

**SABINE PARISH WATERWORKS DISTRICT NO. 1
MANY, LOUISIANA**

**ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2024**

Sabine Parish Waterworks District No. 1
Many, Louisiana

September 30, 2024

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion & Analysis	-	1-3
Independent Auditors' Report	-	4-6
Financial Statements:		
Proprietary Fund-Enterprise Fund		
Statement of Net Position	A	8
Statement of Revenues, Expenses and Changes in Net Position	B	9
Statement of Cash Flows	C	10
Notes to Financial Statements	-	12-22
Supplementary Information		
Schedule of Compensation, Benefits and Other Payments to Agency Head	-	24
Schedule of Expenditures of Federal Awards	-	25
Notes to the Schedule of Expenditures of Federal Awards	-	26
Other Reports/Schedules		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	-	28-29
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	-	30-32
Schedule of Findings and Questioned Costs	-	33
Independent Accountants' Report on Applying Statewide Agreed-Upon Procedures	-	34-42

SABINE PARISH WATERWORKS DISTRICT NO. 1
MANY, LOUISIANA 71449

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Sabine Parish Waterworks District No. 1's (hereafter referred to as the District) annual financial report presents an overview and analysis of the District's financial activities for the year ended September 30, 2024. Certain comparative information with the previous year is presented to provide an overview of the District's operations.

Financial Highlights

The Basic Financial Statements of the District report information about the District using Governmental Accounting Standards Board's (GASB) accounting principles. The Statement of Net Position (page 8) includes all of the District's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to District creditors (liabilities). All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position (page 9). This statement measures improvements in the District's operations over the past year and can be used to determine whether the District has been able to recover all of its costs through its water service revenue and other revenue sources. The final required financial statement is the Statement of Cash Flows (page 10). The primary purpose of this statement is to provide information about the District's cash from operations, investing and financing activities, and to provide answers to such questions as "where did cash come from?", "what was cash used for?" and "what was the change in cash balance during the reporting period?"

Financial Analysis of the Sabine Parish Waterworks District No. 1

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities. These two statements report the net position of the District and changes in them. The District's net position, the difference between assets and liabilities, is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating.

A summary of the District's basic financial statements is as follows:

Summary of Statement of Net Position

	<u>2024</u>	<u>2023</u>
ASSETS:		
Assets	\$ 3,674,323	\$ 3,141,965
Capital Assets, Net of		
Accumulated Depreciation	<u>15,287,503</u>	<u>13,303,286</u>
Total Assets	<u>\$18,961,826</u>	<u>\$16,445,251</u>
LIABILITIES:		
Payables, Accruals and Other Liabilities	\$ 691,761	\$ 717,770
Long-Term Debt	<u>6,160,045</u>	<u>6,468,749</u>
Total Liabilities	<u>\$ 6,851,806</u>	<u>\$ 7,186,519</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 9,127,458	\$ 6,834,537
Restricted for Debt Service	724,237	677,421
Unrestricted	<u>2,258,325</u>	<u>1,746,774</u>
Total Net Position	<u>\$12,110,020</u>	<u>\$ 9,258,732</u>

Summary of Statement of Revenue and Expenses

	<u>2024</u>	<u>2023</u>
REVENUES:		
Operating Revenues	\$2,330,242	\$2,263,246
Non-Operating Revenues	32,010	4,378
Capital Contributions & Grants	<u>2,647,494</u>	<u>1,138,202</u>
Total Revenues	<u>\$5,009,746</u>	<u>\$3,405,826</u>
EXPENSES:		
Operating Expenses	\$1,995,568	\$1,926,503
Interest	<u>162,890</u>	<u>162,680</u>
Total Expenses	<u>\$2,158,458</u>	<u>\$2,089,183</u>
Change in Net Position	<u>\$2,851,288</u>	<u>\$1,316,643</u>

Sources of Revenue

Charges for water service totaled \$2,296,843 or 46% of total revenue of the District for the year ended September 30, 2024.

