

CANE RIVER WATERWAY COMMISSION

**FINANCIAL REPORT
JUNE 30, 2024**

Cane River Waterway Commission
Financial Report
June 30, 2024

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CANE RIVER WATERWAY COMMISSION

244 Cedar Bend Road
Natchez, LA 71456

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Cane River Waterway Commission's financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2024. The intent of the MD&A is to look at the Commission's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Commission's operations.

Financial Highlights

This discussion and analysis is intended to serve as an introduction to the Cane River Waterway Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the Commission as a whole and presents a longer-term view of the Commission's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending. The government-wide financial statements are designed to provide readers with a broad view of the Commission's finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents all of the Commission's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as "net position". Over time, increases or decreases in the Commission's net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.
- The Statement of Activities presents information showing how the Commission's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the Commission are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission conducts its day-to-day operations through a governmental fund, the General Fund.

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. Such information may be useful in evaluating a government's near-term financing requirements.

A summary of the basic government-wide financial statements is as follows:

Summary of the Statement of Net Position

	<u>2024</u>	<u>2023</u>
ASSETS:		
Current Assets	\$ 7,036,407	\$ 7,940,944
Capital Assets (net)	<u>7,814,743</u>	<u>6,965,301</u>
Total Assets	<u>\$ 14,851,150</u>	<u>\$ 14,906,245</u>
LIABILITIES:		
Current Liabilities	<u>\$ 97,207</u>	<u>\$ 108,566</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 7,814,743	\$ 6,965,301
Unrestricted	<u>6,939,200</u>	<u>7,832,378</u>
Total Net Position	<u>\$ 14,753,943</u>	<u>\$ 14,797,679</u>

Summary of the Statement of Activities

	<u>2024</u>	<u>2023</u>
REVENUES:		
General Revenues-		
Taxes	\$ 1,561,004	\$ 1,408,667
Other	<u>315,642</u>	<u>127,719</u>
Total Revenues	<u>\$ 1,876,646</u>	<u>\$ 1,536,386</u>
EXPENSES:		
General Government	181,712	163,623
Public Safety	<u>1,738,670</u>	<u>2,858,344</u>
Total Expenses	<u>1,920,382</u>	<u>3,021,967</u>
Change in Net Position	<u>\$ (43,736)</u>	<u>\$ (1,485,581)</u>

The Commission's assets exceeded its liabilities by \$14,753,943 (net position) for the year.
For the prior year, this was \$14,797,679.

Unrestricted Net Position of \$6,939,200 represents the portion available to maintain the Commission's obligations to both citizens and creditors. This is a decrease of \$893,178 from prior year.

Capital Assets

As of June 30, 2024, the Commission's investment in capital assets totals \$7,814,743 (net of accumulated depreciation). The majority of this investment is from the Construction in Progress - Water Pump.

General Fund Budgetary Highlights

The actual revenues for the general fund were \$558,722 more than the budgeted amount for the year and actual expenditures were \$810,067 less than budgeted amounts. The budget was not amended during the fiscal year.

Economic Factors and Next Year's Budget

The primary revenue source for the Commission is property taxes. This tax is not subject to changes in the economy in the short-term. However, in the long-term, significant increases/decreases in the tax base would be evident. The General Fund budget for FY 2024/2025 reports tax revenues as consistent with the 2023/2024 tax revenues. Additionally, expenditures are budgeted to decrease by approximately \$2,000,000 for projects that were completed in 2023/2024.

