

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Farmerville, Louisiana

Financial Statements
For the Year Ended December 31, 2024



Waterworks District No. 1
A Component Unit of Union Parish Police Jury
For the Year Ended December 31, 2024

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Union Parish Waterworks District No. 1
Farmerville, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying component unit financial statements of the governmental activities and the aggregate remaining fund information of Union Parish Waterworks District No. 1, a component unit of the Union Parish Police Jury as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's component unit 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 governmental activities and the aggregate remaining fund information of Union Parish Waterworks District No. 1, as of December 31, 2024, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Union Parish Waterworks District No. 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.

Responsibilities 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 Union Parish Waterworks District No. 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 Union Parish Waterworks District No. 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 Union Parish Waterworks District No. 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 be presented to supplement the basic financial statements. Such information is the responsibility and management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union Parish Waterworks District No. 1's basic financial statements. The accompanying other financial information consisting of the schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head on page 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other information used to prepare the basic financial statements. The 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, Reimbursements, Benefits and Other Payments to Agency Head is 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 June 25, 2025, on our consideration of the Union Parish Waterworks District No. 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 the effectiveness of the Union Parish Waterworks District No. 1'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 Union Parish Waterworks District No. 1's internal control over financial reporting and compliance.

Cameron Hines & Company (APAC)

West Monroe, Louisiana
June 25, 2025

Waterworks District No. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2024

Our discussion and analysis of Waterworks District No. 1 (the District), provides an overview of the District activities for the year ended December 31, 2024. Please read it in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the District's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the District, exceeded its liabilities at the end of the 2024 year by \$1,339,199. Of this amount, \$56,334 is unrestricted. For the 2023 year, the assets of the District, exceeded its liabilities \$927,877. Of this amount, \$60,432 is unrestricted.
- The District's total net position increased by \$411,322 for the year ended December 31, 2024. The District's total net position increased by \$37,858 for the year ended December 31, 2023.
- Net capital assets increased by \$365,869 and \$61,152 for the years ended December 31, 2024 and 2023, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District operates as an enterprise fund, presenting its financial statements using the accrual basis of accounting. The basic financial statements comprise three components:

- *Government-Wide Financial Statements*
- *Fund Financial Statements.*
- *Notes to the financial statements.*

The *Statement of Net Position* includes all of the District's assets and liabilities, with the difference between them reported as net assets. Net assets are reported in three categories: Invested in Capital Assets, Restricted for Debt Service, and Unrestricted. The increases and decreases in net assets are an indicator of whether the District's financial position is improving or deteriorating.

The *Statement of Activities* shows how the District's net position changed during the year, as well as whether it recovered its cost through fees and other revenues. All of the current year revenues and expenses are recorded when the underlying economic transaction has taken place. The *Statement of Cash Flows* provides information regarding cash receipts and disbursements during the current year. Activity is reported in four categories: Cash flows from operating activities, cash flows from non-capital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities.

Waterworks District No. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2024

The *Notes to the Financial Statements* provide a description of the accounting policies used to prepare the financial statements and presents material disclosures as required by generally accepted accounting principles.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position increased by \$411,322 and \$37,858 for the years ended December 31, 2024 and 2023, respectively.

Statement of Net Position

The following table reflects the condensed net assets:

	<u>2024</u>	<u>2023</u>
Assets:		
Current and Restricted Assets	\$ 319,800	\$ 229,735
Capital Assets	1,859,155	1,493,286
Other Assets	<u>14,761</u>	<u>17,572</u>
Total Assets	\$ <u><u>2,193,716</u></u>	\$ <u><u>1,740,593</u></u>
Liabilities:		
Current Liabilities	\$ 259,986	\$ 128,210
Long-Term Liabilities	<u>594,531</u>	<u>684,506</u>
Total Liabilities	854,517	812,716
Net Position:		
Invested in Capital Assets Net of Debt	1,174,647	722,046
Unrestricted	56,334	60,432
Restricted	<u>108,218</u>	<u>145,399</u>
Total Net Position	<u><u>1,339,199</u></u>	<u><u>927,877</u></u>
Total Liabilities and Net Position	\$ <u><u>2,193,716</u></u>	\$ <u><u>1,740,593</u></u>

Net position (assets less liabilities) may serve over time as a useful indicator of financial position. The District's assets exceeded liabilities by \$1,339,199 and \$927,877 at December 31, 2024 and 2023, respectively.