Expenses

The majority of the District's total expenses is for payroll, maintenance, and depreciation. Salaries totaled \$310,736 which is 16% of total operating expenses. Maintenance totaled \$360,100 which is 18% of total operating expenses. Depreciation totaled \$798,603 which represents 40% of total operating expenses.

Capital Assets

The District's capital assets as of September 30, 2024 amounts to \$15,287,503 (costs of \$24,501,700 less accumulated depreciation of \$9,214,197). Capital assets include land, buildings, equipment, and the water distribution system. Total assets include \$4,603,862 in construction projects in progress.

Major capital asset events during the current fiscal year included the ongoing improvements to the water system and the Powhatan connection project.

Long-Term Debt

At the end of the current fiscal year, the District had total long-term liabilities of \$6,160,045, which included bonds payable in the amount of \$6,147,857. These bonds were issued for the purpose of constructing and acquiring the waterworks system. The payments on these bonds and the applicable bond covenants are made on a timely basis.

Economic Factors

The District's major revenue source is from water sales. The District does not anticipate any significant changes for future years.

Contacting the Waterworks District's President

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or requests for additional information, contact the District's President at Post Office Box 660, Many, LA 71449.

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA, LLC
Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447
www.tcbtcpa.com

INDEPENDENT AUDITORS' REPORT

Mr. Walter Mains, President
and Members of the Board
Sabine Parish Waterworks District No. 1
Many, Louisiana 71449

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and major fund information of the Sabine Parish Waterworks District No. 1 (District), a component unit of the Sabine Parish Police Jury, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and major fund information of the District as of September 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 District 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 District'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 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.

Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 1 through 3) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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 Management's Discussion and Analysis 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 it 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 District's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is required by Louisiana R.S. 24:513(A)(3), and is presented for purposes of additional analysis. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. These schedules are not a required part of the basic financial statements.

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 be basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head and the Schedule of Expenditures of Federal Awards 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*, we have also issued our report dated February 4, 2025, on our consideration of the District'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 District'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 February 4, 2025, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 statewide 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

February 4, 2025

FINANCIAL STATEMENTS

Sabine Parish Waterworks District No. 1
Statement of Net Position
Proprietary Fund
September 30, 2024

ASSETS:

Current Assets-

Cash & Cash Equivalents	\$ 1,726,653
Receivables, less Allowance for Bad Debts	1,072,052
Prepaid Expenses	<u>46,117</u>
Total Current Assets	\$ <u>2,844,822</u>

Restricted Assets-

Cash & Cash Equivalents	\$ <u>724,237</u>
-------------------------	-------------------

Capital Assets-

Land & Improvements	\$ 236,240
Buildings & Improvements	452,515
Water Distribution System	18,381,073
Furniture, Machinery & Equipment	828,010
Construction in Progress	4,603,862
Accumulated Depreciation	<u>(9,214,197)</u>
Total Capital Assets	\$ <u>15,287,503</u>

Other Assets-

Unamortized Bond Costs, net	\$ 98,536
Utility Deposits	<u>6,728</u>
Total Other Assets	\$ <u>105,264</u>

Total Assets	\$ <u>18,961,826</u>
--------------	----------------------

LIABILITIES & NET POSITION:

Current Liabilities-

Accounts Payable & Accruals	\$ <u>643,429</u>
-----------------------------	-------------------

Liabilities Payable from Restricted Assets-

Customer Deposits	\$ 48,332
Current Portion of Long-Term Debt	<u>229,726</u>
Total Payable from Restricted Assets	\$ <u>278,058</u>

Non-Current Liabilities-

Long-Term Debt, net of current portion	\$ <u>5,930,319</u>
--	---------------------

Total Liabilities	\$ <u>6,851,806</u>
-------------------	---------------------

Net Position-

Net Investment in Capital Assets	\$ 9,127,458
Restricted for Debt Service	724,237
Unrestricted	<u>2,258,325</u>
Total Net Position	\$ <u>12,110,020</u>

See independent auditors' report and notes to the financial statements.