Contacting the Commission

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Commission at 244 Cedar Bend Road, Natchez, LA 71456.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Cane River Waterway Commission
244 Cedar Bend Road
Natchez, LA 71456

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the Cane River Waterway Commission (Commission) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Commission as of June 30, 2024, 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

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Commission Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Commission Head or Chief Executive Officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2024, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated October 4, 2024, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

October 4, 2024

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Cane River Waterway Commission
Statement of Net Position
June 30, 2024

		<u>Governmental Activities</u>
ASSETS:		
Current Assets:		
Cash & Cash Equivalents	\$	477,943
Investments		6,554,015
Revenue Receivable		<u>4,449</u>
Total Current Assets	\$	7,036,407
Non-current Assets:		
Capital Assets (net)		<u>7,814,743</u>
Total Assets	\$	<u>14,851,150</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$	2,242
Payroll Liabilities		<u>94,965</u>
Total Current Liabilities	\$	<u>97,207</u>
NET POSITION:		
Net Investment in Capital Assets	\$	7,814,743
Unrestricted		<u>6,939,200</u>
Total Net Position	\$	<u><u>14,753,943</u></u>

See accompanying notes and independent auditor's report.

Cane River Waterway Commission
Statement of Activities
June 30, 2024

Activities	Expenses	Program Revenues <u>Operating Grants and Contributions</u>	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities:			
General Government	\$ 181,712	\$ -	\$ (181,712)
Public Safety	<u>1,738,670</u>	<u>-</u>	<u>(1,738,670)</u>
Total Governmental Activities	<u>\$ 1,920,382</u>	<u>\$ -</u>	<u>\$ (1,920,382)</u>
General Revenues:			
Taxes-			
Ad Valorem			\$ 1,561,004
Miscellaneous-			
Interest & Dividends			87,781
Increase in Investments			<u>227,861</u>
Total General Revenues			<u>\$ 1,876,646</u>
Change in Net Position			\$ (43,736)
Net Position, January 1			<u>14,797,679</u>
Net Position, December 31			<u>\$ 14,753,943</u>

See accompanying notes and independent auditor's report.

FUND FINANCIAL STATEMENTS

Cane River Waterway Commission
Balance Sheet - Governmental Fund
June 30, 2024

	<u>Governmental Activities</u>
ASSETS:	
Cash & Cash Equivalents	\$ 477,943
Investments	6,554,015
Revenue Receivable	<u>4,449</u>
Total Assets	<u>\$ 7,036,407</u>
LIABILITIES:	
Accounts Payable	\$ 2,242
Payroll Liabilities	<u>94,965</u>
Total Liabilities	\$ 97,207
FUND BALANCE:	
Unassigned	<u>\$ 6,939,200</u>
Total Liabilities and Fund Balance	<u><u>\$ 7,036,407</u></u>

See accompanying notes and independent auditor's report.

Cane River Waterway Commission
Reconciliation of Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balance for the Governmental Fund at June 30, 2024	\$ 6,939,200
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Total Net Position reported for Governmental Activities in
Statement of Net Position is different because:

The following used in Governmental Activities are
not financial resources and, therefore, are
not reported in the Governmental Funds Balance Sheet-

Construction in Progress	6,323,840
Land, Equipment, Buildings and Boats	2,730,110
Less: Accumulated Depreciation	<u>(1,239,207)</u>

Total Net Position of Governmental Activities at June 30, 2024	<u>\$ 14,753,943</u>
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Cane River Waterway Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Fund
June 30, 2024

	Governmental Activities
REVENUES:	
Taxes-	
Ad Valorem Taxes	\$ 1,561,004
Miscellaneous-	
Interest & Dividends	87,781
Increase in Investments	227,861
Total Revenues	\$ 1,876,646
EXPENDITURES:	
General Government-	
Current	
Per Diem	\$ 1,500
Office/Advertising/Utilities	41,750
Legal/Accounting	79,928
Statutory Ad Valorem Deductions	58,534
Public Safety-	
Current-	
Salaries & Benefits	82,903
Aquatic Control	4,800
Repairs & Maintenance	20,345
Operations/Utilities	447,932
Cooperative Endeavor Agreements	1,055,354
Capital Expenditures	976,778
Total Expenditures	\$ 2,769,824
Excess of Revenues over Expenditures	\$ (893,178)
Fund Balance-Beginning of Year	7,832,378
Fund Balance-End of Year	\$ 6,939,200

See accompanying notes and independent auditor's report.

