

Bogue Lusa Waterworks District  
Washington Parish Council  
Bogalusa, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2021  
With Supplemental Information Schedules  
(with 2020 summarized comparative information)

*Minda B. Raybourn*

Certified Public Accountant  
Limited Liability Company  
820 11<sup>th</sup> Avenue  
Franklinton, Louisiana 70438  
(985) 839-4413  
Fax (985) 839-4402

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As of and for the Year Ended December 31, 2021  
With Supplemental Information Schedules  
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Member  
AICPA

Member  
LCPA

### **Independent Auditor's Report**

To the Board of Commissioners  
Bogue Lusa Waterworks District  
Washington Parish Government  
Angie, LA

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

I have audited the financial statements of the business-type activities, of the Bogue Lusa Waterworks District, a component unit of Washington Parish Government, as of and for the year ended December 31, 2021, and 2020, and the related notes to the financial statements, which collectively comprise the Bogue Lusa Waterworks District's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Bogue Lusa Waterworks District, as of December 31, 2021, and 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinions***

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

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

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

My 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 my 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 GAAS 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 GAAS and *Government Auditing Standards*, I:

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

I am 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 I identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the

basic financial statements. I 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.

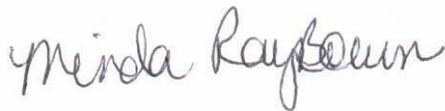
***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bogue Lusa Waterworks District’s basic financial statements. The other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of insurance coverage, schedule of compensation paid to the Board of Commissioners, schedule of compensation, benefits, and other payments to the agency head, schedule of water rates, and schedule of water customers are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, based on my audit, the procedures performed as described above, the schedule of insurance coverage, schedule of compensation paid to the Board of Commissioners, schedule of compensation, benefits, and other payments to the agency head, schedule of water rates, and schedule of water customers are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated June 20, 2022 on my consideration of Bogue Lusa Waterworks District’s internal control over financial reporting and on my 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 my 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 Bogue Lusa Waterworks District’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 Bogue Lusa Waterworks District’s internal control over financial reporting and compliance.



Minda B. Raybourn CPA  
Franklinton, LA  
June 20, 2022

**Required Supplemental Information**  
**Management's Discussion and Analysis**

**Bogue Lusa Waterworks District  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2021  
(With 2020 summarized comparative information)**

**Introduction**

The Bogue Lusa Waterworks District (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards are more fully described in *Footnote 1 – Summary of Significant Accounting Policies – Section A “Measurement Focus and Basis of Accounting and Financial Statement Presentation”*.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements in this report.

**Financial Highlights**

- At December 31, 2021, total assets and deferred outflows of resources were \$2,790,878 and exceeded liabilities and deferred inflows of resources by the amount of \$1,041,936 (i.e., net position). Of the total net position, \$767,874 was unrestricted and available to support short-term operations, with \$863,930 net investment in capital assets, and \$117,138 restricted for capital activity and debt service.
- For the year ended December 31, 2021, user fee revenues (water sales) increased to \$640,692 as compared to \$588,266 for the fiscal year ending December 31, 2020.
- The District's operating expenses, other than depreciation expense, increased 10 percent over the prior year's operating expenses going from \$464,590 to \$509,501 for the year ending December 31, 2021.
- Total long-term debt decreased from \$945,000 to \$900,000 (before deduction of bond discount) from the prior year due to principal payments made on bonds payable.

**Bogue Lusa Waterworks District  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2021  
(With 2020 summarized comparative information)**

**Overview of the Annual Financial Report**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of Bogue Lusa Waterworks District's financial condition and performance.

The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The Statement of Net Position provides information about the nature and amount of the District's resources and obligations at year-end and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Position accounts for the revenues and expenses for the fiscal year and provides information on how net position changed during the year. This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule and key information schedules on operation of the District.

**Financial Analysis**

The purpose of financial analysis is to help determine whether Bogue Lusa Waterworks District is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, are presented below in condensed format. These statements report the net position, the difference between assets and liabilities, and the change in net position, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

**Bogue Lusa Waterworks District  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2021  
(With 2020 summarized comparative information)**

**Condensed Statements of Net Position  
2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Assets:				
Current and Other Assets	\$ 984,124	\$ 934,551	\$ 49,573	5%
Capital Assets	<u>1,757,267</u>	<u>1,867,908</u>	<u>(110,641)</u>	-6%
Total Assets	<u>2,741,391</u>	<u>2,802,459</u>	<u>(61,068)</u>	-2%
Deferred Outflows of Resources				
Deferred Loss on Refunding	<u>49,487</u>	<u>53,043</u>	<u>(3,556)</u>	-7%
Total Deferred Outflows of Resources	<u>49,487</u>	<u>53,043</u>	<u>(3,556)</u>	-7%
Liabilities:				
Long-Term Debt Outstanding	843,337	892,890	(49,553)	-6%
Other Liabilities	<u>198,599</u>	<u>174,246</u>	<u>24,353</u>	14%
Total Liabilities	<u>1,041,936</u>	<u>1,067,136</u>	<u>(25,200)</u>	-2%
Net Position:				
Net Investment in Capital Assets	863,930	930,018	(66,088)	-7%
Restricted for Capital Activity and Debt Service	117,138	119,663	(2,525)	-2%
Unrestricted	<u>767,874</u>	<u>738,685</u>	<u>29,189</u>	4%
Total Net Position	<u>\$ 1,748,942</u>	<u>\$ 1,788,366</u>	<u>\$ (39,424)</u>	-2%

The net increase in "Current and Other Assets" is primarily related to a net increase in cash and investments resulting from cash inflows from operations. The net decrease in "Capital Assets" primarily reflects \$26,193 in additions offset by the depreciation recorded on capital assets of \$136,833 for the fiscal year ending December 31, 2021.

Long term debt decreased related to principal payments of \$45,000. Other liabilities increased due to an increase in accounts payable for \$10,313, increase in the payable to the Varnado Waterworks District for contract operations for \$6,026, and an increase in customer deposit liabilities of \$4,300.

**Bogue Lusa Waterworks District  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2021  
(With 2020 summarized comparative information)**

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<b>Year ended December 31, 2021</b>	<b>Year ended December 31, 2020</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
<b>Revenues:</b>				
Operating Revenues	\$ 640,692	\$ 588,266	\$ 52,426	9%
Nonoperating Revenues	3,037	53,551	(50,514)	-94%
<b>Total Revenues</b>	<u>643,729</u>	<u>641,817</u>	<u>1,912</u>	<u>0%</u>
<b>Expenses:</b>				
Depreciation Expense	136,833	132,660	4,173	3%
Other Operating Expense	509,501	464,590	44,911	10%
Nonoperating Expense	36,819	37,302	(483)	-1%
<b>Total Expenses</b>	<u>683,153</u>	<u>634,552</u>	<u>48,601</u>	<u>8%</u>
<b>Changes in Net Position</b>	<u>(39,424)</u>	<u>7,265</u>	<u>(46,689)</u>	<u>-643%</u>
<b>Beginning Net Position</b>	<u>1,788,366</u>	<u>1,781,101</u>	<u>7,265</u>	<u>0%</u>
<b>Ending Net Position</b>	<u>\$ 1,748,942</u>	<u>\$ 1,788,366</u>	<u>\$ (39,424)</u>	<u>-2%</u>

While the Statement of Net Position shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers to the nature and scope of these changes. The above table gives an indication of how Bogue Lusa Waterworks District is being conservatively managed.

Total "Operating Revenues" (including water sales and revenues related to providing water and related services to customers) had an increase of \$52,426. Nonoperating Revenues decrease was primarily due the receipt of insurance proceeds in the amount of \$48,705 in the prior year.

Total operating expenses, other than depreciation, increased by 10%. This was due to an increase in repairs and maintenance and utilities. Depreciation expense increased \$4,173 or 3%.

