

# Avoyelles Parish Waterworks District #1

A Component Unit of the Avoyelles Parish Police Jury  
Bordelonville, Louisiana

Annual Financial Statements  
with Independent Auditor's Report

As of and For the Year Ended  
June 30, 2022  
with Supplemental Information Schedules

**KENNETH D. FOLDEN & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS, LLC

302 EIGHTH STREET  
JONESBORO, LA 71251  
(318) 259-7316

FAX (318) 259-7315  
ahuckaby@foldenpa.com

Avoyelles Parish Waterworks District #1  
Annual Financial Statements  
with Independent Auditor's Report

As of and for the year ended June 30, 2022  
with Supplemental Information Schedules

Contents

	Statement	Page
<b>Independent Auditor's Report</b>		3 - 5
<b>Basic Financial Statements</b>		
Statement of Financial Position	A	7
Statement of Activities	B	8
Statement of Cash Flow	C	9
Notes to the Financial Statements		11 - 21
<b>Independent Auditor's Report on Internal Control and on Compliance and Other Matters</b>		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		22 - 23
<b>Supplemental Information Schedules</b>		
Schedule of Compensation of Agency Head	1	25
Schedule of Board of Directors	2	26
Schedule of Insurance in Force	3	27 - 28
Schedule of Rates and Users	4	29
Schedule of Findings and Questioned Costs	5	30
<b>Statewide Agreed-Upon Procedures</b>		
Independent Accountant's Report on Applying Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures		31 - 40
Louisiana Agreed-Upon Procedures Representation Form		41 - 43



KENNETH D. FOLDEN & CO.

Certified Public Accountants, LLC

Kenneth D. Folden, CPA  
kfolden@foldencpa.com

302 Eighth Street, Jonesboro, LA 71251  
Phone: (318) 259-7316 • Fax: (318) 259-7315

Alayna C. Huckaby, CPA  
ahuckaby@foldencpa.com

**Independent Auditor's Report**

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

**Opinions**

We have audited the accompanying financial statements of the business-type activities and each major fund of the Avoyelles Parish Waterworks District #1, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Avoyelles Parish Waterworks District #1'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 financial position of the business-type activities and each major fund of the Avoyelles Parish Waterworks District #1, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the 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 Avoyelles Parish Waterworks District #1, 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.

**Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 Avoyelles Parish Waterworks District #1'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 Avoyelles Parish Waterworks District #1'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 Avoyelles Parish Waterworks District #1'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**

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Avoyelles Parish Waterworks District #1's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head, the Schedule of Board of Directors, the Schedule of Insurance in Force, and the Schedule of Rates and Users are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head, the Schedule of Board of Directors, the Schedule of Insurance in Force, and the Schedule of Rates and Users are the responsibility of management and were derived from and relates 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, Benefits, and Other Payments to Agency Head, the Schedule of Board of Directors, the Schedule of Insurance in Force, and the Schedule of Rates and Users are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2022 on our consideration of the Avoyelles Parish Waterworks District #1'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 Avoyelles Parish Waterworks District #1's internal control over financial reporting and compliance.

*Kenneth D. Folden & Co., CPAs, LLC*

Jonesboro, Louisiana  
December 30, 2022

# **BASIC FINANCIAL STATEMENTS**

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Statement of Net Position - Proprietary Fund  
As of June 30, 2022

**Assets**

## Current Assets:

Cash and equivalents	\$	232,562
Investments		207,943
Accounts receivable		56,074
Prepaid expenses		1,000
Inventory		21,115
<b>Total Current Assets</b>		<u>518,694</u>

## Noncurrent Assets:

Cash and equivalents - restricted		275,196
Investments - restricted		26,076
Capital assets (net of accumulated depreciation)		1,819,596
<b>Total Noncurrent Assets</b>		<u>2,120,868</u>

**Total Assets** \$ 2,639,562

**Liabilities**

## Current Liabilities:

Accounts payable	\$	21,288
Interest payable		17,098
Payroll liabilities		14,859
Bond Administrative Fee payable		2,898
<b>Total Current Liabilities</b>		<u>56,143</u>

## Current liabilities payable from restricted assets

Customer meter deposits	<u>90,920</u>
-------------------------	---------------

## Non-Current Liabilities:

Due within one year	60,000
Due in more than one year	1,099,168
<b>Total Non-Current Liabilities</b>	<u>1,159,168</u>

**Total Liabilities** 1,306,231

**Net Position**

Net investment in capital assets	660,429
Restricted	200,164
Unrestricted	472,741
<b>Total Net Position</b>	<u>\$ <u>1,333,334</u></u>

