy on. No annual sexual harassment

Management's Response: The Entity has no employees and was not aware Board members were required to obtain sexual harassment training and file the annual report.

We were engaged by Entity 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 Entity 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.

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CPAs & Financial Advisors
Baton Rouge, Louisiana
May 4, 2025