Cane River Waterway Commission
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balance of the Governmental Fund
 to the Statement of Activities
 June 30, 2024

Net change in fund balance-governmental fund	\$	(893,178)
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Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds. These timing differences are summarized below:

Deprecation Expense		(127,336)
Capital Expenditures		<u>976,778</u>

Change in net position per statement of activities at June 30, 2024	\$	<u>(43,736)</u>
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NOTES TO FINANCIAL STATEMENTS

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2024

Introduction:

The Cane River Waterway Commission was created in 1982 by the State of Louisiana, under R.S. 34:3261-3262. The Commission is located entirely within the Parish of Natchitoches. The Commission was created for the purpose of establishing, operating and maintaining individually or in cooperation with the federal government and the state, the Cane River Waterway. Members of the Commission are appointed by the Governor of Louisiana.

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

The Commission, for financial purposes, includes all of the funds relevant to the operations of the Commission. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Cane River Waterway Commission.

The Division of Administration of the State of Louisiana has determined that the Cane River Waterway Commission is a primary government and not a component unit or Commission of the state government for financial reporting purposes.

B. Basis of Presentation-

The Commission's statements are prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2024

C. Fund Accounting-

The accounts of the Commission are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Commission maintains one fund, which is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or if its total assets, liabilities, revenues or expenditures are at least 10% of the corresponding total for all funds of that category or type. The Commission reports the following major governmental fund.

General Fund

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus/Basis of Accounting-

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

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Commission as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Commission considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2024

E. Assets, Liabilities, and Equity-

Cash and Cash Equivalents-

For purposes of the Statement of Net Position, cash and cash equivalents include all demand accounts, savings accounts, and certificates of deposit of the Commission.

Investments-

The Commission maintains investments accounts as authorized by the Louisiana Revised Statutes. Under state law, the Commission may invest in obligations of the U.S. Treasury and U.S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Commission maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of useful lives by type of asset is as follows:

Furniture, computers	5 years
Radios	10 years
Buildings/Landings	40 years
Boats	7 years

Equity Classifications-

In the government-wide statements, equity is classified as net position and displayed in three components:

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

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2024

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

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The Commission establishes, modifies/rescinds fund balance assignments by passage of a resolution.

The General Fund has an unassigned fund balance of \$6,939,200. The Commission would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Budget-

Prior to the beginning of each fiscal year, the Cane River Waterway Commission adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year.

G. 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2024

2. Cash, Cash Equivalents and Investments:

Cash and Cash Equivalents-

At June 30, 2024, the Cane River Waterway Commission had cash and cash equivalents (book balances) totaling \$477,943. At June 30, 2024, the Commission had collected bank balances of \$561,144 which were fully protected by \$250,000 of federal depository insurance and pledged securities with a market value of \$311,144 held by the custodial bank in the name of the Commission.

Investments:

At June 30, 2024, the Commission has the following investments and maturities:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
LPL Financial Insured Money Market	\$ 2,217	\$ 2,217	\$ 0	\$ 0	\$ 0
U.S. Government Securities	6,551,798	6,551,798	0	0	0
Total Investments	<u>\$6,554,015</u>	<u>\$6,554,015</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Investment valuation: LPL Investment insured money market is stated at cost, which approximates market value. The U.S. government securities are stated at fair value based on market quotations.

The cash, cash equivalents, and investments of the Commission are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits. 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. 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 Commission that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Commission's name.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, all investments of the Commission are in governmental-backed securities.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2024

3. Compensated Absences:

Employees cannot carry forward leave from year-to-year; therefore, there are no entries for compensated absences.

4. Pension Plan:

The Cane River Waterway Commission's sole employee participates in the Federal Social Security Program, and therefore GASB 68 is not applicable.