Sabine Parish Waterworks District No. 1
Statement of Revenues, Expenses and Changes in Net Position-
Proprietary Fund
For the Year Ended September 30, 2024

OPERATING REVENUES:	
Charges for Services	\$ 2,296,843
Miscellaneous	<u>33,399</u>
Total Operating Revenues	<u>\$ 2,330,242</u>
OPERATING EXPENSES:	
Advertising	\$ 17,412
Amortization	5,712
Administrative Services	67,379
Bad Debts	9,198
Computer Services	39,206
Depreciation	798,603
Fuel & Gas	39,745
Insurance & Bonds	96,316
Legal & Accounting	28,394
Materials & Supplies	67,133
Miscellaneous	21,206
Office Supplies & Other	50,334
Payroll	310,736
Payroll Taxes	27,033
Professional Services	0
Rent	18,246
Repairs & Maintenance	187,757
Telephone	4,525
Utilities	186,034
Water Purchased	<u>20,599</u>
Total Operating Expenses	<u>\$ 1,995,568</u>
Operating Income	<u>\$ 334,674</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	\$ 5,490
Insurance Recovery	26,520
Interest Expense	<u>(162,890)</u>
Total Non-operating Revenues (Expenses)	<u>\$ (130,880)</u>
Profit before Capital Contributions	\$ 203,794
CAPITAL CONTRIBUTIONS:	
Capital Contributions & Grants	<u>2,647,494</u>
Change in Net Position	\$ 2,851,288
Net Position-Beginning of Year	<u>9,258,732</u>
Net Position-End of Year	<u>\$12,110,020</u>

See independent auditors' report and notes to the financial statements.

Sabine Parish Waterworks District No. 1
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 2,376,028
Cash Payments to Suppliers for Goods and Services	(891,820)
Cash Payments to Employees	<u>(308,098)</u>
Net Cash Provided by Operating Activities	\$ <u>1,176,110</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Capital Contributions & Debt	\$ 2,507,775
Insurance Recovery on Assets	26,520
Principal Paid on Capital Debt	(308,704)
Interest Paid on Capital Debt	(162,890)
Acquisition and Construction of Capital Assets	<u>(2,810,774)</u>
Net Cash Used by Capital and Related Financing Activities	\$ <u>(748,073)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	\$ <u>5,490</u>
Net Increase in Cash and Cash Equivalents	\$ 433,527
Cash and Cash Equivalents-Beginning of Year	<u>2,017,363</u>
Cash and Cash Equivalents-End of Year	\$ <u>2,450,890</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income	\$ 334,674
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities-	
Depreciation & Amortization	798,603
Changes in Assets and Liabilities-	
(Increase) Decrease in Customer Receivables	46,479
(Increase) Decrease in Prepaids	(11,303)
(Increase) Decrease in Other Assets	5,712
Increase (Decrease) in Accounts Payable	2,638
Increase (Decrease) in Customer Deposits	<u>(693)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>1,176,110</u>
RECONCILIATION OF CASH & CASH EQUIVALENTS:	
Cash & Cash Equivalents	\$1,726,653
Restricted Cash	<u>724,237</u>
Total	\$ <u>2,450,890</u>

See independent auditors' report and notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2024

INTRODUCTION

The Sabine Parish Waterworks District No. 1, a political subdivision of the Sabine Parish Police Jury, was formed July 17, 1978, to provide water to the rural areas surrounding Many and Florien. It is operated by a board which consists of five commissioners appointed by the Police Jury to serve five-year terms (changed from original nine commissioners effective August 19, 2015). Effective October 1, 2017, the District acquired the Robeline-Marthaville Water System, pursuant to a Sale with Assumption of Liabilities executed on September 28, 2017. In 2021 and 2022, the District also acquired the water systems for the areas of Ajax and Powhatan, Louisiana.