The District's net position decreased (\$39,424) (change in net position) for the fiscal year ending December 31, 2021.

**Bogue Lusa Waterworks District  
Management’s Discussion and Analysis  
As of and for the Year Ended December 31, 2021  
(With 2020 summarized comparative information)**

**Budgetary Highlights**

Bogue Lusa Waterworks District adopts an annual operating budget in accordance with requirements of the United States Department of Agriculture, Rural Utilities Service. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year and is amended by the Board of Commissioners after review of monthly budget-to-actual financial reports. A summary of the approved budget is presented below in condensed format summarizing major revenue and expenditure categories and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in “Schedule 1 - Budgetary Comparison Schedule,” as supplementary information, following the footnotes to the financial statements.

**Budget vs. Actual - Fiscal Year ended December 31, 2021**

	<b>Budget Year ended December 31, 2021</b>	<b>Actual Year ended December 31, 2021</b>	<b>Favorable (Unfavorable) Variance</b>
Revenues:			
Operating Revenues	\$ 587,790	\$ 640,692	\$ 52,902
Nonoperating Revenues	53,400	3,037	(50,363)
Total Revenues	<u>641,190</u>	<u>643,729</u>	<u>2,539</u>
Expenses:			
Depreciation	135,000	136,833	(1,833)
Other Operating Expense	465,257	509,501	(44,244)
Nonoperating Expense	36,000	36,819	(819)
Total Expenses	<u>636,257</u>	<u>683,153</u>	<u>(46,896)</u>
Changes in Net Position	<u>\$ 4,933</u>	<u>\$ (39,424)</u>	<u>\$ (44,357)</u>

**Bogue Lusa Waterworks District  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2021  
(With 2020 summarized comparative information)**

**Other Significant Trends and Account Changes**

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the District. This is followed by an analysis of any significant account changes not included within other sections of the Management's Discussion and Analysis.

**General Operating Data**

**Schedule of Water Customers  
As of December 31, 2021 and 2020**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Increase (Decrease)</u>
Customers			
Residential	1,416	1,410	6
Commercial	29	29	-
School	1	1	-
Total Customers	<u>1,446</u>	<u>1,440</u>	<u>6</u>

One key measure of a water district's profitability, and the ability to generate positive cash flows, is the ability of the water system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2021 and 2020.

	<u>Year Ended December 31, 2021</u>	<u>Year Ended December 31, 2020</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 40,392	\$ 42,424	\$ (2,032)
31-60 Days Past Due	8,461	4,192	4,269
61-90 Days Past Due	2,351	1,856	495
Over 90 Days Past Due	<u>(2,650)</u>	<u>(3,445)</u>	<u>795</u>
Subtotal	48,554	45,027	3,527
Unbilled Accounts Receivable	18,593	18,596	(3)
Allowance for Uncollectible Accounts	<u>(5,257)</u>	<u>(3,542)</u>	<u>(1,715)</u>
Net Accounts Receivable	<u>\$ 61,890</u>	<u>\$ 60,081</u>	<u>\$ 1,812</u>

**Bogue Lusa Waterworks District  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2021  
(With 2020 summarized comparative information)**

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of the fiscal year ending December 31, 2021, Bogue Lusa Waterworks District had \$1,757,267 (net of accumulated depreciation) recorded in capital assets. This includes water systems and improvements, investment in water meters, storage and other equipment, such as office equipment, and maintenance equipment used to operate the water system. The changes in capital assets are presented in the table below.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Capital Assets				
Land	\$ 38,025	\$ 38,025	\$ -	0%
Buildings and Improvements	231,387	231,387	-	0%
Furniture, Fixtures, and Equipment	263,723	212,804	50,919	24%
Vehicles	50,041	50,041	-	0%
Utility System	4,237,966	4,237,966	-	0%
Construction in Progress	-	24,727	(24,727)	0%
Subtotal	4,821,142	4,794,950	26,192	1%
Less: Accumulated Depreciation	(3,063,875)	(2,927,042)	(136,833)	5%
Net Capital Assets	<u>\$ 1,757,267</u>	<u>\$ 1,867,908</u>	<u>\$ (110,641)</u>	-6%

The District had a generator on the Knapp Thomas Road well that was damaged beyond repair. The District was reimbursed from insurance in the amount of \$48,705 in the prior year. The District ordered a new generator in the amount of \$49,455. A down payment of \$24,727 was paid in the prior year. The final balance was paid and placed in service during the fiscal year. Other equipment totaled \$1,465. The District recorded depreciation expense of \$136,833.

**Bogue Lusa Waterworks District  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2021  
(With 2020 summarized comparative information)**

**Long-Term Offerings**

A summary of long-term debt is as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total Long-Term Debt	\$ 893,337	\$ 937,890
Long Term	843,337	892,890
Long Term Debt - Current	50,000	45,000
 Total Net Assets	 1,748,942	 1,788,366
 Total Long-Term Debt to Net Assets Ratio	 51.08%	 52.44%

Long term debt decreased related to principal payments of \$45,000 for the 2011 Water Revenue Bonds and for the 2016 Revenue Refunding Bonds. Bond obligations were offset by bond discount amortization of \$6,663 for the 2016 Revenue Refunding Bonds. See further discussion in *Note 6—Long Term Obligations* and *Note 7—Flow of Funds, Restrictions on Use*.

Bonds financed for Bogue Lusa Waterworks District require a specific debt to net income ratio of 125%. As noted in *Footnote 7—Flow of Funds, Restrictions on Use*, the District did meet the required ratio for the fiscal year ended December 31, 2021. The District's debt to net income ratio is 171%.

**Future Economic Plans**

The Bogue Lusa Waterworks District's management approach is conservative. The Board actively monitors revenues and expenses and evaluates the costs of proposed expansion projects.

**Requests for Information**

The financial report is designed to provide an overview of Bogue Lusa Waterworks District's finances and demonstrate the District's accountability. If you have questions regarding this report or need additional information, contact the District at 26070 Highway 21, Angie, LA 70426. The phone number for the District is (985) 735-1669.

# **Financial Statements**

## Statement A

**Bogue Lusa Waterworks District**  
**Statement of Net Position**  
**As of December 31, 2021**  
*With Comparative Totals as of December 31, 2020*

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 702,313	\$ 658,428
Accounts Receivable	61,890	60,081
Prepaid Insurance	13,169	10,593
Total Current Assets	777,372	729,102
Restricted Assets		
<u>Cash and Cash Equivalents</u>		
Customer Deposits	67,315	70,162
Bond Reserve	81,029	81,029
Bond Contingency	11,110	9,001
Bond Sinking Account	40,151	38,125
<u>Investments</u>		
Customer Deposits	7,147	7,132
Total Restricted Assets	206,752	205,449
Property, Plant, and Equipment		
Land	38,025	38,025
Construction in Progress	-	24,727
Property, Plant, and Equipment, Net	1,719,242	1,805,156
Total Property, Plant, and Equipment	1,757,267	1,867,908
<b>TOTAL ASSETS</b>	<b>\$ 2,741,391</b>	<b>\$ 2,802,459</b>
<b>DEFERRED OUTFLOWS</b>	<b>\$ 49,487</b>	<b>\$ 53,043</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 18,465	\$ 8,152
Other Accrued Payables	40,520	35,308
Total Current Liabilities	58,985	43,460
Restricted Liabilities		
Customer Deposits	74,462	70,162
Revenue Bonds Payable	50,000	45,000
Accrued Interest Payable	15,152	15,624
Total Restricted Liabilities	139,614	130,786
Long Term Liabilities		
Bonds Payable	843,337	892,890
Total Long Term Liabilities	843,337	892,890
<b>TOTAL LIABILITIES</b>	<b>\$ 1,041,936</b>	<b>\$ 1,067,136</b>
<b>DEFERRED INFLOWS</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 863,930	\$ 930,018
Restricted	117,138	119,663
Unrestricted	767,874	738,685
<b>TOTAL NET POSITION</b>	<b>\$ 1,748,942</b>	<b>\$ 1,788,366</b>

