

**AVOYELLES WATER COMMISSION**  
Moreauville, Louisiana

Financial Report

Year Ended December 31, 2023

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
BASIC FINANCIAL STATEMENTS	
Proprietary Fund - Enterprise Fund	
Statement of net position	5
Statement of revenues, expenses, and changes in net position	6
Statement of cash flows	7-8
Notes to basic financial statements	9-17
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	19-20
Schedule of current and prior year audit findings and management's corrective action plan	21-23

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

*Of Counsel*  
C. Burton Kolder, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA – retired 2022

\* A Professional Accounting Corporation

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.  
Ville Platte, LA 70586 Baton Rouge, LA 70816  
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KSRCPAS.COM

## INDEPENDENT AUDITOR’S REPORT

Board of Commissioners  
Avoyelles Water Commission  
Moreauville, Louisiana

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the business-type activities and the major fund of the Avoyelles Water Commission (“Commission”), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Commission’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 and the major fund of the Avoyelles Water Commission, as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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 Commission, 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 Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events considered in the aggregate, which raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024, on our consideration of the Commission'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
March 12, 2024

## **BASIC FINANCIAL STATEMENTS**

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Net Position  
Proprietary Fund - Enterprise Fund  
December 31, 2023

**ASSETS**

Current assets:	
Cash and interest-bearing deposits	\$ 542,752
Certificates of deposit	2,260,985
Receivables, net	115,978
Prepaid items	11,553
Inventory	<u>18,154</u>
Total current assets	<u>2,949,422</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	68,977
Prepaid land lease	24,545
Capital assets -	
Nondepreciable	175,132
Depreciable, net	<u>7,377,289</u>
Total noncurrent assets	<u>7,645,943</u>
Total assets	<u>10,595,365</u>

**LIABILITIES**

Current liabilities:	
Accounts and other payables	9,666
Accrued liabilities	3,166
Bonds payable	377,118
Accrued interest payable	<u>10,493</u>
Total current liabilities	<u>400,443</u>
Noncurrent liabilities:	
Bonds payable	<u>8,204,471</u>
Total liabilities	<u>8,604,914</u>

**NET POSITION**

Restricted for debt service	58,484
Unrestricted	<u>1,931,967</u>
Total net position	<u>\$ 1,990,451</u>

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

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund - Enterprise Fund  
For the Year Ended December 31, 2023

Operating revenues:	
Charges for services -	
Water sales and fees	<u>\$ 1,483,467</u>
Operating expenses:	
Personnel costs	139,606
Payroll taxes	10,299
Legal and professional fees	30,843
Fuel and oil	1,587
Contracting services	11,378
Depreciation	553,988
Insurance	24,127
Repairs and maintenance	80,747
Rent and utilities	147,090
Supplies	131,112
Lease expense	300
Other	<u>13,915</u>
Total operating expenses	<u>1,144,992</u>
Operating income	<u>338,475</u>
Nonoperating revenues (expenses):	
Interest income	60,643
Interest expense	(228,084)
Miscellaneous income	<u>2,576</u>
Total nonoperating revenues (expenses)	<u>(164,865)</u>
Change in net position	173,610
Net position, beginning	<u>1,816,841</u>
Net position, ending	<u><u>\$ 1,990,451</u></u>

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

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Cash Flows  
Proprietary Fund - Enterprise Fund  
For the Year Ended December 31, 2023

Cash flows from operating activities:	
Receipts from customers	\$ 1,518,008
Payments to suppliers	(463,301)
Payments to employees	<u>(149,662)</u>
Net cash provided by operating activities	<u>905,045</u>
Cash flows from capital and related financing activities:	
Purchases and construction of capital assets	(149,923)
Miscellaneous income	2,576
Interest and fiscal charges paid on long-term debt	(250,239)
Principal paid on long-term debt	<u>(340,000)</u>
Net cash used by capital and related financing activities	<u>(737,586)</u>
Cash flows from investing activities:	
Interest received	60,643
Proceeds from interest-bearing deposits with maturity in excess of ninety days	1,711,088
Purchase of interest-bearing deposits with maturity in excess of ninety days	<u>(2,260,985)</u>
Net cash used by investing activities	<u>(489,254)</u>
Net decrease in cash and interest-bearing deposits	(321,795)
Cash and interest-bearing deposits, beginning of period	<u>933,524</u>
Cash and interest-bearing deposits, end of period	<u>\$ 611,729</u>
Reconciliation of operating income to net cash provided	
by operating activities:	
Operating income	\$ 338,475
Adjustments to reconcile operating income to	
net cash provided by operating activities -	
Depreciation	553,988
Changes in assets and liabilities:	
Decrease in accounts receivable	34,541
Increase in inventory	(18,154)
Decrease in prepaid expenses	303
Decrease in accounts payables	(4,351)
Increase in accrued liabilities	<u>243</u>
Net cash provided by operating activities	<u>\$ 905,045</u>