Waterworks District No. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2024

Statement of Activities

The following table shows the revenues and expenses of the business type activities.

	2024	2023
Charges for services	\$ 394,502	\$ 340,929
Operating Expenses	313,345	282,862
Operating Income	81,157	58,067
Other Income/(Expense)	330,165	(20,209)
Net Income/(Loss)	411,322	37,858
Net Position at Beginning of Year	927,877	890,019
Net Position at End of Year	\$ 1,339,199	\$ 927,877

Revenues by Sources

Operating Revenues

Operating revenues consist of charges for services, penalties and adjustments, and meter installations and connection fees.

Analysis of Significant Budgetary Variations

Actual expenses were \$31,106 higher (9%) than budgeted.

Capital Assets and Debt Administration

The District's investment in Capital assets amounted to \$1,859,155 and \$1,493,286 (net of depreciation) as of December 31, 2024 and 2023. This investment includes land, buildings and improvements, equipment, and water distribution system. Outstanding debt included \$594,531 and \$684,506 in loans for the years ended December 31, 2024 and 2023, respectively.

The District recognized \$58,448 and \$61,152 in depreciation expense for the years ended December 31, 2024 and 2023. The District invested \$424,317 and \$-0- in its water distribution system for the years ended December 31, 2024 and 2023. The District received grant funds in the amount of \$348,060 for the 2024 improvements.

Waterworks District No. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2024

Economic Factors and Future Rates

The Board of Commissioners and management are constantly reviewing economic factors within the District and the surrounding area and current financial data in order to make decisions that would be in the best interest of the District. The Board and management are vigilant when considering balancing the District's needs while, at the same time, maintaining costs at levels consistent with the previous year. If management's estimates about future operating results remain consistent, the net asset balance of the District would be expected to remain level or increase modestly over the prior year.

Request for Information

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the District's Office, P. O. Box 458, 168 Spillway Road, Farmerville, LA 71241.

Financial Statements

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Statement of Net Position
December 31, 2024

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 18,743
Accounts Receivable - Customers	56,112
Grants Receivable	82,333
Accrued Interest Receivable	117
Total Current Assets	<u>157,305</u>

Restricted Assets

Cash and Cash Equivalents	162,495
Total Restricted Assets	<u>162,495</u>

Property and Equipment, Net

of accumulated depreciation of \$1,479,795	1,859,155
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Other Assets

Pre Paid Loan Costs, Net of amortization of \$27,402	14,761
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Total Assets

\$ 2,193,716

LIABILITIES AND NET POSITION

Current Liabilities

Payable from Current Assets

Accounts Payable and Accrued Liabilities	\$ 84,368
Retainage Payable	43,577
Customer Meter Deposits	42,064
Current Portion of Long-Term Liabilities	89,977
Total Current Liabilities	<u>259,986</u>

Long Term Liabilities

Notes Payable	594,531
Total Long-Term Liabilities	<u>594,531</u>

Total Liabilities

854,517

Net Position

Invested in Capital Assets, Net of Related Debt	1,174,647
Unrestricted	56,334
Restricted for:	
Debt Service	108,218
Total Net Position	<u>1,339,199</u>

Total Liabilities and Net Position

\$ 2,193,716

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

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Statement of Revenues, Expenditures, and Changes in Net Position
For The Year Ended December 31, 2024

Operating Revenues

Charges for Services	
Water Revenues	\$ 394,502
Total Operating Revenues	394,502

Operating Expenses

Advertising	-
Amortization	2,811
Board of Commissioners' Fees	700
Contract Services	39,600
Depreciation	58,448
Equipment Rental	3,596
Insurance	15,592
Licenses, Fees, & Permits	6,119
Materials, Repairs & Supplies	135,627
Office Supplies	5,611
Professional Fees	6,380
Utilities	38,861
Total Operating Expenses	313,345
Operating Income	81,157

Other Income/(Expense)

Interest Earned	290
Grant Income	348,060
Interest Expense	(18,185)
Total Other Income/(Expense)	330,165

Net Income	\$ 411,322
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Net Position at Beginning of Year	927,877
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Net Position - End of Year	\$ 1,339,199
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The accompanying notes are an integral part of this financial statement.