1. Summary of Significant Accounting Policies:

A. Basis of Presentation-

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity-

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

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

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.
2. Organizations for which the Sabine Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Sabine Parish Police Jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2024

Because the Sabine Parish Police Jury appoints the organization's governing body, and the ability of the Sabine Parish Police Jury to impose its will on the District, the District was determined to be a component unit of the Sabine Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Sabine Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting-

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

The Sabine Parish Waterworks District No. 1, uses an enterprise fund type of the proprietary fund category to account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Basis of Accounting-

The accounting and financial treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The proprietary fund uses the accrual basis of accounting; revenues are recognized when earned, and expenses are recognized at the time the related liabilities are incurred.

E. Cash and Cash Equivalents-

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 and national banks having their principal offices in Louisiana. The District may also purchase investments in securities backed by the full faith and credit of the United States Government. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts.

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2024

F. Compensated Absences-

Full-time employees of the District earn annual leave at various rates depending on the number of years in service. Leave cannot be accumulated or carried over from one year to the next. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

G. Capital Assets-

The capital assets of the District enterprise fund are carried at historical costs and are included on the Statement of Net Position, along with accumulated depreciation. 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 used by the enterprise fund operation is charged as an expense against operations. Depreciation has been computed using the straight-line method over the estimated useful lives of the assets, which is generally 10 to 40 years for buildings and building improvements, 7 to 40 years for the distribution system, 5 years for automobiles, and 5 to 10 years for machinery and equipment.

H. Bad Debts-

Uncollectible amounts due for customer's water receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectible portion of the particular receivable. Allowance for bad debts at September 30, 2024 was \$81,957.

I. Unamortized Bond Issue Costs-

Prior year bond issue costs and bond discounts are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method. The amortization expense related to deferred debt expense was \$5,712 for the year ended September 30, 2024.

J. Estimates-

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

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2024

K. Net Position-

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".

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

L. Receivables-

All receivables are reported at their gross value, and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

M. Impact of Recently Adopted Accounting Principles -

GASB Statement No. 100, "*Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*" was issued in June, 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, consistent, and comparable information for making decisions or assessing accountability. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and further describes the transactions or other events that constitute those changes. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The District adopted this standard effective October 1, 2023, and has determined that it had no effect on the financial statements for the year ended September 30, 2024.

2. Cash and Cash Equivalents:

At September 30, 2024, the District had cash and cash equivalents (book balances) totaling \$2,450,890, including \$724,237 in cash restricted for debt service. Cash and cash equivalents are stated at cost, which approximates market.

The cash and cash equivalents of the District are subject to the following risk:

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2024

2. Cash and Cash Equivalents (continued):

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District 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 or exceed 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 District 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 District's name.

At September 30, 2024, the District had collected bank balances totaling \$3,004,513. These deposits were secured as follows:

Cash and Cash Equivalents	\$ 3,004,513
FDIC	(499,243)
Pledges Securities and Standby Letter of Credit	<u>(2,505,270)</u>
Amount Unsecured	<u>\$ 0</u>

3. Accounts Receivable:

At year-end, the District has receivables in the amount of \$1,072,052, consisting of the following:

Customer Receivables	\$ 290,684
Less Allowance for Doubtful Account	(81,957)
Accrued Water Revenue	82,750
Grants Receivable	<u>780,575</u>
Total	<u>\$1,072,052</u>

4. Restricted Assets:

At September 30, 2024, Sabine Parish Waterworks District No. 1 had the following restricted assets:

Cash and Cash Equivalents Restricted for Debt Service	<u>\$724,237</u>
--	------------------

5. Compensation of Board Members:

Compensation paid to individual board members for the year ended September 30, 2024, is as follows:

Walter Mains, President	\$2,250
Charles Pennington	1,950
David Mains	1,650
David Davis	1,800
Keith Broussard	<u>1,950</u>
Total	<u>\$9,600</u>

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2024

6. Risk Management and Litigation:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the District's insurance coverage.

The District's management is not aware of any potential judgments, claims or similar contingencies pending at September 30, 2024.