5. Lease Commitments:

The Waterway Commission entered into a 13-year lease with a private citizen in 1998 to lease land for a parking lot and a Commission owned boat launch. The lease was renewed in August 2012 for \$2,000 for an additional period of 10 years.

6. Capital Assets:

Capital Asset balances and activity for the year ended June 30, 2024, are as follows:

<u>Activities</u>	<u>Balance 07-01-23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-24</u>
Capital Assets Not Depreciated:				
Construction in Progress	\$6,219,884	\$ 159,363	\$ 55,407	\$6,323,840
Land	163,500	0	0	163,500
Capital Assets Depreciated:				
Buildings/Boat Launches	1,548,812	872,822	0	2,421,634
Radios	5,283	0	0	5,283
Equipment	27,392	0	0	27,392
Boats/Motors	71,200	41,101	0	112,301
Vehicle	<u>21,747</u>	<u>0</u>	<u>21,747</u>	<u>0</u>
Total Capital Assets	<u>\$8,098,919</u>	<u>\$1,032,185</u>	<u>\$ 77,154</u>	<u>\$9,053,950</u>
Less, Accumulated Depreciation:				
Buildings/Boat Launches	\$1,007,996	\$ 127,336	\$ 0	\$1,135,332
Radios	5,283	0	0	5,283
Equipment	27,392	0	0	27,392
Boats/Motors	71,200	0	0	71,200
Vehicle	<u>21,747</u>	<u>0</u>	<u>(21,747)</u>	<u>0</u>
Total Accumulated Depreciation	<u>\$1,133,618</u>	<u>\$ 127,336</u>	<u>\$(21,747)</u>	<u>\$1,239,207</u>
Net Capital Assets	<u>\$6,965,301</u>	<u>\$ 904,849</u>	<u>\$ 55,407</u>	<u>\$7,814,743</u>

Depreciation expense of \$127,336 was charged to the public safety function.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2024

7. Levied Taxes:

The Commission is empowered to levy property tax millages to finance its general operations. The Commission levies taxes on real and business property located within the boundaries of the Commission. Property taxes are levied by the Commission based on property values assessed by the Natchitoches Parish Assessor, and approved by the State of Louisiana Tax Commission.

The Natchitoches Parish Sheriff's Office bills and collects property taxes for the Commission. Collections are remitted to the Commission monthly.

Property Tax Calendar

Assessment date	January 1
Levy date	June 30
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties & interest added	January 31
Lien date	January 31
Tax sale	May 15

Assessed values are established by the Natchitoches Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2020. Total assessed value was \$450,875,583 in 2023. Louisiana law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$56,502,020 of the annual value in 2023. For the year ended June 30, 2024, the Commission had levied the following taxes:

General Corporate Purposes	3.5 mill
----------------------------	----------

Total ad valorem tax revenues recognized by the Commission was \$1,561,004 for the year ended June 30, 2024.

8. Pending Litigation:

The Commission was served with a civil suit in March 2203 which was settled in September 2024 for a payment to the litigant for approximately \$500,000.

9. Related Party Transactions:

There were no identified related party transactions for the year ended June 30, 2024.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2024

10. Compensation Paid to Commissioners:

<u>Name</u>	<u>Amount</u>
Jim Rhodes	\$ 500
Van Wiggins	250
Anicia Banks	250
Larry Paige	250
Chad Methvin	<u>250</u>
Total	<u>\$1,500</u>

11. Tax Abatement:

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Louisiana Economic Development's Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the fiscal year ending June 30, 2024, approximately \$45,022 in Commission ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program.