(continued)

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Cash Flows  
Proprietary Fund - Enterprise Fund  
For the Year Ended December 31, 2023

Reconciliation of cash and interest-bearing deposits per statement  
of cash flows to the statement of net position:

Cash and interest-bearing deposits, beginning of period -	
Cash and interest-bearing deposits - unrestricted	\$ 875,273
Cash and interest-bearing deposits - restricted	<u>58,251</u>
Total cash and interest-bearing deposits, beginning of period	<u>933,524</u>
Cash and interest-bearing deposits, end of period -	
Cash and interest-bearing deposits - unrestricted	542,752
Cash and interest-bearing deposits - restricted	<u>68,977</u>
Total cash and interest-bearing deposits, end of period	<u>611,729</u>
Net change in cash and interest-bearing deposits	<u>\$ (321,795)</u>

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

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Avoyelles Water Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Commission's accounting policies are described below.

A. Financial Reporting Entity

The Avoyelles Water Commission was created under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing potable drinking water to three municipalities and began operations in 2007. The Commission was created by an intergovernmental agreement formed between the Village of Moreauville, Avoyelles Ward Three Waterworks District, and the City of Marksville. The Commission is governed by a board of directors composed of three members. One member is appointed by each of the following governmental entities: The Village of Moreauville, Avoyelles Ward Three Waterworks District, and the City of Marksville. Each commissioner serves until replaced by the entity that he or she represents.

B. Basis of Presentation

Fund Financial Statements

The accounts of the Commission are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Commission.

Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Commission maintains only one fund and it is described below:

Proprietary Fund –

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary fund maintained by the Commission is the Enterprise Fund.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

Enterprise Fund –

The Enterprise Fund is used to report activities for which a fee is charged to external users. This fund accounts for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily 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 purposes.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The enterprise fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The proprietary fund statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 “*Accounting and Financial Reporting for Nonexchange Transactions*”.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits.

For the purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the Water Commission. For the purpose of proprietary fund statement of cash flows, “cash and interest-bearing deposits” include all demand and savings accounts, certificates of deposit and short-term investments with an original maturity of three months or less when purchased.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

Receivables

Receivables consist of all revenues earned at year-end but not yet received. Enterprise fund activities report customer's utility service receivables as its major receivable. This receivable is reported net of an allowance for doubtful accounts, if any. At December 31, 2023, all accounts were considered collectable and therefore no allowance was established.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items.

Inventory

Purchases of various operating supplies are recorded as expenditures at the time purchased and are valued at cost. Inventory is adjusted at year-end. The first-in first-out method of inventory valuation is used.

Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at acquisition cost or estimated cost if acquisition is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Commission maintains a threshold level of \$1,000 for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Total interest expense incurred by the Commission during the year was \$228,084, none of which was capitalized.

Depreciation of all exhaustible capital assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives are as follows:

Buildings and distribution system	30-40 years
Equipment	7-10 years

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

Compensated Absences

The Commission has no set policy for accumulated vacation, sick pay, or other benefits. The Commission currently employs four part-time individuals who do not accumulate any vacation or sick leave, therefore, at December 31, 2023, no liability exists for compensated absences.

Long-term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities in the financial statements. The long-term debt consists primarily of bonds payable.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

Equity Classifications

In the proprietary fund, equity is classified as net position and displayed in three components as follows:

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

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

It is the Commission's policy to use restricted amounts first when both restricted and unrestricted net position is available unless prohibited by legal or contractual provisions.

E. Revenue and Expenses

Operating and Nonoperating Revenues and Expenses

In the proprietary fund, operating revenues are those revenues produced as a result of producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

The principal operating revenues of the Commission's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Expenses

Expenses are classified by function for business-type activities and are further classified as operating and nonoperating.