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

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended June 30, 2022

**Operating Revenues**

Water sales	\$	487,983
Tap fees		6,130
Reconnect fees		1,450
Safe Drinking Water fee		23,412
Billing adjustments		(186)
Miscellaneous income		39,990
Total operating revenues		558,779

**Operating Expenses**

Personnel services		233,329
Supplies		78,274
Utilities		72,336
Repairs and maintenance		6,036
Contractual services		47,096
Miscellaneous		28,925
Depreciation		104,678
Total operating expenses		570,674

**Operating Income (Loss)**

(11,895)

**Non-operating Revenues (Expenses)**

Interest earnings		1,192
Interest expense		(33,239)
Bond administrative fee		(5,634)
Total non-operating revenues (expenses)		(37,681)

**Capital Contributions**

Capital contribution in aid of construction - DWRLF		71,230
Total non-operating revenues (expenses)		71,230

**Change in net position**

21,654

**Total Net Position - June 30, 2021**

1,311,678

**Total Net Position - June 30, 2022**

\$ 1,333,332

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



Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Statement of Cash Flows - Proprietary Fund  
For the Year Ended June 30, 2022

**Cash flows from operating activities**

Cash received from customers	\$ 504,447
Cash payments to suppliers for goods and services	(185,841)
Cash payments to employees	<u>(233,329)</u>
Net cash provided by (used for) operating activities	<u>85,277</u>

**Cash flows from capital and related financing activities**

Acquisition of capital assets	(313,476)
Bond principal payments	(50,000)
Bond interest	(31,516)
Bond administrative fee	(5,342)
Proceeds from loan	<u>237,856</u>
Net cash provided by (used for) capital and related financing activities	<u>(162,478)</u>

**Cash flows from investing activities**

Interest income	326
Other expense	<u>(5,082)</u>
Net cash provided by (used for) investing activities	<u>(4,756)</u>

**Net increase (decrease) in cash and cash equivalents** (81,957)

**Cash and cash equivalents - June 30, 2021** 589,715

**Cash and cash equivalents - June 30, 2022** \$ 507,758

**Reconciliation of operating income to net provided by operating activities**

Operating income	\$ (11,894)
Adjustments	
Depreciation	104,678
Net changes in assets and liabilities	
Accounts receivable	(25,159)
Customers' security deposits	1,112
Accounts payable	13,648
Payroll liabilities	<u>2,892</u>
Net cash provided for (used for) operating activities	<u><u>\$ 85,277</u></u>

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

**NOTES TO THE  
FINANCIAL STATEMENTS**

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2022

**INTRODUCTION**

The Avoyelles Parish Waterworks District #1 (District), a component unit of the Avoyelles Parish Police Jury, was created on February 5, 1969 by the Avoyelles Parish Police Jury. The District operates under a president-board form of government whose appointments are made by the Avoyelles Parish Police Jury. The District serves 1,260 customers.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying 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 District applies all relevant GASB pronouncements, as applicable to governmental entities. Also, the District's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

**B. Reporting Entity**

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a general purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the District for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
  - i. The ability of the government to impose its will on that organization and/or
  - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2022

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, the Avoyelles Parish Waterworks District #1 is a component unit of the Avoyelles Parish Police Jury.

**C. Fund Financial Statements**

The accounts of the Avoyelles Parish Waterworks District #1 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the District is classified into one category: proprietary.

*Proprietary Funds*

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges: or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

The Enterprise Fund of the Avoyelles Parish Waterworks District #1 is the Public Utility Fund, which accounts for the operations of the waterworks systems. The intent of the District for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2022

**D. Equity Classifications**

The Avoyelles Parish Waterworks District #1 has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

**E. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Avoyelles Parish Waterworks District #1 may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The District may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The District reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2022

**F. Investments**

The Avoyelles Parish Waterworks District #1's investments comply with Louisiana Revised Statute 33:2955. Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement.

In accordance with paragraph 69 of GASB Statement No. 72, the District reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

**G. Inventories**

Inventories consist of parts and materials and are recorded as an expense when consumed. Inventories are valued at the lower of cost, utilizing the first in-first out method of valuation.

**H. Prepaid Expenses**

Certain payments to vendors represent payments for future periods and are therefore reported as prepaid expense.