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

**Statement B**

**Bogue Lusa Waterworks District**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended December 31, 2021**  
*With Comparative Totals for the Year Ended December 31, 2020*

	<b>2021</b>	<b>2020</b>
<b>Operating Revenues</b>		
Water Sales	\$ 612,054	\$ 560,606
Penalties	16,160	15,364
Installation Fees	3,600	3,600
Reconnect Fees	3,100	3,400
Other	5,778	5,296
Total Operating Revenues	640,692	588,266
<b>Operating Expenses</b>		
Advertising	672	672
Bad Debts	3,441	959
Contract Operations & Maintenance	58,982	62,800
Contract Labor	209,144	208,668
Depreciation	136,833	132,660
Director's Expense	2,180	1,920
Insurance	17,179	15,747
Meter Reading	22,035	21,281
Permit Fees	16,616	16,619
Other	6,529	4,367
Professional Fees	17,927	14,764
Repairs & Maintenance	36,945	18,616
Supplies- Maintenance	40,076	38,944
Supplies- Office	10,462	8,880
Utilities	58,208	45,573
Vehicle Expense	9,105	4,780
Total Operating Expenses	646,334	597,250
<b>Operating Income (Loss)</b>	(5,642)	(8,984)
<b>Non Operating Revenues (Expenses)</b>		
Interest Income	212	3,724
Interest Expense	(36,819)	(37,302)
Gain/loss on Disposal of Asset	-	200
Other Revenues (Expenses)	2,825	49,627
Total Non Operating Revenues (Expenses)	(33,782)	16,249
<b>Change in Net Position</b>	<b>(39,424)</b>	<b>7,265</b>
<b>Total Net Position, Beginning</b>	\$ 1,788,366	\$ 1,781,101
<b>Total Net Position, Ending</b>	<b>\$ 1,748,942</b>	<b>\$ 1,788,366</b>

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

## Statement C

**Bogue Lusa Waterworks District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2021**  
*With Comparative Totals for the Year Ended December 31, 2020*

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Received from Customers	\$ 626,580	\$ 569,242
Received for Meter Deposit Fees	4,300	5,300
Other Receipts	12,478	12,296
Payments for Operations	<u>(494,778)</u>	<u>(450,921)</u>
Net Cash Provided by Operating Activities	148,580	135,917
<b>Cash Flows from Non Capital Financing Activities</b>		
Other Receipts	<u>2,825</u>	<u>49,627</u>
Net Cash Provided by Non Capital Financing Activities	2,825	49,627
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital Acquisitions	(26,192)	(47,283)
Proceeds from Disposal of Asset	-	200
Principal Repayments for Long Term Debt	(45,000)	(45,000)
Deferred Outflow and Bond Amortization	(4,003)	(4,003)
Interest Payments for Long Term Debt	<u>(31,249)</u>	<u>(32,194)</u>
Net Cash Provided by Capital and Related Financing Activities	(106,444)	(128,280)
<b>Cash Flows from Investing Activities</b>		
Receipt of Interest	212	3,724
Proceeds from sale of Investments	<u>-</u>	<u>-</u>
Net Cash Provided by Investing Activities	212	3,724
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	45,173	60,988
<b>Cash Equivalents, Beginning of Year</b>	856,745	795,757
<b>Cash Equivalents, End of Year</b>	<u><u>\$ 901,918</u></u>	<u><u>\$ 856,745</u></u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement</b>		
Cash and Cash Equivalents, Unrestricted	\$ 702,313	\$ 658,428
Cash and Cash Equivalents, Restricted	<u>199,605</u>	<u>198,317</u>
Total Cash and Cash Equivalents	<u><u>\$ 901,918</u></u>	<u><u>\$ 856,745</u></u>

(Continued)

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

**Statement C**

**Bogue Lusa Waterworks District  
Statement of Cash Flows  
For the Year Ended December 31, 2021**

*With Comparative Totals for the Year Ended December 31, 2020*

<b>Reconciliation of Operating Income (Loss) to Net Cash</b>	<b>2021</b>	<b>2020</b>
Operating Income (Loss)	\$ (5,642)	\$ (8,984)
Adjustments to Reconcile Operating Income (Loss) to Net		
Depreciation	136,833	132,660
Accounts Receivable	140	(5,190)
Prepaid Insurance	(2,576)	(517)
Accounts Payable	10,313	715
Accrued Expenses	5,212	11,933
Customer Deposits	4,300	5,300
Net Cash Provided by Operating Activities	\$ 148,580	\$ 135,917

Concluded

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

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# **Notes to the Financial Statements**

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2021**  
**(with 2020 Summarized Comparative Information)**

**Introduction**

Bogue Lusa Waterworks District was established July 31, 1969, by an ordinance of the Washington Parish Council. The ordinance, enacted pursuant to Louisiana Revised Statutes 33:3813, describes and defines the boundaries of the water district, and provides for a five-member governing board of commissioners appointed by the Washington Parish Council. The District serves 1,446 customers as of December 31, 2021. The District's water wells are located southwest of the Bogalusa city limits. The system lines run south to the St. Tammany Parish boundary and west of the Bogalusa city limits for approximately fifteen miles.

Bogue Lusa Water Works District was thus created and constitutes a public corporation and political subdivision of the State of Louisiana and has all the power and privileges granted by the Constitution and statutes of this state to such subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

GASB Statement No. 14, *The Reporting Entity*, as amended, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Bogue Lusa Water Works District is considered a component unit of the Washington Parish Council. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within those financial statements or separately reported as a discrete component unit.

**1. Summary of Significant Accounting Policies**

**A. Measurement Focus and Basis of Accounting and Financial Statement Presentation**

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as described in the following paragraphs.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the District to be presented as revenues at the bottom of the statement of revenues, expenditures, and changes in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J—Net Position*. As required by the Governmental Accounting Standards Board (GASB), the District implemented GASB Statement No. 63 during the year ending December 31, 2012.

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2021**  
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The District has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The District reported \$49,487 in deferred outflows of resources at December 31, 2021. See *Footnote I—Long-Term Debt Obligations*.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities, available to the District for the purpose of providing goods and services to the public, are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position includes all costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**B. Cash and Cash Equivalents and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**C. Investments**

Investments for the District are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy.

**D. Inventories**

Purchases of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

**E. Prepaid Items**

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums.

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
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**F. Restricted Assets**

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customer's meter deposits are also classified as restricted assets.

**G. Capital Assets**

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. Donated assets, including water systems donated for continued maintenance by the District, are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

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

Description	Estimated Lives
Buildings	15 - 30 Years
Equipment	5 - 10 Years
Furniture and Fixtures	5 - 10 Years
Vehicles	5 Years
Water System	15 - 30 Years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset 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.

**H. Compensated Absences**

Employees receive two weeks of paid vacation after being employed for one to five years, and three weeks of paid vacation for six to ten years, increasing to six weeks of vacation for employees with over twenty-one years of service. Employees are not allowed to carry over vacation from one year to the next.

Employees accrue one half day per month of employment for sick leave up to a maximum of forty-five days. In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

**I. Long-Term Debt Obligations**

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65). Prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

Paragraph 187 of GASB Statement 62 establishes standards of accounting and financial reporting for debt issuance costs. Paragraph 12 of Statement 7 indicates that debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses).

The District has previously implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to complement GASB Statement

**Bogue Lusa Waterworks District**  
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No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The District incurred and expensed \$1,129 in bond issuance costs associated with the issuance of Water Revenue Refunding Bonds, Series 2016 in the year ending December 31, 2020. See further discussion on the bond issuance in *Note 6—Long Term Obligations* and *Note 7—Flow of Funds, Restrictions on Use*.