F. Revenue Restrictions

The Commission has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Water sales	Debt service, operations, other lawful corporate purposes

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects or revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

(2) Cash and interest-bearing deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in an event of the failure of a depository financial institution, the Commission's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party.

The Commission does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposits balance (bank balances) at December 31, 2023, and the related federal insurance and pledged securities:

Bank balances	\$ 2,947,648
Insured	568,977
Uninsured and collateral held by pledging bank not in the Commission's name	<u>2,378,671</u>
Total	<u>\$ 2,947,648</u>

(3) Accounts Receivable

Receivables at December 31, 2023 in the amount of \$115,978 were charges for services. The entire amount is considered collectable.

(4) Restricted Assets

Restricted assets on December 31, 2023 consisted of cash and interest-bearing deposits totaling \$68,977 held in the Debt Service Fund account.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

(5) Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Capital assets not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Right of ways	<u>165,132</u>	<u>-</u>	<u>-</u>	<u>165,132</u>
Total capital assets not being depreciated	<u>175,132</u>	<u>-</u>	<u>-</u>	<u>175,132</u>
Capital assets being depreciated:				
Buildings	49,990	90,184	-	140,174
Equipment	547,275	59,739	-	607,014
Distribution system	<u>14,523,222</u>	<u>-</u>	<u>-</u>	<u>14,523,222</u>
Total capital assets being depreciated	<u>15,120,487</u>	<u>149,923</u>	<u>-</u>	<u>15,270,410</u>
Less accumulated depreciation				
Buildings	9,719	4,500	-	14,219
Equipment	405,388	42,515	-	447,903
Distribution system	<u>6,924,026</u>	<u>506,973</u>	<u>-</u>	<u>7,430,999</u>
Total accumulated depreciation	<u>7,339,133</u>	<u>553,988</u>	<u>-</u>	<u>7,893,121</u>
Total capital assets being depreciated, net	<u>7,781,354</u>	<u>(404,065)</u>	<u>-</u>	<u>7,377,289</u>
Capital assets, net	<u>\$ 7,956,486</u>	<u>\$ (404,065)</u>	<u>\$ -</u>	<u>\$ 7,552,421</u>

Depreciation expense was charged to business-type activities in the amount of \$553,988.

(6) Changes in Long-Term Debt

The following is a summary of debt transactions of the Commission for the year ended December 31, 2023:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance Ending</u>	<u>Due Within One Year</u>
Direct Placements:					
Water Revenue					
Refunding Bonds,					
Series 2020	<u>\$ 8,500,000</u>	<u>\$ -</u>	<u>\$ (340,000)</u>	<u>\$ 8,160,000</u>	<u>\$ 350,000</u>

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

	Balance			Balance	Due Within
	<u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u>	<u>One Year</u>
Unamortized,					
Bond premium	464,929	-	(21,648)	443,281	27,118
Bond discount	<u>(21,692)</u>	<u>-</u>	<u>-</u>	<u>(21,692)</u>	<u>-</u>
	<u>\$ 8,943,237</u>	<u>\$ -</u>	<u>\$ (361,648)</u>	<u>\$ 8,581,589</u>	<u>\$ 377,118</u>

The Water Revenue Refunding Bonds, Series 2020 issued in February 2020 are due in annual payments of \$260,000 to \$530,000 through December 31, 2044, bearing annual interest at 2.63% to 3.00%, and are secured by water revenues. The bond agreement requires the Commission to maintain customer utility rates to provide net revenues equal to or greater than 115% of the principal and interest obligated to be paid in the current fiscal year. Failure to make punctual principal and interest payments, to perform or observe any other of the bond covenants, agreements, or conditions for a period of thirty (30) days after receiving written notice and/or filing a petition or otherwise seeking relief under any federal or state bankruptcy law or similar law are considered events of default. Upon the happening and continuance of an event of default bondholders are entitled to exercise all rights and powers for which provision is made under Louisiana law. However, under no circumstances may the payment of principal or interest of any of the bonds be accelerated under the bond agreement.