**I. Restricted Assets**

Certain proceeds are classified as restricted assets on the Statement of Net Position because applicable laws and regulations limit their use. Restricted assets of the proprietary fund include:

1. Meter funds are used to account for customers' meter deposits received from and returned to customers.
2. Capital Projects Construction Fund is used to account for bond proceeds to be expended for construction, improvements, and expansions to the waterworks system and as otherwise provided in the bond resolution.
3. Water Revenue Bond Sinking Funds (Debt Service Fund) is used to establish funds sufficient in amount to pay promptly and fully the principal and interest on the Bonds in a manner provided by the Bond Resolution. Transfers are made monthly from the water district operating account (Revenue Fund) under a formula provided by the bond covenants.
4. Water Revenue Bond Reserve Fund is to be funded monthly with a sum equal to twenty five percent (25%) of the amount to be paid into the Sinking Fund with respect to the Bonds, the payments to continue until such time as there have accumulated in the account a sum equal to the Reserve Fund Requirement. Moneys in the account shall be used only to make payments solely on the Bonds as to which there would otherwise be default.

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2022

5. Water Revenue Bond Depreciation and Contingencies Fund is established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system, by transferring funds in the Revenue Fund after making payments required by (2), (3) and (4) above to the Contingencies Fund monthly, the amount equal to a sum of five percent (5%) of the Net Revenues for the preceding month, provided that such sum is available, until there has been accumulated a sum of one hundred thousand dollars (\$100,000), whereupon payments may cease and need be resumed thereafter only if the total amount of money on deposit in said fund is reduced below the sum of one hundred thousand dollars (\$100,000), in which event such payments shall be resumed and continue until said maximum amount is again accumulated. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingencies Fund may also be used to pay the principal of and the interest on bonds for the payment of which there is not sufficient money the Debt Service Fund and Reserve Fund, unless use of said money will leave in Contingencies Fund for the making of emergency repairs or replacements less than the sum of fifteen thousand dollars (\$15,000). The Contingency Fund is currently at its maximum of \$100,000.

**J. Capital Assets**

The cost of property, plant and equipment, including significant betterments to existing facilities and infrastructure, is recorded in the enterprise fund on its balance sheet. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible capital assets are charged as an expense against operations and has been computed under the straight - line method based on the estimated useful lives of the individual assets. Estimated useful lives are as follows:

Description	Estimated Lives
Distribution system	50 years
Storage tanks	40 years
Pumping stations and buildings	20 years
Other equipment	3-10 years
Software	5 years

All capital assets are stated at historical cost, donated assets are valued at their estimated fair value on the date donated. For the fiscal year ended June 30, 2022, there was no interest charges capitalized on capital assets acquired or constructed.

**K. Deferred Outflows of Resources**

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The District reported no deferred outflows of resources.

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2022

**L. Compensated Absences**

The District has adopted a policy for paid vacation and sick leave for all full time employees. Employees with 1-5 years of service are granted 14 days annual leave; employees with over 5 years of service are granted 14 days annual leave plus 1 day for each additional year of service to a maximum of 25 days. Unused vacation leave is lost at the end of the calendar year. Employees hired before June 30, 1996 are allowed to carry forward any unused vacation leave as of that date, however, vacation leave earned after that date is non-cumulative. Sick leave may be accumulated indefinitely. At June 30, 2022, the amount of unused paid leave is reported in these financial statements.

**M. Deferred Inflows of Resources**

The District reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The District will not recognize the related revenues until a future event occurs. The District reported no deferred inflows of resources.

**N. Estimates**

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

**2. Cash, Cash Equivalents, and Investments**

At June 30, 2022, the District had cash and equivalents (book balances) totaling \$507,758, detailed below.

The District may invest in United States bonds, treasury notes, or certificates of deposit at state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, an investment stipulated in Louisiana Revised Statute 39:1271, or any other federally insured investment.

At June 30, 2022, the District had investments totaling \$233,561.

	Unrestricted	Restricted	Total
Petty cash and change funds	\$ 500	\$ -	\$ 500
Demand deposits	38,394	275,196	313,589
Money market account	193,669	-	193,669
Total cash and cash equivalents	<u>232,562</u>	<u>275,196</u>	<u>507,758</u>
Certificates of deposit	207,486	26,076	233,561
Total	<u>\$ 440,048</u>	<u>\$ 301,272</u>	<u>\$ 741,319</u>



Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2022

**3. Receivables**

The receivables of \$55,307 at June 30, 2022, are as follows:

Customer accounts receivable		
Current	\$	48,098
0-30		2,502
31-60		30
Over 60		4,677
Nonsufficient Funds		767
Total customer accounts receivable		56,074
Due from Louisiana Department of Health and Hospitals		-
Total	\$	56,074

**4. Prepaid Expenses**

The prepaid expenses of \$1,000 at June 30, 2022, are a cylinder deposit.