GASB Statement 23, as amended, establishes accounting and financial reporting for current refundings and advance refundings resulting in defeasance of debt. Refundings involve the issuance of new debt whose proceeds are used to repay previously issued (“old”) debt. The new debt proceeds may be used to repay the old debt immediately (a current refunding); or the new debt proceeds may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). As described in paragraphs 3 and 4 of GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, an advance refunding may result in the in-substance defeasance of the old debt provided that certain criteria are met.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* provide guidance on reporting difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt. The difference is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

During the year ending December 31, 2016, the District issued \$ 1,080,000 in Water Revenue Refunding Bonds, Series 2016 for the purpose of refunding a portion of the District’s outstanding bonds funding a reserve fund and paying the costs of issuance of the bonds. The District reported \$67,268 in deferred outflows of resources at December 31, 2016, related to the difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt during the current year. See further discussion on refunding bond in *Note 6 – Long Term Obligations* and *Note 7—Flow of Funds, Restrictions on Use*.

**J. Net Position**

GASB Statement No. 34, *Basic Financial Statements, Management’s Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

**Bogue Lusa Waterworks District**  
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**(with 2020 Summarized Comparative Information)**

- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**K. Comparative Data/Reclassifications**

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

**L. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

**M. Estimates**

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

**2. Cash and Cash Equivalents**

At December 31, 2021 and 2020, the District has cash and cash equivalents (book balances), as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Demand Deposits	\$ 359,146	\$ 315,658
Time & Savings Deposits	136,696	135,198
Louisiana Asset Management Pool (LAMP)	406,076	405,889
Total Cash and Cash Equivalents	<u>901,918</u>	<u>856,745</u>
Certificate of Deposits held in Investments (See Note 3)	<u>7,147</u>	<u>7,132</u>
Total Deposits	<u>\$ 909,065</u>	<u>\$ 863,877</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2021, the District had \$506,909 in deposits other than LAMP (collected bank balances) within three separate banks, consisting of \$363,066 in demand deposits, \$136,696 in time

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
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and savings and \$7,147 in certificates of deposits held as investments. The demand deposits and the time and savings accounts are secured from risk by \$250,000 of federal deposit insurance at each financial institution and also have access to pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

### **3. Investments**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments when held are carried at fair market value, with the estimated fair market value based on quoted market prices. The only investments held by the District at December 31, 2021, are the certificates of deposit listed in Note 2. The certificates of deposit are carried at cost which approximates market value.

*Interest Rate Risk:* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

In accordance with GASB Codification Section I50.165, the investment in the Louisiana Asset Management Pool, Inc., (LAMP) at December 31, 2021, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7 – like investment pool. The following facts are relevant for 2a7 like investment pools:

1. **Credit risk:** LAMP is rated AAAM by Standards and Poor's.
2. **Custodial credit risk:** LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. **Concentration of credit risk:** Pooled investments are excluded from the five percent disclosure requirement.
4. **Interest rate risk:** LAMP is designed to be highly liquid to give participants immediate access to their account balances. 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. However, LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60

**Bogue Lusa Waterworks District**  
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days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 45 days as of December 31, 2021.

5. **Foreign currency risk:** Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP. That report may be obtained by calling (800) 249-5267.

**4. Receivables**

The following is a summary of receivables at December 31, 2021 and 2020:

	<b>Year Ended December 31, 2021</b>	<b>Year Ended December 31, 2020</b>	<b>Increase (Decrease)</b>
Accounts Receivable			
Current	\$ 40,392	\$ 42,424	\$ (2,032)
31-60 Days Past Due	8,461	4,192	4,269
61-90 Days Past Due	2,351	1,856	495
Over 90 Days Past Due	(2,650)	(3,445)	795
Subtotal	<u>48,554</u>	<u>45,027</u>	3,527
Unbilled Accounts Receivable	18,593	18,596	(3)
Allowance for Uncollectible Accounts	<u>(5,257)</u>	<u>(3,542)</u>	<u>(1,715)</u>
Net Accounts Receivable	<u>\$ 61,890</u>	<u>\$ 60,081</u>	<u>\$ 1,812</u>

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. Periodically, the board reviews the aging of receivables and determines the actual amount uncollectible. Per board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of uncollectibility.

Estimated unbilled revenues (accrued billings) are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billing during the month following the close of the fiscal year. At December 31, 2021, accrued billings amounts were \$18,593, and \$18,596 at December 31, 2020.

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2021**  
**(with 2020 Summarized Comparative Information)**

**5. Capital Assets**

A summary of changes in capital assets during the fiscal year ending December 31, 2021 is as follows:

	<b>Beginning Balance <u>12/31/20</u></b>	<b>Additions and Reclassifications</b>	<b>Deletions and Reclassifications</b>	<b>Ending Balance <u>12/31/21</u></b>
Capital Assets				
Capital Assets - Not Depreciated				
Land	\$ 38,025	\$ -	\$ -	\$ 38,025
Construction in Progress	<u>24,727</u>	<u>-</u>	<u>(24,727)</u>	<u>-</u>
Total Capital Assets - Not Depreciated	<u>62,752</u>	<u>-</u>	<u>(24,727)</u>	<u>38,025</u>
Capital Assets - Depreciated				
Buildings	231,387	-	-	231,387
Equipment	210,953	-	-	210,953
Furniture and Fixtures	1,850	-	-	1,850
Vehicles	50,041	-	-	50,041
Utility System	<u>4,237,966</u>	<u>50,920</u>	<u>-</u>	<u>4,288,886</u>
Total Capital Assets - Depreciated	<u>4,732,197</u>	<u>50,920</u>	<u>-</u>	<u>4,783,117</u>
Less Accumulated Depreciation	<u>(2,927,041)</u>	<u>(136,834)</u>	<u>-</u>	<u>(3,063,875)</u>
Total Capital Assets - Depreciated - Net	<u>1,805,156</u>	<u>(85,914)</u>	<u>-</u>	<u>1,719,242</u>
Total Capital Assets, Net	<u>\$ 1,867,908</u>	<u>\$ (85,914)</u>	<u>\$ (24,727)</u>	<u>\$ 1,757,267</u>

The District had a generator on the Knapp Thomas Road well that was damaged beyond repair. The District was reimbursed from insurance in the amount of \$48,705 in the prior year. The District ordered a new generator in the amount of \$49,455. A down payment of \$24,727 was paid in the prior year. The final balance was paid and placed in service during the fiscal year. Other equipment totaled \$1,465. The District recorded depreciation expense of \$136,833.

**6. Long-Term Obligations**

The following is a summary of long-term obligation transactions for the year ended December 31, 2021:

<b>Description</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Long-Term Debt					
2016 Water Revenue Refunding Bonds	\$ 945,000	\$ -	\$ (45,000)	\$ 900,000	\$ 50,000
Total Long-Term Debt	<u>945,000</u>	<u>-</u>	<u>(45,000)</u>	<u>900,000</u>	<u>50,000</u>
Less:					
Unamortized Premium (Discount)	<u>(7,110)</u>	<u>-</u>	<u>447</u>	<u>(6,663)</u>	<u>447</u>
Total Long Term Debt	<u>\$ 937,890</u>	<u>\$ -</u>	<u>\$ (44,553)</u>	<u>\$ 893,337</u>	<u>\$ 50,447</u>

During the year ending December 31, 2016, the District issued \$ 1,080,000 in Water Revenue Refunding Bonds, Series 2016 at a discount of \$8,934 for the purpose of refunding the outstanding 1993 and 1998 water revenue bonds and \$645,000 of the outstanding 2011 water bonds (those maturing in years 2019 to 2036), funding a reserve fund, and paying the costs of issuance of the bonds. The District refunded the outstanding \$184,459 in Series 1993 water revenue bonds and \$308,308 in 1998 water revenue bonds. Additionally, \$691,325 of the bond proceeds plus \$10,941 of reserve funds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the 2019 to 2036 debt service payments on the 2011 water revenue bonds. These bonds maturing July 1, 2021 and thereafter will be called on July 1, 2018 at a price equal to

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2021**  
**(with 2020 Summarized Comparative Information)**

the principal amount thereof (\$645,000) plus accrued interest to the call date. As a result, \$645,000 of the 2011 water bonds were considered in-substance defeased and the liability for those bonds was removed from the District's books at December 31, 2016.