The annual requirements to amortize all debt outstanding at December 31, 2023 is as follows:

Year ending, December 31,	Direct Placement Debt				
	<u>Principal</u>	<u>Premium</u>	<u>Discount</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 350,000	\$ 27,118	\$ -	\$ 240,038	\$ 617,156
2025	360,000	32,004	-	229,538	621,542
2026	370,000	35,772	-	218,738	624,510
2027	380,000	38,885	-	207,638	626,523
2028	395,000	37,379	-	196,238	628,617
2029-2033	2,150,000	141,396	-	796,840	3,088,236
2034-2038	2,500,000	110,245	-	453,934	3,064,179
2039-2043	1,395,000	20,482	(17,353)	139,122	1,537,251
2044	<u>260,000</u>	<u>-</u>	<u>(4,339)</u>	<u>6,824</u>	<u>262,485</u>
Total	<u>\$ 8,160,000</u>	<u>\$ 443,281</u>	<u>\$ (21,692)</u>	<u>\$ 2,488,910</u>	<u>\$ 11,070,499</u>

(7) Flow of Funds: Restrictions of Use – Water Revenues

Revenues derived from water sales are partially pledged to retire the Water Revenue Refunding Bonds, Series 2020 (Bonds). The bond resolution adopted by the Commission requires the establishment and maintenance of the Series 2020 Debt Service Fund account. The money in the account is to be held separate and apart from all other funds of the Commission by the paying agent to pay promptly and fully the principal of and interest on the Bonds and any additional parity bonds issued hereafter.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

On or before the fifth (5<sup>th</sup>) day of each month one sixth (1/6<sup>th</sup>) of the interest falling due on the next interest payment date as well as one twelfth (1/12<sup>th</sup>) of the principal falling due on the next principal payment date of the Bonds and any additional parity bonds, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due, shall be transferred to the debt service fund account.

(8) Compensation of Board Members

A detail of the compensation paid to commission officials for the year ended December 31, 2023 follows:

President:	
Penn Lemoine	\$ 5,600
Board Members:	
John Lemoine	960
Donald Milligan	<u>600</u>
	<u>\$ 7,160</u>

The President is considered the agency head. The Commission did not pay any benefits on his behalf for the year ended December 31, 2023, except the amount disclosed above.

(9) Economic Dependency

The Commission sells potable water to one privately owned and three governmentally owned water utilities. Should the Commission lose any of these water utilities as customers, its ability to continue operating and servicing its outstanding debt could be threatened.

(10) Risk Management

The Commission is exposed to risks of loss in the areas of damage to and destruction of assets, injuries to employees and natural disasters. These risks of loss are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(11) Litigation and Claims

At December 31, 2023, the Commission is a defendant in pending litigation. While damages are alleged, the outcome of this litigation is not predictable with certainty.

**INTERNAL CONTROL, COMPLIANCE  
AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

*Of Counsel*  
C. Burton Kolder, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA – retired 2022

\* A Professional Accounting Corporation

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.  
Ville Platte, LA 70586 Baton Rouge, LA 70816  
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KSRCPAS.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

The Board of Commissioners  
Avoyelles Water Commission  
Moreauville, 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 major fund of the Avoyelles Water Commission (“Commission”), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements and have issued our report thereon dated March 12, 2024.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission’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 Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

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

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

we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management’s corrective action plan as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

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

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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*.

### **The Avoyelles Water Commission’s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Commission’s response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings and management’s corrective action plan. The Commission’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
March 12, 2024

AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2023

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2023-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2012

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The Commission's internal control over financial reporting includes policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receives annual training related to their job duties and we carefully review the financial statements, related notes, and all proposed adjustments. All questions are adequately addressed by our auditors, which allows us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2023

2023-002 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Avoyelles Water Commission did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that Commission does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Commission concurs with the audit finding. Due to the size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are made to segregate duties where feasible. In an effort to establish more sound controls the Board of Commissioners monitors activity and account balances in all funds.

AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2023

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2022-001 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2023-001.

2022-002 Inadequate Segregation of Functions

CONDITION: The Avoyelles Water Commission did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2023-002.

**Avoyelles Water Commission**  
Moreauville, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period January 1, 2023 through December 31, 2023

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

*Of Counsel*  
C. Burton Kolder, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA – retired 2022

\* A Professional Accounting Corporation

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.  
Ville Platte, LA 70586 Baton Rouge, LA 70816  
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KCSRCPAS.COM

## INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of the  
Avoyelles Water Commission 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 January 1, 2023 through December 31, 2023. The Avoyelles Water Commission’s management is responsible for those C/C areas identified in the SAUPs.