7. Capital Assets:

Capital assets and depreciation activity as of and for the year ended September 30, 2024, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not depreciated				
Land	\$ 215,396	\$ 18,061	\$ -	\$ 233,457
Construction in Progress	1,968,123	2,635,739	-	4,603,862
Total Capital Assets, not depreciated	<u>\$ 2,183,519</u>	<u>\$ 2,653,800</u>	<u>\$ -</u>	<u>\$ 4,837,319</u>
Capital Assets, depreciated				
Land Improvements	\$ 2,784	\$ -	\$ -	\$ 2,784
Plant & Distribution System	18,472,757	49,592	-	18,522,349
Building & Improvements	452,515	-	-	452,515
Furniture, Machinery & Equipment	607,305	79,428	-	686,733
Total Capital Assets, depreciated	<u>\$ 19,535,361</u>	<u>\$ 129,020</u>	<u>\$ -</u>	<u>\$ 19,664,381</u>
TOTAL CAPITAL ASSETS	<u>\$ 21,718,880</u>	<u>\$ 2,782,820</u>	<u>\$ -</u>	<u>\$ 24,501,700</u>
Accumulated Depreciation-				
Land Improvements	\$ 2,784	\$ -	\$ -	\$ 2,784
Plant & Distribution System	7,934,187	733,115	-	8,667,302
Building & Improvements	79,329	13,151	-	92,480
Furniture, Machinery & Equipment	399,294	52,337	-	451,631
Total Acc. Depreciation	<u>\$ 8,415,594</u>	<u>\$ 798,603</u>	<u>\$ -</u>	<u>\$ 9,214,197</u>
Total Capital Assets, net	<u>\$ 13,303,286</u>	<u>\$ 1,984,217</u>	<u>\$ -</u>	<u>\$ 15,287,503</u>

Depreciation expense of \$798,603 was recorded for the year ended September 30, 2024.

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2024

8. Long-Term Debt:

The following is a summary of the long-term debt obligations of the Sabine Parish Waterworks District No. 1 for the year ended September 30, 2024.

	Balance <u>10/1/2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/2024</u>	Due In <u>One Year</u>
Revenue Bonds series 2013	\$4,185,561	\$ 0	\$ 90,703	\$4,094,858	\$ 93,539
Revenue Bonds series 2015	492,000	0	34,000	458,000	35,000
Revenue Bonds series 2018	1,779,000	0	184,000	1,595,000	89,000
Utility Relocation 1984	1,847	0	0	1,847	1,847
Utility Relocation 2009-Hwy 175	4,726	0	0	4,726	4,726
Utility Relocation 2005-Hwy 171	5,614	0	0	5,614	5,614
Total	<u>\$6,468,748</u>	<u>\$ 0</u>	<u>\$308,703</u>	<u>\$6,160,045</u>	<u>\$229,726</u>

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>
Revenue Bonds series 2013	2.7500%	2053	\$4,902,000
Revenue Bonds series 2015	2.9500%	2035	\$ 700,000
Revenue Bonds series 2018	2.9500%	2035	\$2,600,000
Utility Relocation 1984	0.0000%	On Demand	\$ 18,475
Utility Relocation 2009-Hwy 175	0.0000%	On Demand	\$ 47,263
Utility Relocation 2005-Hwy 171	0.0000%	On Demand	\$ 119,935

The annual debt service requirements to maturity for these loans are as follows:

<u>Year Ending September 30</u>	<u>Long-Term Debt Principal</u>	<u>Long-Term Debt Interest</u>	<u>Total</u>
2025	\$ 229,726	\$ 156,155	\$ 385,881
2026	222,844	150,767	373,611
2027	229,522	145,237	374,759
2028	236,276	139,530	375,806
2029	242,106	133,462	375,568
2030-2034	1,316,828	574,493	1,891,321
2035-2039	1,296,433	413,319	1,709,752
2040-2044	745,392	281,089	1,026,481
2045-2049	855,528	170,952	1,026,480
2050-2054	785,390	46,657	832,047
Total	<u>\$6,160,045</u>	<u>\$2,211,661</u>	<u>\$8,371,706</u>