Bonds Payable as of December 31, 2021 and 2020 is as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Water System      \$ 1,080,000    Series 2016 Revenue Refunding Bonds sold privately		
Dated 11/17/2016    due in annual installments of principal and semi-annual interest averaging		
\$        75,186    per year to        7/1/2036 interest ranging from 2.10% to 3.85%	\$        900,000	\$        945,000
	\$        900,000	\$        945,000

The annual requirements to amortize all debt outstanding as of December 31, 2021, including interest payments of \$272,275 are as follows:

	<b>2016 Water Revenue Refunding Bonds</b>	<b>Total</b>
<b>Year Ending 12/31/21</b>	<b>\$ 1,080,000</b>	<b>Total</b>
2022	80,304	80,304
2023	78,879	78,879
2024	77,454	77,454
2025	81,029	81,029
2026	79,461	79,461
2027 to 2031	390,399	390,399
2032 to 2036	384,749	384,749
2037 to 2041	-	-
2042 to 2038	-	-
2039 to 2043	-	-
	\$    1,172,275	\$    1,172,275

**7. Flow of Funds, Restrictions on Use**

In the year 2011, the Water Revenue Bonds Series 1993 and the Water Revenue Bonds Series 1998 were paid off and the remaining bonds were parity bond obligations and consisted of the 1993 Water Revenue Bonds, the 1998 Water Revenue Bonds, and the 2011 Water Revenue Bonds, as described below.

On July 9, 1992, the governing authority, after following the prescribed legal requirements, passed a resolution to issue \$290,000 of revenue bonds for the purpose of extending and improving the existing water works system. On March 8, 1993, \$290,000 of the bonds were sold to RUS. The bonds were issued at par for forty years with interest at 5.625 percent, maturing on April 8, 2033.

On October 8, 1998, the governing authority, after following the prescribed legal requirements, passed a resolution to issue \$400,000 of revenue bonds for the purpose of extending and improving the existing water works system.

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
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On December 9, 1998, \$400,000 of the bonds were sold to RUS. The bonds were issued at par for forty years with interest at 4.75 percent, maturing on December 9, 2038.

On July 27, 2010, the governing authority, after following the prescribed legal requirements, passed a resolution to issue \$1,205,000 of revenue bonds for the purpose of constructing and acquiring improvements and extensions to the existing water works system, for funding a debt service reserve fund, and for funding the costs of issuance. On August 30, 2011, \$780,000 of the bonds were sold through a private lender. The bonds are payable with semi-annual interest payments and annual principal payments with annual interest rates varying from 4.0% to 5.375%, and mature on July 1, 2036.

During the year ending December 31, 2016, the District issued \$ 1,080,000 in Water Revenue Refunding Bonds, Series 2016 for the purpose of refunding the outstanding 1993 and 1998 water revenue bonds and \$645,000 of the outstanding 2011 water bonds (those maturing in years 2019 to 2036), funding a reserve fund, and paying the costs of issuance of the bonds. The bonds were sold to a private lender. The District refunded the outstanding \$184,459 in Series 1993 water revenue bonds and \$308,308 in 1998 water revenue bonds. Additionally, \$691,325 of the bond proceeds plus \$10,941 of reserve funds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the 2020 to 2036 debt service payments on the 2011 water revenue bonds. These bonds maturing July 1, 2021 and thereafter will be called on July 1, 2020 at a price equal to the principal amount thereof (\$645,000) plus accrued interest to the call date. As a result, \$645,000 of the 2011 water bonds were considered in-substance defeased and the liability for those bonds was removed from the District's books at December 31, 2016. The District incurred and expensed \$64,686 in bond issuance costs associated with the issuance of Water Revenue Refunding Bonds, Series 2016 in the year ending December 31, 2016. The District reported \$67,268 in deferred outflows of resources at December 31, 2016 related to the difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt during the current year.

Due to the refunding of debt, previous debt service of \$1,830,935 was replaced by debt service of \$1,503,729 after refunding, resulting in an increase in cash flow of \$327,206. A recap of the net present value benefits and cash savings for the Water Revenue Refunding Bonds, Series 2016 issue is presented below:

**PV Analysis Summary (Gross to Gross) for Water Revenue Refunding Bonds, Series 2016**

Gross PV Debt Service Savings	\$	254,599
Contingency Fund Transfer		(184,997)
Transfer from Prior Issue Debt Service Fund		(10,942)
Transfer from Prior DSR Fund		(99,433)
Amount deposited into new DSR Fund		81,029
Release of Contingency Funds		100,000
Additional transfer from DSR Fund		(74,932)
Net Present Value Benefit	\$	<u>65,324</u>
Net PV Benefit / \$1,133,613 Refunded Principal		5.762%
Net PV Benefit / \$1,080,000 Refunding Principal		6.048%

The Series 2016 bonds were issued on a parity with the Series 2011 bonds maturing July 1, 2020, to July 1, 2018. Under the terms of the bonds, the bonds and the outstanding parity bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the combined water system of the District after

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2021**  
**(with 2020 Summarized Comparative Information)**

provision has been made for payment of the reasonable and necessary expenses of operating and maintaining of the system. Total interest expense on all water revenue bonds, for the fiscal year ending December 31, 2021, equaled \$32,816. The gross water revenue recognized during the current period was \$612,054.

Under the terms of the bonds, a “Waterworks Revenue Bond and Interest Sinking Fund” (the “sinking fund”) must be maintained with the paying agent for the outstanding parity bonds, sufficient in amount to pay promptly and fully the principal of and the interest on the bonds and outstanding parity bonds. The District must deposit funds into the sinking fund, on or before the twentieth (20<sup>th</sup>) of each month, a sum equal to the amount of principal and interest accruing on the bonds payable from the sinking fund for such calendar month, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. Based on the debt service schedule, the deposit is one-sixth (1/6) of the amount required to make the interest payment on the bonds due on the next interest date plus one-twelfth (1/12) of the amount required to make the principal payment on the bonds due on the next principal date. As of December 31, 2021, the District maintained a balance of \$40,151, meeting the required deposit for the Sinking Fund.

Additionally, a “Series 2016 Waterworks Bond Debt Survive Reserve Fund” (the “Reserve Fund”) must be maintained as required by the parity bond resolution (the series 2016 bonds). The money in the reserve fund can only be used to pay principal and interest on the bonds and the outstanding parity bonds. The reserve fund must contain an amount equal to the lesser of (i) 10% of the bond proceeds, the outstanding parity bonds and any additional bonds hereafter issued, (ii) 125% of the average annual debt service on the bonds, the outstanding parity bonds and any additional bonds hereafter issued, (iii) 100% of the maximum annual debt service on the bonds, the outstanding parity bonds and any additional bonds hereafter issued. The Reserve Fund was fully funded at bond closing with a payment of \$81,029 and at December 31, 2021, was fully funded.

Finally, a “Waterworks Depreciation Fund” (the “Contingencies Fund”) must be maintained to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system. The District must deposit funds into the contingencies fund, on or before the twentieth (20<sup>th</sup>) of each month, a sum equal 5% of the amount to be paid into the sinking fund. The payments continue over the life of the bonds. For the fiscal year ended December 31, 2021, the contingencies fund was fully funded with a balance maintained of \$11,111. Money in this fund may also be used to pay principal of and interest on any bond for the payment of which there is not sufficient money in the sinking fund or reserve fund, but if so used, such money shall be replaced as soon as possible thereafter out of the earnings of the system after making the required payments into the respective funds and accounts hereinabove set out.