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Statement of Cash Flows
For The Year Ended December 31, 2024

Cash Flows From Operating Activities

Receipts from Customers and Users	\$ 398,104
Grant Funds Received	265,727
Payments to Suppliers for Goods and Services	(123,553)
Net Cash Provided by Operating Activities	<u>540,278</u>

Cash Flows From Non-Capital Financing Activities

	-
Net Cash Used by Financing Activities	<u>-</u>

Cash Flows From Capital and Related Financing Activities

Purchase of Equipment	(424,317)
Principal Payments on Notes and Bonds	(86,732)
Interest Paid on Notes and Bonds	(18,185)
Net Cash Used by Financing Activities	<u>(529,234)</u>

Cash Flows From Investing Activities

Interest Received	290
Net Cash Provided by Investing Activities	<u>290</u>

Net Increase in Cash and Cash Equivalents 11,334

Cash and Cash Equivalents at Beginning of Year 169,904

Cash and Cash Equivalents at End of Year \$ 181,238

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities:**

Operating Income:	\$ 81,157
Adjustments to Reconcile Net Assets to Net Cash provided by Operating Activities:	
Depreciation & Amortization	61,259
Grant Income	348,060
Increase in Accounts Receivable - Customers	3,602
Increase in Grants Receivable	(82,333)
Increase in Accounts Payable and Accrued Liabilities	82,141
Increase in Retainage Payable	43,577
Increase in Customer Meter Deposits	2,815
Net Cash Provided (used) by Operating Activities	<u><u>\$ 540,278</u></u>

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

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 1 - Summary of Significant Accounting Policies

A. Nature of Activities

Waterworks District No. 1 (the District), a component unit of Union Parish Police Jury, was created by the Union Parish Police Jury as authorized by Chapter 9 of Title 33 of the Louisiana revised Statutes of 1950. The District is governed by a five-member Board of Commissioners. The District is responsible for the maintenance and operation of the water system within the boundaries of the water district.

B. 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 as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued *Statement 34 Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and *Statement 35 Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. These statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that government should have presented in the past. Comparability with reports issued in years prior to 2004 is affected.

Other GASB Statements are required to be implemented in conjunction with GASB Statements 34 and 35. Therefore, the District has implemented the following GASB Statements: Statement 37 – *Basic Financial Statements and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement 38 – *Certain Financial Statements Note Disclosures*.

The accompanying financial statements present the financial position of the District, the results operations of the District, and the cash flows of the proprietary fund. The financial statements are presented as of December 31, 2024 and for the year then ended.

C. Financial Reporting Entity

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Union Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization’s governing body, and;
2. The ability of the police jury to impose its will on that organization and/or:

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 1 - Summary of Significant Accounting Policies (continued)

3. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
4. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
5. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because of the above criteria, the District was determined to be a component unit of the Union Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the reporting entity.

D. Fund Accounting

The Waterworks District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Waterworks District No. 1 Enterprise Fund is classified in the following category and fund type.

Proprietary Fund

Enterprise Fund

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise 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 be financed or recovered primarily through user charges. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

E. Budgetary Practices

The Secretary-Treasurer prepares the annual budget and presents it to the Board for adoption by November 30 of the preceding year.

F. Statement of Cash Flows

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

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 1 - Summary of Significant Accounting Policies (continued)

G. Deposits and Investments

The District's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisitions. State law and the District's investment policy allow the District to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the District are reported at fair value.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructures assets (e.g., waterline distribution system), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical costs or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donations. The District maintains a threshold level of \$500 or more for capitalizing capital 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.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5-15 Years
Furniture and Fixtures	10-15 Years
Water Plant	40-50 Years

Property, plant and equipment purchased by the District are recorded at cost. Depreciation of all exhaustible fixed assets used by the District is charged as an expense against operations. Depreciation is computed using the straight-line method. Estimated useful lives are 50 years on the water plant and from 5 to 50 years on equipment.

Expenditures for repairs and maintenance are expensed as incurred; significant betterments are capitalized.

I. Compensated Absences

The District does not have formal vacation, sick leave and retirement plan policies.

J. Bad Debts

Uncollectible amounts for customers' water receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible.

K. Reservations of Net Position

Some portions of net position are reserved to indicate that a portion of net position is legally restricted to a specific future use and is not available for appropriation or expenses.