**5. Restricted Assets**

Restricted asset activity for the year ended June 30, 2022, are as follows:

Account Name	Balances June 30, 2021	Increases	Decreases	Balances June 30, 2022
Construction account checking	\$ 100	\$ 237,856	\$ (237,856)	100
Meter deposit checking	73,744	8,522	(7,334)	74,932
Meter deposit certificate of deposits	26,076	-	(0)	26,076
Water revenue bond sinking fund	48,439	86,858	(86,858)	48,439
Water revenue bond reserve fund	51,725	-	-	51,725
Water revenue bond depreciation & contingency fund	100,000	-	-	100,000
Total	\$ 300,083	\$ 333,237	\$ (332,048)	\$ 301,272

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2022

**6. Capital Assets**

The following is a summary of the capital asset activity for the year ended June 30, 2022:

	Balance, July 01, 2021	Additions	Deletions	Balance, June 30, 2022
Capital assets not depreciated				
Land	\$ 31,720		\$	\$ 31,720
Construction in progress				
Total capital assets not being depreciated	<u>31,720</u>	-	-	<u>31,720</u>
Capital assets being depreciated				
Water system	2,771,043	313,476	-	3,084,519
Buildings	116,750	-	-	116,750
Equipment	205,410	-	-	205,410
Office equipment	14,477	-	-	14,477
Total capital assets being depreciated	<u>3,107,680</u>	<u>313,476</u>	-	<u>3,421,156</u>
Less accumulated depreciation				
Water system	1,300,752	86,244	-	1,386,995
Buildings	54,932	2,964	-	57,896
Equipment	158,442	15,471	-	173,912
Office equipment	14,477	-	-	14,477
Total accumulated depreciation	<u>1,528,602</u>	<u>104,678</u>	-	<u>1,633,280</u>
Capital assets, net	<u>1,579,078</u>	<u>208,798</u>	-	<u>1,787,876</u>
Business-type capital assets - net	<u>\$ 1,610,798</u>	<u>\$ 208,798</u>	<u>\$ -</u>	<u>\$ 1,819,596</u>

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2022

**7. Long-Term Liabilities**

**Water Revenue Bonds - Series 2015**

Long-term liability activity for the year ended June 30, 2022, is as follows:

Type of Debt	Balances June 30, 2021	Additions	Deductions	Balances June 30, 2022	Amounts Due In One Year
Water revenue bonds-Series 2015	\$ 1,042,668	\$ 166,499	\$ (50,000)	\$ 1,159,168	\$ 60,000
Total	<u>\$ 1,042,668</u>	<u>\$ 166,499</u>	<u>\$ (50,000)</u>	<u>\$ 1,159,168</u>	<u>\$ 60,000</u>

The District issued Taxable Water Revenue Bond, Series 2015 through the Louisiana Department of Health and Hospitals Water Revolving Loan Fund Program in the amount not to exceed \$2,100,000 with a fixed interest rate of 2.95% and an administrative fee of 0.5%. The guidelines of this program forgives 30% of the principal amount of each draw up to the maximum amount of principal forgiveness of \$630,000. The proceeds from this bond issue are used for the construction and acquisition of improvements to the System, specifically the construction and site preparation for a booster plant, water well and purchase and installation of radio read meters. During the year ended June 30, 2022, loan proceeds received totaled \$237,856, with \$71,357 of the principal forgiven, for a net loan proceed amount of \$166,499.

This Bond shall mature in twenty (20) installments of principal, payable annually on each December 1, and each annual installment shall be the applicable percentage shown in the following table, rounded to the nearest One Thousand Dollars (\$ 1,000) of the outstanding principal amount of this Bond of the day before the applicable Principal Payment Date.

Date (December 1)	Percentage of Principal	Date (December 1)	Percentage of Principal
2017	3.554%	2027	8.544%
2018	3.812%	2028	9.664%
2019	4.100%	2029	11.067%
2020	4.423%	2030	12.874%
2021	4.787%	2031	15.286%
2022	5.202%	2032	18.667%
2023	5.676%	2033	23.743%
2024	6.226%	2034	32.209%
2025	6.868%	2035	49.152%
2026	7.629%	2036	100.000%

The principal payment is due December 1. The principal payment for December 1, 2021 was \$50,000. Interest is payable semi-annually on June 1 and December 1. Interest paid during the fiscal year ending June 30, 2022 was \$33,239, and reported as interest expense.