As noted, the Series 2016 bonds were issued in parity with the 2011 bonds. The Series 2016 bonds require the following covenants:

The Issuer, through its governing authority, by proper resolution and/or resolutions, hereby covenants to fix, establish, maintain and collect such rates, fees, rents or other charges for the services and facilities of the system, and all parts thereof, and to revise the same from time to time whenever necessary, as will provide revenues in each fiscal year, funds sufficient to pay the reasonable operating and maintenance expenses of the system in each fiscal year, the principal and interest maturing on the outstanding parity bonds and the bonds in each fiscal year and all other payments required for such fiscal year with respect thereto and as will provide Net Revenues in each fiscal year at least equal to 125% of the principal and interest falling due in such fiscal year on the bonds, the outstanding parity bonds and any additional parity bonds or other obligations secured by or payable from Net Revenues. “Net Revenue,” per the applicable bond provisions, means the revenues, after provision has been made for payment therefrom of the reasonable and necessary expenses of maintaining and operating the system. For the fiscal year ending December 31, 2021, Net Revenues were computed to be above the 125 percent threshold of the average annual debt service requirements on all bonds held outstanding for the system at a computed ratio of 171 percent.

All net revenues any year not required to be paid in such year into any of the noted funds shall be regarded as excess funds and may be used for any lawful corporate purpose.

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2021**  
**(with 2020 Summarized Comparative Information)**

**8. Restricted Net Position**

At December 31, 2021, Bogue Lusa Waterworks District recorded \$117,138 in Restricted Net Position (Restricted for Capital Activity and Debt Service), representing the District's funds restricted by revenue bond debt covenants, contracts with customers for meter deposits, and the unspent portion of capital debt related to amounts restricted for capital projects less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

**9. Litigation and Claims**

There is no pending litigation as of December 31, 2021.

**10. Intergovernmental Agreement**

On January 21, 1995, the Bogue Lusa Waterworks District entered into a one-year service agreement with the Varnado Waterworks District with automatic annual renewals unless one of the parties notifies the other sixty days prior to the anniversary date. The agreement was active for the year ending December 31, 2021.

Under the terms of the agreement, the Varnado Waterworks District will perform all necessary functions involving billing of customers, collection of customer's accounts, keeping and furnishing necessary financial information and records on a monthly basis for the Bogue Lusa Water Works District. The fee for this service was \$2.25 per customer per month through April, 2010. The fee increased to \$2.35 per customer per month until June of 2012, after which the fee was increased to \$2.60 payable monthly. On February 1, 2020, the fee increased to \$3.45. The actual amount paid to Varnado Water District is adjusted at fiscal year-end based on joint operating costs incurred by Varnado Waterworks District.

Under the terms of the agreement, Varnado Waterworks District will also provide all system repair and maintenance customarily done by its own personnel. Accurate hourly records of personnel records involved in repairs shall be kept and Bogue Lusa Water Works District will be billed monthly at two times the employees' hourly rate. All materials, parts and supplies will be paid directly by the District which incurred the cost. Varnado Waterworks District employees will keep accurate mileage records for the service truck used for maintenance and repairs and will bill the Bogue Lusa Waterworks District \$0.54 per mile for work done on their respective systems. Periodically, an accounting will be made of the costs of the services provided under the agreement, and the actual amount paid to Varnado Water District will be adjusted at fiscal year-end based on joint operating costs incurred by Varnado Waterworks District. Cash settlements will be made between the Districts, so each District pays its portion of the actual costs.

The District incurred \$58,982 in contract operations and maintenance and \$209,144 in contract labor related to the agreement.

**11. Subsequent Events**

In January 2022, the board approved a rate increase of \$1.00 to residential customers and \$1.00 to commercial customers effective February 1, 2022.

Subsequent events have been evaluated by management through June 20, 2022, the date the financial statements were available to be issued. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2021.

## Other Supplemental Information

**Bogue Lusa Waterworks District**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2021**

*With Comparative Totals for the Year Ended December 31, 2020*

	<u>2021 Budget</u>	<u>2021 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2020</u>
<b>Operating Revenues</b>				
Water Sales	\$ 561,000	\$ 612,054	\$ 51,054	\$ 560,606
Penalties	15,300	16,160	860	15,364
Installation Fees	3,850	3,600	(250)	3,600
Reconnect Fees	2,850	3,100	250	3,400
Other	4,790	5,778	988	5,296
Total Operating Revenues	<u>587,790</u>	<u>640,692</u>	<u>52,902</u>	<u>588,266</u>
<b>Operating Expenses</b>				
Advertising	672	672	-	672
Bad Debts	1,000	3,441	(2,441)	959
Contract Operations & Maintenance	59,400	58,982	418	62,800
Contract Labor	207,000	209,144	(2,144)	208,668
Depreciation	135,000	136,833	(1,833)	132,660
Director's Expense	1,910	2,180	(270)	1,920
Insurance	14,880	17,179	(2,299)	15,747
Meter Reading	21,200	22,035	(835)	21,281
Permit Fees	16,700	16,616	84	16,619
Other	3,775	6,529	(2,754)	4,367
Professional Fees	15,000	17,927	(2,927)	14,764
Repairs & Maintenance	24,300	36,945	(12,645)	18,616
Supplies- Maintenance	40,410	40,076	334	38,944
Supplies- Office	9,000	10,462	(1,462)	8,880
Utilities	44,900	58,208	(13,308)	45,573
Vehicle Expense	5,110	9,105	(3,995)	4,780
Total Operating Expenses	<u>600,257</u>	<u>646,334</u>	<u>(46,077)</u>	<u>597,250</u>
<b>Operating Income (Loss)</b>	<u>(12,467)</u>	<u>(5,642)</u>	<u>6,825</u>	<u>(8,984)</u>
<b>Non Operating Revenues (Expenses)</b>				
Bond Issuance Costs Incurred	-	-	-	3,724
Interest Income	3,400	212	(3,188)	(37,302)
Interest Expense	(36,000)	(36,819)	(819)	-
Gain/loss on Disposal of Asset	-	-	-	200
Other Revenues (Expenses)	50,000	2,825	(47,175)	49,627
Total Non Operating Revenues (Expenses)	<u>17,400</u>	<u>(33,782)</u>	<u>(51,182)</u>	<u>16,249</u>
<b>Change in Net Position</b>	<u>4,933</u>	<u>(39,424)</u>	<u>(44,357)</u>	<u>7,265</u>
<b>Total Net Position, Beginning</b>	1,788,366	1,788,366	-	1,781,101
<b>Total Net Position, Ending</b>	<u>\$ 1,793,299</u>	<u>\$ 1,748,942</u>	<u>\$ (44,357)</u>	<u>\$ 1,788,366</u>

See independent auditor's report.

**Bogue Lusa Waterworks District**  
**Schedule of Insurance**  
**For the year ended December 31, 2021**

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>
CNA Surety Company 18274192	Fidelity Bond:		7/6/2021 to 7/6/2022
	President	\$ 100,000	
	Secretary-Treasurer	100,000	
	Office Manager	100,000	
	Clerk	25,000	
American Alternative Insurance Company GPPA-PF-00239165-00	Commercial General Liability:		10/16/2021 to 10/16/2022
	General Aggregate	3,000,000	
	Each Occurrence	1,000,000	
	Products / Completed Oper. Aggregate	3,000,000	
	Personal & Advertising Injury	1,000,000	
	Damage to Premises Rented	1,000,000	
	Medical Expense	10,000	
	Crime Coverage	10,000	
	Cyber Liability	1,000,000	
	Excess Liability	2,000,000	
	Property	1,051,919	
	Equipment	500,000	
	Business Automobile:		
	Liability	1,000,000	
Uninsured Motorist	1,000,000		
Comprehensive	As scheduled		
Collision	As scheduled		
Medical Payments	5,000		

See independent auditor's report.