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2024

9. Flow of Funds, Restriction on Use:

Under the terms of the bond indentures relating to Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the District are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special accounts:

- (i) Out of revenue, to the “Operations and Maintenance Account”, an amount sufficient to provide for expenses of the system.
- (ii) Each month, there should be set aside into an account called the “Sinking Fund”, an amount constituting 1/12 of the next maturing yearly installment principal and interest payments. These funds can only be used for payment of bond principal and interest.
- (iii) There should also be set aside into a “Reserve Fund”, an amount equal to 25% (for series 2013, 2015 and 2018) of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Fund an amount equal to the maximum principal and interest requirements in any one maturity year.
- (iv) For series 2013, the District must deposit into a “Short Lived Assets Fund”, an amount equal to \$1,892 per month. The money in the Short Lived Assets Fund shall be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system. Such payments are to continue over the life of the Bonds.
- (v) For series 2013 and 2015, the District must deposit into a “Depreciation and Contingency Fund”, an amount equal to 5% of the amount paid into the Sinking Fund until the fund accumulates an amount equal to \$200,000. The money in the Depreciation and Contingencies Fund shall be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. Such payments are to continue over the life of the Bonds.
- (vi) For series 2018, the District must deposit into a “Depreciation and Contingency Fund”, an amount equal to 5% of the amount paid into the Sinking Fund until the fund accumulates an amount equal to \$300,000. The money in the Depreciation and Contingencies Fund shall be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. Such payments are to continue over the life of the Bonds.

10. Post-Employment Benefits:

The Sabine Parish Waterworks District No. 1 does not provide any post-employment benefits; therefore, no disclosure for GASB 75 is required.

11. Relocation Loans – State of Louisiana:

The Sabine Parish Waterworks District No. 1 was authorized to receive funds from the Department of Transportation and Development for the relocation of utility lines on State Projects. Act 319 of 1981 contains the following sentence: “If the Office of Highways provides for the removal or relocation, the municipality, parish or special district shall henceforth be prohibited from locating a utility installation in any state owned right of way until the municipality, parish or special district reimburses the state for the cost of the removal or relocation.”

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2024

12. Operating Lease:

The Sabine Parish Waterworks District No. 1 is obligated under an operating lease with Calvin Dale Miller and Janet R. Miller for the well site located in Florien, Louisiana. The lease agreement was executed on August 1, 2012, with terms for so long as the water produced from the wells on the leased premises fully complies with the health standards prescribed by the State of Louisiana for the amount of water produced from such wells, or a period of 99 years, whichever occurs first, unless sooner terminated by the mutual agreement of the parties. The consideration is the payment of \$1,500 per month for the term of the lease. Due to the perpetual nature of this agreement, this contract is not within the scope of GASB 87.

13. USDA Required Information on Operations:

Insurance coverage in force at September 30, 2024 was as follows:

a. Commercial General Liability (effective 4/26/24 to 4/26/25):

Stiel Insurance of Acadiana, Inc.	#GPNU-PF-0011015-03
General Aggregate Limit (Bodily Injury, Property Damage & Medical Expenses)	\$ 3,000,000
Products/Completed Operations Aggregate Limit	\$ 3,000,000
Personal Injury Limit	\$ 1,000,000
Each Occurrence Limit	\$ 1,000,000
Damage to Premises Rent to You Limit (Any One Premises)	\$ 1,000,000
Medical Expenses Limit (Any One Person)	\$ 10,000

b. Automobile Liability (effective 4/26/24 to 4/26/25):

Stiel Insurance of Acadiana, Inc.	#GPNU-PF-0011015-03
Combined Single Limit (each accident)	\$ 1,000,000

c. Excess Liability (effective 4/26/24 to 4/26/25):

Stiel Insurance of Acadiana, Inc.	#GPNU-PF-0011015-03
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000

d. Workers Compensation and Employers' Liability (effective 6/12/24 to 6/12/25):