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2022

**8. Payables**

The payables of \$36,147 at June 30, 2022, are as follows:

Accounts	\$	21,288
Payroll liabilities		<u>14,859</u>
Total	\$	<u><u>36,147</u></u>

**9. Intergovernmental Receivable and Revenue**

The District recognized a capital contribution in aid of construction of \$71,230 related to the Louisiana Department of Health and Hospitals Drinking Water Revolving Loan Fund forgiveness of 30% of total loan proceeds received in the current fiscal year.

**10. Restricted Net Position**

In accordance with the terms of the security provisions and protective covenants for the Water Revenue Bonds - Series 2015, the District has restricted the following net position for debt service at June 30, 2022:

Debt service	\$	48,439
Bond service		51,725
Contingencies		<u>100,000</u>
	\$	<u><u>200,164</u></u>

**11. Retirement Systems**

Employees of the District are not covered under a State of Louisiana multi-employer plan. They are members of the social security retirement system.

**12. Grants**

The Louisiana Department of Health and Hospitals purchase of the Water Revenue Bonds - Series 2015 was financed by the Drinking Water Revolving Loan Fund, a federal program operated through the United States Environmental Protection Agency (EPA), amounts received are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the District. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**13. Risk Management**

The District is exposed to various risks of loss for which the District purchases commercial insurance. The District maintains insurance policies to cover risks related to workers compensation, general liability, public officials errors and omissions, commercial property damage, and automobile coverage, including collision. There have been no reductions in insurance coverage during the last year. Settled claims have not exceeded coverage in the last three years.

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2022

**14. Litigation and Claims**

The District was the Defendant in a lawsuit related to the Radio Read Meter contract due to a contract dispute in which the contractor is seeking payment for retainage payable and unused meter stops. The District was also Plaintiff in a suit against the same contractor related to the Booster Plant & Site Work contract for non-performance of punch list items, retainage, and unpaid final contract amounts. An agreement with the contractor was settled in December of 2021 for payment of \$125,000 and return of unused meter stops; this payment was paid with the Water Revenue Bonds 2015.

The District is named in a personal injury lawsuit in which the District is one of over 500 named Defendants. The District's attorney expects the District to prevail in this suit as well.

**15. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 30, 2022, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



KENNETH D. FOLDEN & CO.

Certified Public Accountants, LLC

Kenneth D. Folden, CPA  
kfolden@foldencpa.com

302 Eighth Street, Jonesboro, LA 71251  
Phone: (318) 259-7316 • Fax: (318) 259-7315

Alayna C. Huckaby, CPA  
ahuckaby@foldencpa.com

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards**

Avoyelles Parish Waterworks District #1  
Bordelonville, 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 and each major fund of the Avoyelles Parish Waterworks District #1, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Avoyelles Parish Waterworks District #1's basic financial statements and have issued our report thereon dated December 30, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Avoyelles Parish Waterworks District #1'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 Avoyelles Parish Waterworks District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Avoyelles Parish Waterworks District #1'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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

As part of obtaining reasonable assurance about whether the Avoyelles Parish Waterworks District #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **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 result 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 Avoyelles Parish Waterworks District #1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kenneth D. Falden & Co., CPAs, LLC*

Jonesboro, Louisiana  
December 30, 2022

# **SUPPLEMENTAL INFORMATION**



Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2022

David Bordelon President		
Per diem	\$	<u>420</u>
	\$	<u>420</u>

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Schedule of Compensation of the Board of Directors  
For the Year Ended June 30, 2022

David Bordelon	President	\$	420
James Armand	Director		350
Aloysia C. Ducote	Director		350
Peter Lemoine	Director		50
Hayward Voiselle	Director		300
			<u>300</u>
		\$	<u>1,470</u>

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Schedule of Insurance in Force  
For the Year Ended June 30, 2022

Per bond reporting requirements, the following insurance policies are in force at June 30, 2022.