Avoyelles Water Commission 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 the LLA’s SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

- A. Obtained and inspected the entity’s written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
- i) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and

purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

- iii) **Disbursements**, including processing, reviewing, and approving.
- iv) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii) **Credit Cards (and debit cards, fuel cards, 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).
- ix) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**We performed the procedures and discussed the results with management.**

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

## **2) Board or Finance Committee**

---

- A. Obtained and inspected 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) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii) For those entities reporting on the governmental accounting model, observed that 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 non-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.*
  - iii) For governmental entities, obtained the prior year audit report and observed 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, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.
  - iv) Observed 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.

## **3) Bank Reconciliations**

---

- A. Obtained a listing of entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
- i) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).
  - ii) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged).
  - iii) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

#### 4) Collections (excluding electronic funds transfers)

---

- A. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected 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 observed that job duties are properly segregated at each collection location such that:
- i) Employees that are responsible for cash collections do not share cash drawers/registers.
  - ii) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - iii) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - 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 are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash and observed the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected 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.* Obtained supporting documentation for each of the 10 deposits and:
- i) Observed that receipts are sequentially pre-numbered.
  - ii) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii) Traced the deposit slip total to the actual deposit per the bank statement.
  - iv) Observed 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) Traced the actual deposit per the bank statement to the general ledger.

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

---

- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- B. For each location selected under #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
  - i) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - ii) At least two employees are involved in processing and approving payments to vendors.
  - iii) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
  - iv) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - v) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
  - i) Observed whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - ii) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved only by 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/or account for testing that does include electronic disbursements.

## ***6) Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

- A. Obtained 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. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
  - i) Observed 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - ii) Observed that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note 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. Obtained 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 selected 5 reimbursements, obtained 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, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - ii) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - iii) Observed 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.)

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

## **8) Contracts**

---

- A. Obtained 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.* Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - i) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - ii) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - iii) If the contract was amended (e.g. change order), observed 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, that approval was documented).
  - iv) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

## **9) Payroll and Personnel**

---

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtained attendance records and leave documentation for the pay period, and:
  - i) Observed all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - ii) Observed whether supervisors approved the attendance and leave of the selected employees or officials.
  - iii) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - iv) Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

- C. Obtained 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 selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.
- D. Obtained 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 obtained ethics documentation from management, and:
  - i) Observed documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
  - ii) Observed whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

### ***11) Debt Service***

---

- A. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed 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).

## ***12) Fraud Notice***

---

- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed 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.
- B. Observed 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.

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

---

- A. Performed the following procedures and verbally discussed the results with management:
  - i) Obtained and inspected 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 observed 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) Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/ verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
  - iii) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observed evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
  - Hired on or before June 9, 2020 – completed the training; and
  - Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

**We performed the procedures and discussed the results with management.**

#### ***14) Prevention of Sexual Harassment***

---

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained sexual harassment training documentation from management, and observed 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. Observed 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. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed 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 actions.
  - v) The amount of time it took to resolve each complaint.

#### **Findings:**

---

No exceptions were found as a result of applying procedures listed above except:

#### **Written Policies:**

Avoyelles Water Commission did not have written policies and procedures addressing the following:

- Ethics: the prohibitions as defined in Louisiana Revised Statute 42:1111-1121 and the requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- Sexual Harassment: annual reporting.

#### **Board or Finance Committee:**

The Commission meeting minutes did not reference or include monthly financial statements.

**Collections:**

The employee responsible for collecting cash is also responsible for preparing, making and recording the deposit in the general ledger as well as reconciling the bank statement.

**Non-payroll Disbursements:**

For all transactions tested, there was no evidence that two employees were involved in making a purchase.

The employee responsible for processing payments is not prohibited from adding or modifying vendor files.

The employees responsible for signing checks do not mail the checks or give them to an employee who is not responsible for processing payments to mail.

**Credit Cards/ Debit Cards/ Fuel Cards/ P-Cards:**

There was no evidence that the monthly statement and supporting documentation was reviewed and approved in writing by someone other than the authorized card holder.

Two of five transactions tested were not supported by an original itemized receipt.

Four of five transactions tested did not have written documentation of the business purpose.

**Travel and Travel Related Expense Reimbursements:**

Two of five transactions tested were not approved in writing by someone other than the person receiving reimbursement.

**Sexual Harassment:**

The Avoyelles Water Commission did not prepare a sexual harassment report for the current fiscal period.

**Management's Response:**

---

The management of Avoyelles Water Commission concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by Avoyelles Water Commission 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 Avoyelles Water Commission 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
March 12, 2024