**Bogue Lusa Waterworks District**  
**Schedule of Compensation Paid to Board of Commissioners**  
**For the year ended December 31, 2021**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Howard Stewart, President (985) 735-6424	11175 Pine Ridge Road Bogalusa, LA 70427	\$ 580	12/31/23
Jim Willis, Vice-President (985) 732-3040	29081 Louisiana Highway 1074 Bogalusa, LA 70427	480	12/31/26
Leo Mickenheim (985) 732-4888	18180 Wells Road Bogalusa, LA 70427	240	12/31/22
Carolin Bridges (985) 732-3762	103 Red Bird Lane Bogalusa, LA 70427	520	12/31/24
Deborah Baughman (985) 516-1391	57573 Spring Valley Road Bogalusa, LA 70427	360	12/31/25
		<u>\$ 2,180</u>	

See independent auditor's report.

**Schedule 4**

**Bogue Lusa Waterworks District  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the year ended December 31, 2021**

**Agency Head Name: Howard Stewart, President**

<u>Purpose</u>	<u>Amount</u>
Per Diem - Board Member	\$ 580

See independent auditor's report.

**Bogue Lusa Waterworks District  
Schedule of Water Rates  
For the year ended December 31, 2021**

Water	
Residential Rates	Commercial Rates
\$ 25.00 - First 2,000 Gallons	\$ 54.00 - First 15,000 Gallons
\$ 3.00 - Per 1,000 Gallons of Water over 2,000 Gallons	\$ 4.00 - Per 1,000 Gallons of Water over 15,000 Gallons

Water Effective January 1, 2022	
Residential Rates	Commercial Rates
\$ 26.00 - First 5,000 Gallons	\$ 55.00 - First 5,000 Gallons
\$ 3.00 - Per 1,000 Gallons of Water over 2,000 Gallons	\$ 4.00 - Per 1,000 Gallons of Water over 15,000 Gallons

**Schedule of Water Customers  
As of December 31, 2021 and 2020**

	December 31, 2021	December 31, 2020	Increase (Decrease)
Customers			
Residential	1,416	1,410	6
Commercial	29	29	-
School	1	1	-
Total Customers	1,446	1,440	6

See independent auditor's report.

*Minda B. Raybourn*

Certified Public Accountant  
Limited Liability Company  
820 11<sup>th</sup> Avenue  
Franklinton, Louisiana 70438  
(985) 839-4413  
Fax (985) 839-4402

Member  
AICPA

Member  
LCPA

**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***

To the Board of Commissioners  
Bogue Lusa Waterworks District  
Washington Parish Government  
Varnado, LA

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, of Bogue Lusa Waterworks District, a component unit of the Washington Parish Council, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Bogue Lusa Waterworks District's basic financial statements and have issued my report thereon dated June 20, 2022.

**Internal Control over Financial Reporting**

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

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

My 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 my audit, I did not identify any deficiencies in internal control that I consider material weaknesses or significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bogue Lusa Waterworks District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results

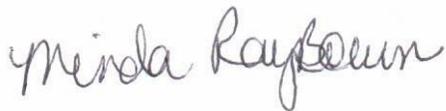
of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002.

### **Bogue Lusa Waterworks District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Bogue Lusa Waterworks District's response to the findings identified in my audit and described in the accompanying schedule of findings and responses. Bogue Lusa Waterworks District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I 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.

A handwritten signature in cursive script that reads "Minda Raybourn". The signature is written in dark ink on a light-colored background.

Minda Raybourn  
Franklinton, Louisiana  
June 20, 2022

**Bogue Lusa Waterworks District, Louisiana**  
**Schedule of Current Year Audit Findings**  
**For the Year Ended December 31, 2021**

**Section 1—Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes

No

Significant deficiencies identified that are not considered to be material weaknesses?

Yes

No

Noncompliance material to the financial statements note?

Yes

No

*Federal Awards - N/A*

Was a management letter issued?

Yes

No

**Bogue Lusa Waterworks District, Louisiana**  
**Schedule of Current Year Audit Findings and Responses**  
**For the Year Ended December 31, 2021**

**2021-001 Noncompliance with Ethics Training**

CONDITON: Two of the five board members received the required one-hour ethics training.

CRITERIA: Per Louisiana R.S. 42:1170, each public servant shall receive a one hour of education and training on the Code of Ethics during each year of his or her public employment or term of office. Each political subdivision shall designate at least one person who shall provide information, notices, and updates to employees and officials of the political subdivision and assist the board in any way necessary to fulfill the education requirements.

CAUSE OF CONDITON: Unknown.

EFFECT OF CONDITION: Noncompliance with state law.

RECOMMENDATION: The District should assign monitoring responsibility of the required one-hour ethics training to the District's manager. The manager should remind the board members of the required training and obtain completion certificates from each member.

MANAGEMENT RESPONSE: The District will implement the recommendation before the end of the current fiscal year.

**2021-002 Noncompliance with State Law on Sexual Harassment**

CONDITION: The District board members did not receive the one hour required training. The District did not file the required sexual harassment report.

CRITERIA: Per Louisiana R.S. 42:343, each public servant shall receive a minimum of one hour of education and training on preventing sexual harassment during each full calendar year of his or her public employment or term of office.

Per Louisiana R.S. 42:344, each agency head shall compile an annual report by February first of each year containing information from the previous calendar year regarding his or her agency's compliance with the applicable requirements of R.S. 42:344.

CAUSE: Unknown.

EFFECT OF CONDITION: Noncompliance with state law.

RECOMMENDATION: The District should put in place policies and procedures for agency responsibilities and prohibitions regarding sexual harassment, annual training, and annual reporting.

MANAGEMENT RESPONSE: The District will implement the recommendation before the end of the current fiscal year.

**Bogue Lusa Waterworks District, Louisiana**  
**Schedule of Prior Year Audit Findings and Responses**  
**For the Year Ended December 31, 2021**

**Finding 2020-001 Public Bid Law**

**Condition:** The generator at the Knapp Turner booster station was damaged by lightning. The District had a technician evaluate the condition of the generator and it was assessed as unsalvageable. The cost to replace the generator is \$49,455. The District paid \$24,727.50 (50% of the purchase price) on November 2, 2020. At December 31, 2020, the generator had not been sent to the District and installed. I reviewed the minutes and they do not reflect the board approval of the purchase. No advertisement was done.

**Criteria:** Per Louisiana RS 38:2212.1, Local political subdivisions and local governmental entities are required to use the Public Bid Law for the procurement of materials and supplies if the cost is over the contract limit of \$30,000, unless an exception exists. Examples of exceptions include: group purchasing options for hospitals (R.S. 38:2212.1(G)) and schools (R.S. 38:2212.1(N)); emergency procurements; or buying items off the state contract using the LPC. Transactions between public entities are not subject to the Public Bid Law, as long as a fair price is received for the goods.

There are certain exceptions for purchases of materials and supplies. These exceptions include:

- purchases off the State Contract under cooperative purchasing agreements; R.S. 38:2212.1(F)
- purchases of surplus materials and supplies from another public entity or the government of the United States or if the particular transaction is governed by the procurement code; R.S. 38:2212.1(D)
- purchases off of the Federal General Services Administration Lists, provided that the items are not otherwise available cheaper on State Contract and the public entity utilizes a Louisiana licensed dealer or distributor; R.S. 38:2212.1(E)
- purchases by hospitals service districts under qualified group purchasing organizations; R.S.38:2212.1(G)
- purchases of used fire and emergency response vehicles, including associated equipment, with a per unit purchase cost of less than one hundred thousand dollars; R.S. 38:2238, et seq.
- lease, rental, or purchases of telecommunications data processing systems, including equipment, and related services, by political subdivisions through a request for proposals; R.S. 38:2237
- purchases of materials, equipment and supplies by school districts and schools through a qualified group purchasing organization; R.S. 38:2212.1(N)
- purchase of materials, supplies, vehicles or equipment by the State, any levee district, levee drainage district, municipality, parish or other political subdivision of the state through an existing public contract of another political subdivision within one year of the opening of bids; R.S. 38:321.1; and
- purchases of animals trained to perform special task, including but not limited to narcotics detection, bomb detection, arson investigation, and rescue techniques by: 1) Any local law enforcement agency for the principal purpose of aiding in the detection of criminal activity, enforcement of laws, or apprehension of offenders, and 2) Any local public safety agency for the purpose of search and rescue services.