The District has insurance through Allied World Assurance Company through May 12, 2023 for the following Coverages:

Coverages:	Coverage Amount
<b>Property</b>	
Real Property & Business Property Blanket Limit	\$1,293,985
Coverage Extension Blanket Limit	500,000
Mobile Equipment Limit	193,953
Policy Deductible	1000
Equipment Breakdown Deductible (above ground and less than 50 ft below ground)	1000
Equipment Breakdown Deductible (greater than 50 ft below ground)	2500
<b>Commercial General Liability</b>	
Per Occurrence	1,000,000
General Aggregate	3,000,000
Products / Completed Operations Aggregate	3,000,000
Personal & Advertising Injury Limit	1,000,000
Damage to Premises Rented to You	1,000,000
Medical Payments	10,000
<b>Public Officials and Management Liability</b>	
Wrongful Acts (per act)	1,000,000
Employment Practices including third party discrimination (per offense)	1,000,000
Employee Benefit Plans (per offense)	1,000,000
Injunctive Relief (per act)	5,000
Injunctive Relief (aggregate limit)	3,000,000
Privacy & Network Security Wrongful Act (per act)	1,000,000
Breach Consultation Services (per act)	50,000
Breach Response Services (per act)	50,000
Public Relations & Data Forensics (per act)	50,000
<b>Business Auto Coverage</b>	
Combined Single Limit for Bodily Injury & Property Damage (each accident)	1,000,000
Hire Auto Liability	1,000,000
Non-Owned Auto Liability	1,000,000
"No-Fault" or Statutory Personal Injury Protection (each person)	N/A
Medical Payments	5,000
Uninsured/Underinsured Motorists	1,000,000
Hired Physical Damage	50,000
Owned Physical Damage - Comprehensive	ACV
Owned Physical Damage - Collision	ACV

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Schedule of Insurance in Force  
For the Year Ended June 30, 2022

The District has a workers compensation and employees liability Insurance through Bridgefield Casualty Insurance Company through October 5, 2022.

Coverages:	Coverage Amount
Bodily Injury by Accident (Each Accident)	\$1,000,000
Bodily Injury by Disease (Each Employee)	1,000,000
Bodily Injury by Disease (Policy Limit)	1,000,000

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Schedule of Rates and Users  
For the Year Ended June 30, 2022

**Water Rates:**

Residential: \$23.00 minimum for usage to 2,000 gallons of water  
\$6.00 per each additional 1,000 gallons of water above 2,000 gallons

**System Users:** As of June 30, 2022, the System had 1,261 active customers.

**System Billings:** During the year ended June 30, 2022, the System billed \$482,083 for water service. The System had an average customer base of 1,258 with an average monthly billing of \$31.54 per customer.

Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

We have audited the basic financial statements of the Avoyelles Parish Waterworks District #1 as of and for the year ended June 30, 2022 and have issued our report thereon dated December 30, 2022. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2022 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness       Yes     No      Significant Deficiencies       Yes     No

Compliance

Compliance Material to Financial Statements       Yes     No

B. Findings - Financial Statements Audit

Current Year

**No current year findings.**

Prior Year

**No prior year findings.**



KENNETH D. FOLDEN & CO.

Certified Public Accountants, LLC

Kenneth D. Folden, CPA  
kfolden@foldencpa.com

302 Eighth Street, Jonesboro, LA 71251  
Phone: (318) 259-7316 • Fax: (318) 259-7315

Alayna C. Huckaby, CPA  
ahuckaby@foldencpa.com

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

To the Board of Commissioners of Avoyelles Parish Waterworks District #1  
Bordelonville, Louisiana  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2021 through June 30, 2022. Avoyelles Parish Waterworks District #1's management is responsible for those C/C areas identified in the SAUPs.

Avoyelles Parish Waterworks District #1 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 01, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**Written Policies and Procedures**

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a. Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - b. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c. Disbursements, including processing, reviewing, and approving,
  - d. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e. Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process,
- g. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 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. Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exception: The entity only has written policy and procedures for sexual harassment, but the policy is missing annual employee training and annual reporting.

*Management's Response: The entity will develop policies on all the preceding categories and amend the sexual harassment policy to include the annual sexual harassment training and the annual reporting.*

## **Board**

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

- a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Response: The entity met monthly with a quorum excluding July, August, November, January, and May.

- b. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Response: There was no reference of budget-to-actual comparisons.

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

Response: There was no negative unrestricted fund balance.



Exception: See above responses.

*Management's Response: The board will review budget-to-actual comparisons monthly.*

## **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:

a. 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);

Response: All reconciliations reviewed included evidence it was completed within 2 months.

b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Response: Bank reconciliations did not include evidence it was reviewed by a member of management or a board member.

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

Response: Two out of five reconciliations reviewed did not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months.

Exception: See above responses.

*Management's Response: The board will review and document in writing that they have reviewed the bank reconciliations and management will research reconciling items that have been outstanding for more than 12 months.*

## **Collections**

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

Response: Management provided a listing of deposit sites and represented that the listing is complete.