12. Subsequent Events:

Management has evaluated events through October 4, 2024, the date which the financial statements were available for issue. There is pending litigation with details as disclosed in note 8.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Cane River Waterway Commission
General Fund
Budgetary Comparison Schedule
June 30, 2024

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes-			
Ad Valorem Taxes	\$ 1,313,924	\$ 1,561,004	\$ 247,080
Miscellaneous-			
Interest & Dividends	4,000	315,642	311,642
Total Revenues	\$ 1,317,924	\$ 1,876,646	\$ 558,722
EXPENDITURES:			
General Government-			
Current			
Per Diem	\$ 4,100	1,500	\$ 2,600
Office/Advertising/Utilites	100,000	41,750	58,250
Legal/Accounting	250,000	79,928	170,072
Statuorty Ad Valorem Deductions	0	58,534	(58,534)
Insurance	25,000	-	25,000
Public Safety-			
Current-			
Salaries & Benefits	115,000	82,903	32,097
Aquatic Control	150,000	4,800	145,200
Repairs & Maintenance		20,345	(20,345)
Operations/Utilities	310,000	447,932	(137,932)
Cooperative Endeavor Agreements	2,625,791	1,055,354	1,570,437
Capital Expenditures	-	976,778	(976,778)
Total Expenditures	\$ 3,579,891	\$ 2,769,824	\$ 810,067
Excess of Revenues over Expenditures	\$ (2,261,967)	\$ (893,178)	\$ 1,368,789
Fund Balance-Beginning of Year	7,832,378	7,832,378	-
Fund Balance-End of Year	\$ 5,570,411	\$ 6,939,200	\$ 1,368,789

See accompanying notes and independent auditor's report.

SUPPLEMENTARY INFORMATION

Cane River Waterway Commission
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2024

Director of Operations: Jason Adcock

<u>Purpose</u>	<u>Amount</u>
Salary	\$61,250
Benefits-Insurance	9,600
Benefits-Other	5,856
Car allowance	<u>5,700</u>
 Total	 <u>\$82,406</u>

See independent auditor's report.

OTHER REPORTS/SCHEDULES

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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
Cane River Waterway Commission
244 Cedar Bend Road
Natchez, LA 71456

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Cane River Waterway Commission's (Commission) basic financial statements and have issued our report thereon dated October 4, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Cane River Waterway Commission's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Cane River Waterway Commission's responses to the findings identified in our audit and described in the accompanying schedule of audit findings. The Commission's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

October 4, 2024

Cane River Waterway Commission
Schedule of Audit Findings
Year Ended June 30, 2024

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Cane River Waterway Commission as of and for the year ended June 30, 2024.
2. The audit disclosed two significant deficiencies in the internal control system which were not determined to be a material weakness.
3. The audit did not disclose any instances of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Internal Control-

2024-001 Segregation of Duties

Criteria - Proper internal controls dictate that duties be segregated so that no one individual does not have custody, authorization and recordkeeping of the assets.

Condition - In reviewing the internal control structure, we noted that the Commission does not have adequate segregation of duties to prevent error or fraud.

Cause - The Commission does not have a sufficient number of employees to adequately segregate duties.

Effect - Without adequate segregation of duties and oversight, intentional or unintentional errors could be made and not detected within the accounting system.

Recommendation - Keeping in mind the limited number of employees to which the duties can be assigned, the Commission should consider hiring an outside bookkeeper and/or employee.

Management's Response - The director intends to hire a part-time bookkeeper to add another line of segregation in duties.

Cane River Waterway Commission
Schedule of Audit Findings
Year Ended June 30, 2024

2024-002 Control over Supporting Documentation

Criteria - Louisiana Revised Statutes require governments to establish an adequate system of internal control to ensure that all public records are properly preserved and maintained.

Condition - For the year ended, June 30, 2024, the Commission records did not include all supporting documentation for expenditures paid, including actual receipts for credit card purchases. In addition, there was no documentation of approval for paid invoices.

Cause - The Commission failed to maintain proper supporting documentation, actual receipts for credit card purchases, and management approval for paid invoices.

Effect - The Commission's public records were not available as public documents and therefore cannot be viewed by the public. The auditors did not have access to complete records of the Commission. In addition, without documentation of management approval of invoices, there is the possibility of misappropriation of funds.