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 1 - Summary of Significant Accounting Policies (continued)

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Accordingly, actual costs could differ from those estimates.

M. Reclassifications

Certain amounts presented in the prior year have been reclassified in order to compare with the current year's presentation.

NOTE 2 - Cash and Cash Equivalents

At December 31, 2024, the District's cash and cash equivalents consisted of checking, savings, and certificate of deposit accounts. The carrying amounts of those accounts totaled \$181,238 and the corresponding bank balances totaled \$182,674. All of the bank balances were covered by federal depository insurance or were adequately collateralized with financial institution assets.

NOTE 3 -Restricted Assets (Cash and Cash Equivalents)

Restricted assets represent funds set aside to cover various things, such as contingencies, repairs, customer deposits, etc. Most of these accounts are the result of prior bond or regulatory requirements. The restricted account balances as of December 31, 2024 are as follows:

Customers' Meter Deposits Account	\$ 42,831
Waterworks Reserve Fund Account – 1997	23,018
2018 Series Bond Reserve Fund	26,350
2018 Series Bond Sinking Fund	45,311
2018 Series Bond Depreciation and Contingency Fund	<u>24,985</u>
Total	\$ <u><u>162,495</u></u>

NOTE 4 - Accounts Receivable

The district provides service to commercial and residential users within the established district. Sales for services for the month December 2024 included 671 users. At December 31, 2024, the District's accounts receivable balance was \$56,112. The District considers all accounts to be collectible.

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 5 - Capital Assets

A summary of changes in capital assets is as follows:

	Balance at 12/31/2023	Additions	Removals	Balance at 12/31/2024
Land	\$ 1,825	\$ -	\$ -	\$ 1,825
Water System	2,910,163	424,317	-	3,334,480
Furniture & Fixtures	2,645	-	-	2,645
Total	2,914,633	424,317	-	3,338,950
Less: Accumulated Depreciation	1,421,347	58,448	-	1,479,795
Total	\$ 1,493,286	\$ 365,869	\$ -	\$ 1,859,155

Depreciation expense for the year ended December 31, 2024, was \$58,448.

NOTE 6 - Long-Term Debt

Long-Term Debt consists of the following:

	<u>December 31, 2024</u>
\$990,000 – Series 2018 Taxable Water Revenue Bond Delivered to the Louisiana Department of Health Dated February 6, 2018 with semi-annual interest Payments and an annual principal payment ranging from \$31,000 to \$49,000 through December, 2037 Interest rate of 1.95%	\$ 562,000
\$600,000 – Series 2012 Waterworks District No.1 Certificates of Indebtedness, in quarterly installments Of \$14,362 through February 1, 2027 Interest rate of 4.350%	122,508
	\$ 684,508
Less: Current Portion	89,977
TOTAL LONG-TERM DEBT	<u>\$ 594,531</u>

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 6 - Long-Term Debt (continued)

The District received approval from the Louisiana State Bond Commission on September 21, 2017, for the \$990,000 taxable water revenue bonds, series 2018 for the purpose of financing the costs of improvements to the water system. The bond was purchased by the Louisiana Department of Health (LDH) as part of the revolving loan program with proceeds advanced on an as needed basis. In addition, LDH forgives 20% of the principal advanced.

Terms of the bond include semi-annual interest only payments and an annual principal payment. The interest rate of the bond is 1.950%. LDH charges an administrative fee of .50%. Total principal, interest, and administrative fee payments range from \$46,900 to \$50,200 per year for the 20 year term.

The 2018 bond is secured by the revenue earned or derived from operations of the District.

The District received approval from the Louisiana State Bond Commission on January 19, 2012, for the Certificates of Indebtedness not to exceed \$600,000 for the purpose of financing the costs of improvements to the water system, including the construction of a pre-owned water tank, and water line distribution improvements. Existing debt, including the 1980 Issue Bonds and 2004 Note Payable were paid in full as part of the transaction.

Terms of the Certificates include 4 quarterly interest only payments in the amount of \$6,525 commencing May 1, 2012, and then quarterly principal and interest payments of \$14,362 commencing May 1, 2013, and ending February 1, 2027.