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

Response: The clerk is responsible for preparing and making bank deposits and reconciling collection documentation. The board reviews collections monthly.

a. Employees that are responsible for cash collections do not share cash drawers/registers.

Response: The clerk is the one responsible for cash collections.

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

Response: The clerk is responsible for preparing and making bank deposits and reconciling collection documentation.

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

Response: The clerk is responsible for posting collection entries to the general ledger and reconciling ledger postings to each other and to the deposit.

d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Response: The clerk is responsible for collecting cash and reconciling the collections to the general ledger. The board reviews the ledger monthly.

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

Response: All employees who collect cash is covered under the insurance policy held by the District.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

a. Observe that receipts are sequentially pre-numbered.

Response: None of the twelve receipts reviewed use sequentially pre-numbered receipts. Seven of the collections use other collection documentation. Two of the collections were transfers and two of the collections were for interest revenue.

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

Response: Seven of the twelve deposits reviewed were traced from the collection documentation to the deposit slip. Two collections were transfers and two were for interest earned.

c. Trace the deposit slip total to the actual deposit per the bank statement.

Response: Eight collections were traced from the deposit slip to the bank statement. Two collections were for transfers and two collections were for interest earned.

d. 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).

Response: Three of the twelve deposits reviewed were deposited within one business day. Two collections were for transfers and two collections were for interest earned.

e. Trace the actual deposit per the bank statement to the general ledger.

Response: See above responses.

*Management's Response: Management will ensure it retains sequentially pre-numbered receipts or other collections documentation for all collections, and deposit collections within one business day.*

### **Disbursements - General**

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).

Response: Management provided a listing of locations that process payments and represented that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Response: The clerk and operators can initiate a purchase, but all purchases are reviewed by the board.

b. At least two employees are involved in processing and approving payments to vendors.

Response: The clerk processes payments and the board approves purchases.

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.

Response: The clerk can add vendors and processes payments, but the board reviews all payments to vendors.

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.

Response: The clerk is responsible for processing the payments, signing the checks, and also mails the payments

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

a. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Response: Twenty-two out of twenty-five disbursements reviewed match their related supporting documentation, but there was no documentation on the invoice showing it was received by the entity.

b. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Response: The disbursement documentation of all disbursements reviewed did not include evidence of segregation of duties.

Exception: See above responses.

*Management's Response: Management will include evidence that deliverables have been received and that segregation of duties as tested under #9 is followed.*

## **Credit Cards**

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

12. 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 that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, (or electronically approved), by someone other than the authorized card holder.

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing).

a. For each transaction, observe that it is supported by:

i. An original itemized receipt that identifies precisely what was purchased,

ii. Written documentation of the business/public purpose, and

iii. Documentation of the individuals participating in meals (for meal charges only).

For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Response: All credit cards reviewed did not include evidence that the statement and supporting documentation was reviewed by someone other than the cardholder. No finance charges or late fees were assessed. All purchases included an original itemized receipt. Four out of five receipts included the business public purpose. There were no meal charges.

Exception: See above responses.

*Management's Response: A board member will review the credit card statements and supporting documentation and document it in writing.*

### **Travel and Expense Reimbursement**

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

a. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

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

c. 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 policy (procedure #1h).

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

Exception: One travel reimbursement was reviewed. The travel reimbursement was for mileage and was less than the rates established by the State of Louisiana or the U.S. General Services Administration. The reimbursement was not approved in writing by someone other than the person receiving the reimbursement.

*Management's Response: A board member will review and approve in writing reimbursements for travel expenses.*

### **Contracts**

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period.

Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:

- a. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment, was approval documented).
- d. 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 the invoice and related payment agreed to the terms and conditions of the contract.

Exception: No new contracts or amended contracts during the audit period.

*Management's Response: None.*

### **Payroll and Personnel**

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a. Observe all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Response: Six of the seven employees reviewed documented daily attendance and leave.

- b. Observe whether supervisors approved the attendance and leave of the selected employees/officials.

Response: There was no documentation that supervisors approved the attendance and leave of employees.

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

Response: The entity does not have a cumulative leave record for employees. The entity does keep up with leave on the employees check stubs.

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

Response: No employees were terminated during the audit period.

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

Response: Management provided representation that payroll related amounts have been paid and any associated forms have been filed by required deadlines.

Exception: See above responses.

*Management's Response: The entity will ensure that all employees document daily attendance and leave, and that a supervisor approves attendance and leave in writing. The entity will also record leave accrued and leave taken in a cumulative leave record.*

## **Ethics**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Response: There was no documentation that employees and officials completed one hour of ethics training.