Recommendation - The Commission should adopt procedures to ensure controls over maintaining all supporting documentation including the original receipts for all expenditures. The Commission should designate someone from management to approve all invoices prior to payment.

Management's Response - The Commission currently approves all invoices and credit card statements at regularly scheduled meetings in its finance report. The Director is currently working on a policy and procedures manual that is unique to the Commission since it has only one employee. The Director intends to hire a bookkeeper to maintain all supporting documents and submit them to the Director for approval prior to payment.

III. PRIOR YEAR FINDING

2023-001 Segregation of Duties

Condition - In reviewing the internal control structure, we noted that the Commission does not have adequate segregation of duties to prevent error or fraud.

Status - Condition remains at June 30, 2024 (see 2024-002).

T | C | B | T
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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
STATEWIDE AGREED-UPON PROCEDURES**

To the Cane River Waterway Commission and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2024. The Cane River Waterway Commission's (Commission) management is responsible for those C/C areas identified in the SAUPs.

The Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user for this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

Procedure Results: We noted exceptions. The Commission does not have any written policy policies & procedures.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparison on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedure Results: We noted no exceptions regarding board & finance committee.

3) Bank Reconciliations

- A. Obtain a listing of client 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 if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - ii. 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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure Results: We noted no exceptions regarding bank reconciliations.

4) Collections (excluding EFTs)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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:
 - i. Employees responsible for cash collections do not share cash drawers/registers.
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
- C. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

- D. 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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Procedure Results: We noted exceptions concerning proper segregation of duties for collections.

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

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

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (1) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedure Results: We noted exceptions concerning proper segregation of duties regarding non-payroll disbursements.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - i. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder; and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B 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 inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedure Results: We noted exceptions as no supporting documentation (itemized receipts) is maintained for credit card purchases.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure Results: Not applicable due to no travel.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure Results: We noted no exceptions regarding contracts.

9) Payroll and Personnel

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

- D. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Procedure Results: We noted no exceptions regarding payroll & personnel.

10) Ethics

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

Procedure Results: We noted no exceptions regarding ethics.

11) Debt Service (excluding nonprofits)

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

Procedure Results: Not applicable due to the Commission having no debt service.

12) Fraud Notice

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

Procedure Results: We noted no exceptions regarding the fraud notice.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Observe and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

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

Procedure Results: We performed these procedures and discussed the results with management.

14) Prevention of Sexual Harassment

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

Procedure Results: We noted no exceptions regarding prevention of sexual harassment.

We were engaged by the Commission to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Commission 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.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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Natchitoches, Louisiana

October 4, 2024

Cane River Waterway Commission
Management's Response to Exceptions to
Statewide Agreed-Upon Procedures
June 30, 2024

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Item 1: ***Written Policies and Procedures***

Exception - The Commission does not have any written policy policies & procedures.

Response - The Director is currently working on a policy and procedure manual that is unique in the fact the Director is the only employee of the Commission. At the time of this response all purchases and vendors are approved by the Board at regularly scheduled meetings.

Item 4: ***Collections***

Exceptions - The Commission has one employee which does not allow for proper segregation of duties.

Response- The Director has the authority to hire and fire employees. The Director is looking at hiring a part time bookkeeper to add another line of segregation to financial duties.

Item 5: ***Non-Payroll Disbursements***

Exceptions - The Commission has one employee which does not allow for proper segregation of duties.

Response- The Director has the authority to hire and fire employees. The Director is looking at hiring a part time bookkeeper to add another line of segregation to financial duties.

Item 6: ***Credit Cards***

Exceptions - The Commission does not maintain supporting documentation for credit card purchases.

Response - The Commission has one full-time employee who has access to credit card. The Commission currently approves all financial documents/payments to include credit card statements at its regular schedule meetings. The Director intends to hire a bookkeeper to maintain all documentation for all invoices, including credit cards, as a means of internal control.