The annual requirement to amortize the long-term obligations outstanding at December 31, 2024, is as follows:

Certificates of Indebtedness - 2012					
		<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2025	\$	52,980	\$	4,469	\$ 57,449
2026		55,319		2,130	57,449
2027		14,209		158	14,367
2028		-		-	-
2029		-		-	-
Thereafter		-		-	-
Totals	\$	<u>122,508</u>	\$	<u>6,757</u>	<u>\$ 129,265</u>

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 6 - Long-Term Debt (continued)

Series 2018 Water Revenue Bond					
		<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2025	\$	37,000	\$	10,959	\$ 47,959
2026		38,000		10,238	48,238
2027		39,000		9,496	48,496
2028		40,000		8,736	48,736
2029		41,000		7,956	48,956
Thereafter		<u>367,000</u>		<u>33,510</u>	<u>400,510</u>
Totals	\$	<u>562,000</u>	\$	<u>80,895</u>	<u>\$ 642,895</u>

Totals					
		<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2025	\$	89,980	\$	15,428	\$ 105,408
2026		93,319		12,368	105,687
2027		53,209		9,654	62,863
2028		40,000		8,736	48,736
2029		41,000		7,956	48,956
Thereafter		<u>367,000</u>		<u>33,510</u>	<u>400,510</u>
Totals	\$	<u>684,508</u>	\$	<u>87,652</u>	<u>\$ 772,160</u>

NOTE 7 - Purchases of Services

The District contracts its water operator position (field manager) to an individual that is a certified operator. In addition, a company owned by the field manager handles routine repairs, maintenance, and meter installations. During the year ended December 31, 2024, the field manager and his company were paid as follows: Field manager duties \$24,000; repairs, maintenance, and meter installations \$27,160; District board meetings \$80.

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 8 - Board of Commissioners – Per Diem Payments

In compliance with Louisiana Revised Statute 33:3819, the commissioners, with the exception of the president, receive a per diem of \$20 for each meeting they attend to a maximum of 12 meetings per year. The President's per diem is \$50 per meeting up to a maximum of 12 meetings per year. Board of Commissioners fees for 2024 were as follows:

<u>Name</u>	<u>No. of Meetings</u>	<u>Amounts</u>
Board Members		
Ben Jones, President	4	\$ 200
Kim Dumas	6	120
Linda Smith	1	20
Scott Barton	3	60
Nicky Hancock	6	120
Technical Consultants		
Kathy Doolittle	5	100
Bobby Grier	4	<u>80</u>
Total		\$ <u>700</u>

NOTE 9 - Risk Financing Activities

The District manages its exposure under general liability and property through the purchase of commercial insurance and surety bonds, as follows:

<u>Coverage</u>	<u>Expiration Dates</u>
General Liability Insurance	02/04/25
Commercial Property Insurance	02/04/25
Position Schedule Bond	02/04/25

NOTE 10 - Subsequent Events

Date of Management Evaluation

Management has evaluated subsequent events through June 25, 2025, the date on which the financial statements were available to be issued.

Supplemental Information

Waterworks District No.1
A Component Unit of Union Parish Police Jury
Schedule of Compensation, Reimbursements, Benefits, and
Other Payments to Agency Head
For The Year Ended December 31, 2024

Schedule 1

Agency Head:

Board President:	<u>Ben Jones</u>
Purpose:	
Board of Commissioners' Fees	\$ 200
Benefits - Payroll Taxes and Insurance	-
Travel	-
Reimbursements	-
Total Compensation, Benefits and Other Payments	<u>\$ 200</u>

See independent auditors' report.

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:
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West Monroe, LA 71294-2474

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

Board of Commissioners
Union Parish Waterworks District No. 1
Farmerville, 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 component unit financial statements of the governmental activities and aggregate remaining fund information of Union Parish Waterworks District No. 1, a component unit of Union Parish Police Jury, Louisiana, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Union Parish Waterworks District No. 1's component unit financial statements, and have issued our report thereon dated June 25, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union Parish Waterworks District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Union Parish Waterworks District No. 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 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.

Board of Commissioners
Union Parish Waterworks District No. 1
Farmerville, Louisiana
Page 2

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union Parish Waterworks District No. 1'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 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 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.

West Monroe, Louisiana
June 25, 2025

Cameron Hines & Company (APAC)

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Schedule of Findings and Responses
For The Year Ended December 31, 2024

We have audited the component unit financial statements of Waterworks District No. 1 as of and for the year ended December 31, 2024, and have issued our report thereon dated June 25, 2025. 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 audit of the financial statements as of December 31, 2024, resulted in an unmodified opinion.