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

Response: There was no changes in the ethics policy.

Exception: See above responses.

*Management's Response: The entity will ensure that employees and board member will complete one hour of ethics training.*

## **Debt Service**

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

Response: Funds from DWRLF were received, continuation of project from 2015 - no new bonds issued.

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

Response: Reserve balances are adequate for the debt covenant.

*Management's Response: None.*

## **Fraud Notice**

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

Response: The entity provided representation that there were no misappropriations.

24. 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.

Response: No notice was observed on the entity's website or premises.

*Management's Response: The entity will ensure the notice required by R.S. 24:523.1 is posted on the entity's premises.*

## Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report ♦♦♦We performed the procedure and discussed the results with management.”

Reponse: We performed the procedure and discussed the results with management.

- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 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.

*Management's Response: None.*

## Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Response: There was no documentation demonstrating that employees and board members completed one hour of sexual harassment training.

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

Response: No sexual harassment policy observed on the website or on the entity's premises.

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

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

Response: The entity did not complete the annual sexual harassment report.

*Management's Response: The entity will ensure employees will complete one hour of sexual harassment training and post the sexual harassment policy. The entity will also ensure that management completes the annual sexual harassment report by February st.*

We were engaged by Avoyelles Parish Waterworks District #1 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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.

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.

*Kenneth D. Folden & Co., CPAs, LLC*

Jonesboro, Louisiana  
December 30, 2022



**WATERWORKS DISTRICT #1  
OF  
AVOUELLES PARISH  
P.O. BOX 64  
BORDELONVILLE, LA 71320  
(318) 997-2122**

December 30, 2022

Kenneth D. Folden & Co., CPAs, LLC  
302 Eighth Street  
Jonesboro, Louisiana 71251

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period July 01, 2021 through June 30, 2022, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We acknowledge that we are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; non-payroll disbursements; credit/debit/fuel/purchasing cards; travel and travel related expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas (as applicable).  
Yes  No
2. For the fiscal period July 01, 2021 through June 30, 2022, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.  
Yes  No
3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.  
Yes  No
4. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.  
Yes  No
5. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.  
Yes  No
6. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between June 30, 2022, and (DATE).  
Yes  No
7. We represent that the listing of bank accounts for the fiscal period that we provided to you is complete. We also represent that we have identified and disclosed to you our main operating account.  
Yes  No
8. We represent that the listing of deposit sites for the fiscal period that we provided to you is complete.  
Yes  No

9. We represent that the listing of collection locations for the fiscal period that we provided to you is complete.
- Yes  No
10. We represent that the listing of locations that process payments for the fiscal period that we provided to you is complete.
- Yes  No
11. We represent that the non-payroll disbursement transaction population for each location that processes payments for the fiscal period that we provided to you is complete.
- Yes  No
12. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, that we provided to you is complete.
- Yes  No
13. We represent that the listing of all travel and travel-related expense reimbursements during the fiscal period that we provided to you is complete.
- Yes  No
14. We represent that the listing of all agreements/contracts (or active vendors) for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period that we provided to you is complete.
- Yes  No
15. We represent that the listing of employees/elected officials employed during the fiscal period that we provided to you is complete.
- Yes  No
16. We represent that the listing of employees/officials that received termination payments during the fiscal period that we provided to you is complete.
- Yes  No
17. We represent that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines during the fiscal period.
- Yes  No
18. We represent that the listing of bonds/notes issued during the fiscal period that we provided to you is complete.
- Yes  No
19. We represent that the listing of bonds/notes outstanding at the end of the fiscal period that we provided to you is complete.
- Yes  No
20. We represent that the listing of misappropriations of public funds and assets during the fiscal period that we provided to you is complete.
- Yes  No

21. We are not aware of any material misstatements in the C/C areas identified in the SAUPs.  
Yes  No

22. We have disclosed to you any other matters as we have deemed appropriate.  
Yes  No

23. We have responded fully to all inquiries made by you during the engagement.  
Yes  No

24. We have disclosed to you all known events that have occurred subsequent to June 30, 2022, that would have a material effect on the C/C areas identified in the SAUPs, or would require adjustment to or modification of the results of the agreed-upon procedures.  
Yes  No

**The previous responses have been made to the best of our belief and knowledge.**

Signature *Laura S. May* Date December 30, 2022

Title Management

Signature *Dan M. Borden* Date December 30, 2022

Title Board Member