Louisiana Workers' Compensation Corporation	#144610
Bodily Injury by Accident (each)	\$ 1,000,000
Bodily Injury by Disease (policy limit)	\$ 1,000,000
Bodily Injury by Disease (each employee)	\$ 1,000,000

e. Property & Equipment (effective 4/26/24 to 4/26/25):

Stiel Insurance of Acadiana, Inc.	#GPNU-PF-0011015-03
Per listing of properties	\$ 7,713,844

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2024

14. USDA Required Information on Operations (continued):

Revenues were derived from the sale of water at the following rates that were in effect as of September 30, 2024:

CODE	DESCRIPTION	BASE RATE	AFTER BASE RATE
100	RESIDENTIAL ROUTE	\$35.00/1,000	\$5.00/1,000
101	RESIDENTIAL #1	\$35.00/1,000	\$5.00/1,000
102	RESIDENTIAL #2	\$35.00/1,000	\$5.00/1,000
103	RESIDENTIAL #3	\$35.00/1,000	\$5.00/1,000
104	RESIDENTIAL #4	\$35.00/1,000	\$5.00/1,000
105	RESIDENTIAL #5	\$35.00/1,000	\$5.00/1,000
106	RESIDENTIAL #6	\$35.00/1,000	\$5.00/1,000
107	RESIDENTIAL #7	\$35.00/1,000	\$5.00/1,000
108	RESIDENTIAL #8	\$35.00/1,000	\$5.00/1,000
109	WATER RESIDENTIAL W/COMM	\$82.00/15,000	\$5.00/1,000
110	AJAX WATER RESIDENTIAL #9	\$35.00/1,000	\$5.00/1,000
111	WATER RESIDENTIAL #11 POWH	\$36.00/2,000	\$7.50/1,000
112	WATER RESIDENTIAL #12 POWH	\$36.00/2,000	\$7.50/1,000
113	WATER COMMERCIAL POWHATAN	\$125.00/2,000	\$9.00/1,000
114	WATER NON RESIDENTIAL #4	\$35.00/1,000	\$5.00/1,000
115	WATER NON RESIDENTIAL #5	\$35.00/1,000	\$5.00/1,000
116	WATER NON RESIDENTIAL #6	\$35.00/1,000	\$5.00/1,000
117	WATER NON RESIDENTIAL #7	\$35.00/1,000	\$5.00/1,000
118	WATER NON RESIDENTIAL #8	\$35.00/1,000	\$5.00/1,000
128	COMMERCIAL WATER	\$82.00/15,000	\$5.00/1,000
132	WHOLESALE ROAD CONSTRUCTION	\$35.00/1,000	\$3.33/1,000
133	WATER WHOLESALE TOWN OF MANY	\$3.60/1,000	
134	WATER WHOLESALE EBARB	\$3.60/1,000	
135	WATER WHOLESALE CONSTRUCTION	\$35.00/1,000	\$5.00/1,000
136	WATER WHOLESALE SOUTH TOLEDO	\$3.60/1,000	
141	WATER AG RATE	\$35.00/1,000	\$3.60/1,000

At September 30, 2024, the District's active water utility customers consisted of the following:

Residential	2,239
Wholesale/Commercial	15
Agricultural	21
Non-Residential	62

15. Related Party Transactions:

Sabine Parish Waterworks District No. 1 has entered into separate Cooperative Endeavor Agreements with the Village of Robeline and the Village of Powhatan, whereby the customers of the Robeline-Marthaville Water System and the Powhatan Water System were transitioned to members of the Sabine Parish Waterworks District No. 1. The District provides billing for water usage and sewage fees. The sewage fees are collected by the District and remitted to the appropriate Villages on a monthly basis. The District is entitled to retain \$3 per sewer customer as compensation for the billing, collection, and remittance to the respective Villages.

During the current year, remittances to the Village of Robeline and the Village of Powhatan for sewage collections totaled \$14,689 and \$31,889, respectively. The collection fees retained by the District totaled \$4,811 for the current year.