Section I- Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ___ yes X no

Significant Deficiencies not considered to be
Material Weaknesses ___ yes X no

Compliance

Compliance Material to Financial Statements ___ yes X no

B. Federal Awards: N/A

Material Weakness Identified ___ yes ___ no

Significant Deficiencies not considered to be
Material Weaknesses ___ yes ___ no

Type of Opinion on Compliance For Major Programs

Unmodified ___ Modified ___

Disclaimer ___ Adverse ___

Are there findings required to be reported in accordance with the Uniform Guidance?

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster):

Dollar threshold used to distinguish between Type A and Type B Programs:

Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance?

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Schedule of Findings and Responses
For The Year Ended December 31, 2024

Section II- Financial Statement Findings

There were no financial statement findings for the year ended December 31, 2024.

Section III- Federal Award Findings and Question Costs

This section is not applicable for this entity.

Waterworks District No. 1
A Component Unit of Union Parish Police Jury
Schedule of Prior Year Findings
For the Year Ended December 31, 2024

Report on Internal Control and Compliance Material to the Financial Statements

There were no findings for the year ended December 31, 2023.

Management Letter

No management letter was issued.

Waterworks District No.1
A Component Unit of Union Parish Police Jury

*Independent Accountants' Report on
Applying Agreed-Upon Procedures*

For the Year Ended December 31, 2024



CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of Union Parish Waterworks District No. 1
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, 2024, through December 31, 2024. Union Parish Waterworks District No. 1's (the District), a component unit of the Union Parish Police Jury, management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024, through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹
 - 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.,

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

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 rates of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***², including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: Forty-four exceptions noted where a topic was not covered in the written policies and procedures.

2) Board or Finance Committee³

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

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

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

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.⁶

Findings: No exceptions noted.

3) *Bank Reconciliations*

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁷ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

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

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

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

Findings: One exception noted where the bank reconciliation did not include evidence that it was prepared within two months of the closing date of the statement. One exception noted where the reconciliation did not include evidence that a member of management had reviewed the bank reconciliation. We noted four bank accounts that were not reconciled; therefore, we were unable to test any of the above procedures for these accounts.

4) Collections (excluding electronic funds transfers)⁸

- A. Obtain a listing of deposit sites⁹ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations¹⁰ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

⁹ A deposit site is a physical location where a deposit is prepared and reconciled.

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

- i. Observe that receipts are sequentially pre-numbered.¹¹
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt¹² at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Findings: Three exceptions were noted where there was no supporting documentation that could be traced to the deposit slip. One exception noted where the deposit was not made within one business day of receipt at the collection location. Two exceptions noted where the actual deposit per the bank statement could not be traced to the general ledger.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

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

¹² As required by Louisiana Revised Statute 39:1212.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Findings: No exceptions noted.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹³. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have

¹³ Including cards used by school staff for either school operations or student activity fund operations.

10 transactions subject to inspection)¹⁴. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Findings: The entity does not have credit cards, debit cards, fuel cards, or purchase cards. This procedure is not applicable.

7) Travel and Travel-Related Expense Reimbursements¹⁵ (excluding card transactions)

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

Findings: There were no travel or travel-related expense reimbursements during the fiscal year. This procedure is not applicable.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and

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

¹⁵ Non-travel reimbursements are not required to be inspected under this category.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁶ (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings: The entity did not initiate or renew any contracts during the fiscal year. This procedure is not applicable.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials¹⁷ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials¹⁸ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

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

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

¹⁸ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

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

Findings: The entity operates by use of contract laborers only. This procedure is not applicable.

10) Ethics¹⁹

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

Findings: Five exceptions noted where officials did not have documentation showing that they completed one hour of ethics training for the fiscal period being tested.

11) Debt Service²⁰

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

Findings: No exceptions noted.

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

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

12) Fraud Notice²¹

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- 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. 42:1267²². The requirements are as follows:

²¹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.la.gov/hotline

²² While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

- i. Hired before June 9, 2020 - completed the training; and
- ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

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

14) Prevention of Sexual Harassment²³

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Findings: Five exceptions noted where officials did not have sexual harassment training documentation. There was no sexual harassment report for the fiscal period. Therefore, we could not test attribute C.

²³ While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

Management's Response

We agree with the results of the procedures.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
June 24, 2025