**Bogue Lusa Waterworks District, Louisiana**  
**Schedule of Current Year Audit Findings and Responses**  
**For the Year Ended December 31, 2021**

Per Louisiana R.S. 38:2211(A)(5)(a), an emergency is an unforeseen mischance bringing with it destruction or injury of life or property or imminent threat of such destruction or injury. An emergency may also result from an order by judicial body to take any immediate action that requires construction or repairs absent compliance with the formalities of the Public Bid law, because of insufficient time to follow the advertising requirements as provided in R.S. 38:2212.

The emergency exception can be applied by the following (R.S. 38:2212(P):

- 1) The emergency has been certified by the public entity at a public meeting, and
- 2) The public bid law may be waived provided that notice was given to the public by publishing in the official journal within 10 days of declaring the public emergency.

On extreme emergency situations, per Louisiana R.S. 38:2211(A)(5)(b), an extreme emergency is a catastrophic event that causes the loss of ability to obtain a quorum of the members necessary to certify the emergency prior to making the expenditure to acquire materials or supplies or to make repairs necessary for the protection of life, property, or continued function of the public entity.

In the event of an emergency or an extreme emergency, the political subdivision may make such purchases to deal with the emergency as may be required immediately. After the events requiring immediate emergency procurement, the president of the police jury, the president of the parish council, the mayor of the municipality, or a person designated to act on behalf of the governing authority of the political subdivision, shall declare that an extreme emergency exists and shall cause such declaration to be published in the official journal within ten days or as soon as practicable thereafter.

**Cause of Condition:** Unknown.

**Effect:** Noncompliance with components of public bid law.

**Recommendation:** The district needs to review the emergency provisions of the public bid law and be aware of the requirements of those type of purchases.

**Response:** The District will implement the recommendation.

**Status:** Resolved.

# *Minda B. Raybourn*

*Certified Public Accountant*

*Limited Liability Company*

820 11<sup>th</sup> Avenue  
Franklinton, Louisiana 70438  
(985) 839-4413  
Fax (985) 839-4402  
wrcpa@huntbrothers.com

Member  
AICPA

Member  
LCPA

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners Bogue Lusa Waterworks District  
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, 2021 through December 31, 2021. Bogue Lusa Waterworks District's (the "District") 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, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

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

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

*The entity does not have policies and procedures for amending the budget.*

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*The District does not use purchase requisitions or purchase orders. The District does not have policies and procedures on how vendors are added to the vendor list, and how purchases are initiated.*

- c) **Disbursements**, including processing, reviewing, and approving.

*The District does not have policies and procedures for processing disbursements.*

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*The District has policies and procedures for receipts and collections.*

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

*The District does not have policies and procedures for rate of pay or approval and maintenance of pay rate schedules.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The District does not have policies and procedures for types of services requiring contracts and standard terms and conditions.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*The District does not have policies and procedures for the required approvers of statements and monitoring credit card usage.*

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

*The District does not have policies and procedures for dollar thresholds by category of expense, documentation requirements, and required approvers.*

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

*The District does not have policies and procedures in place for ethics prohibitions, ethics violations, systems to monitor ethics violations, and documentation requirements that the employees and officials are to be notified of any changes to the ethics policy.*

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

*The District does not have policies and procedures for debt issuance approval and continuing disclosure/EMMA reporting requirements.*

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*The District does not have policies and procedures for IT disaster recovery and business continuity.*

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

*The District does not have policies and procedures for sexual harassment.*

**Management's Response:** We will implement the policies and procedures noted above before the end of the current fiscal year.

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

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

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

*No exceptions to this procedure.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds *Alternately, for those entities*

*reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*The minutes do not reference the budget to actual comparison but the financial statements are provided with copies of the previous month's minutes.*

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

*This is not applicable.*

### ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

*The listing of bank accounts and management's representation were obtained. The main operating accounting and 4 additional accounts were selected.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

*No exception to this procedure.*

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

*Management/board members who do not handle cash, post ledger, or issue checks do not review each bank reconciliation. The external account prepares the bank reconciliations.*

- c) 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.

*Management does not have documentation it has researched reconciling items outstanding for more than 12 months.*

**Management's Response:** We will research and document any outstanding checks more than 12 months old before the end of the current fiscal year.

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

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

*A list of deposit sites and management's representation was obtained*

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

- a) Employees responsible for cash collections do not share cash drawers/registers.

*No exception to this procedure.*

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

*No exception to this procedure.*

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

*No exception to this procedure.*

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

*No exception to this procedure.*

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

*No exception to this procedure.*

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

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

*There were no exceptions to procedures a through e.*

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

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

*Management's representation was obtained. The entity has one location that processes payments.*

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

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

*Due to the size of the entity, all purchases are made by the manager. Any purchases over \$1000 will be approved by the board except in an emergency. In this case, the Board President will approve the purchase.*

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

*The manager will prepare process the payments. The board approves payments to vendors.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*The board approves all new vendors to be added to the list.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*The manager and one board member sign checks. The mail is picked up at the District's office location.*

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

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

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

***Credit Cards/Debit Cards/Fuel Cards/P-Cards The District does not have cards. This procedure is not applicable.***

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

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a) Observe 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. [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.]

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

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

### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*The listing of travel expenses and management’s representation were obtained.*

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

*Reimbursement rate was under the rates established by the state and US GSA.*

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

*There were no disbursements of this type.*

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*There were no disbursements of this type.*

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

*The board is presented a listing of all bills to be paid at the monthly board meeting. The board approves the payments from this listing.*

### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete.

Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*Management's listing and management's representations were obtained.*

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*No exceptions to this procedure.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

*The contract for meter reading services was automatically renewed but was not approved by the board.*

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

*This was not applicable.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

*There were no exceptions to this procedure.*

**Management's Response:** We will implement policies and procedures for contracts that automatically renew that before such time, the Board will review and approve the contract at the board meeting.

**Payroll and Personnel The District does not have payroll. This procedure is not applicable. The District has an intergovernmental agreement with Varnado Waterworks District for labor.**

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

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

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

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. 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, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*Two of the 5 board members completed the one hour of ethics training.*

The existing ethics policy was not changed.

**Management's Response:** The District will assign responsibility of the required one hour of ethics training for each board member be monitored and reported to the board by the District's manager.

### ***Debt Service***

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

*A listing of bonds and management representation were obtained. The District did not have issuances of debt in 2021.*

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

*No exception to this procedure.*

### ***Fraud Notice***

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

*Management asserted there were not misappropriations. Management's representations were obtained.*

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

*No exception to this procedure.*

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

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

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*I performed the procedure and discussed the results with management.*

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*I performed the procedure and discussed the results with management.*

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*I performed the procedure and discussed the results with management.*

### ***Sexual Harassment***

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

*The board members have not received the one hour of sexual harassment training during the fiscal year.*

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

*No exception to this procedure.*

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

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

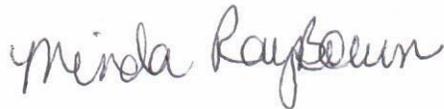
*The District did not file the annual sexual harassment report for 2021. No board members completed the training requirements. Management asserted there were no sexual harassment complaints.*

**Management's Response:** We will implement policies and procedures before the end of the current year to ensure that the annual report is filed each year and to have all board members and personnel complete the required training.

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.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda B. Raybourn CPA  
Franklinton, LA  
June 20, 2022