Sabine Parish Waterworks District No. 1
Notes to Financial Statements
September 30, 2024

16. Board of Directors:

The Board of Directors of Sabine Parish Waterworks District No. 1 at September 30, 2024, consisted of the following individuals:

<u>Name, Address, Telephone</u>	<u>Title</u>	<u>Term Expires</u>
Walter Mains 4415 Marthaville Road, Many, LA 71449 318-663-5187	President	08/2027
David Davis 400 Cedar Lane, Many, LA 71449 318-315-0686	Vice President	08/2027
Keith Broussard 264 Cedar Lane, Many, LA 71449 318-256-9831	Secretary/Treasurer	08/2025
David Mains 331 Cedar Lane, Many, LA 71449 318-256-0074	Member	08/2028
Charles Pennington P. O. Box 9, Florien, LA 71429 318-294-5453	Member	08/2026

17. Subsequent Events:

Management has evaluated events through February 4, 2025, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

SUPPLEMENTARY INFORMATION

Sabine Parish Waterworks District No. 1
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended September 30, 2024

Agency Head Name: Walter Mains, President

<u>Purpose</u>	<u>Amount</u>
Per Diem – Board Meetings	\$2,250

Sabine Parish Waterworks District No. 1
 Schedule of Expenditures of Federal Awards
 Year Ended September 30, 2024

<u>Federal Grantor/Pass through Grantors/Program</u>	<u>Federal Assistance Listing</u>	<u>Federal Expenditures</u>
U.S. Department of Treasury:		
Passed through La. Division of Administration- Coronavirus State & Local Fiscal Recovery Funds Water Sector Program – ARPA		
Grant ID No. LAWSP10534	21.027	\$ 150,018
Grant ID No. LAWSP10909	21.027	<u>1,760,746</u>
Total U.S. Department of Treasury		\$1,910,764
 U.S. Department of Environmental Protection:		
Passed through La. Department of Health & Hospitals- Drinking Water State Revolving Funds		
Grant ID No. 1085036	66.468	<u>736,730</u>
Total Federal Financial Assistance		<u>\$2,647,494</u>

Sabine Parish Waterworks District No. 1
Notes to the Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sabine Parish Waterworks District No. 1 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

Basis of Accounting

The District's Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's financial statements for the year ended September 30, 2024. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain type of expenditures are not allowable or are limited to reimbursement.

Indirect Cost Rate

The District has not elected to use the 10 percent de minimus indirect cost as allowed under the *Uniform Guidance*.

Subrecipients

The District did not provide any funding to subrecipients.

OTHER REPORTS/SCHEDULES

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA, LLC
Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447
www.tcbtcpa.com

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

Mr. Walter Mains, President
and Members of the Board
Sabine Parish Waterworks District No. 1
Many, Louisiana 71449

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 business-type activities and major fund as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Sabine Parish Waterworks District No. 1's (District) basic financial statements and have issued our report thereon dated February 4, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, 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

February 4, 2025

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA, LLC
Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447
www.tcbtcpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

Mr. Walter Mains, President
and Members of the Board
Sabine Parish Waterworks District No. 1
Many, Louisiana 71449

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Sabine Parish Waterworks District No. 1's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Sabine Parish Waterworks District No. 1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Sabine Parish Waterworks District No. 1 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with federal statutes referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures, that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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

February 4, 2025

Sabine Parish Waterworks District No. 1
Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

I. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Sabine Parish Waterworks District No. 1.
2. The audit disclosed no material weaknesses in internal control that are required to be reported under *Government Auditing Standards*.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
4. The audit did not disclose any instances of material weaknesses in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit did not disclose any instances of noncompliance related to federal awards that are required to be reported under the Uniform Guidance.
7. The following program was considered major for the year ended September 30, 2024:

Coronavirus State and Local fiscal Recovery Funds –
Water Sector Program - Assistance Listing# 21.027

8. \$750,000 was the threshold used to distinguish Type A and Type B programs.
9. The Sabine Parish Waterworks District No. 1 did qualify as a low-risk auditee.

II. Findings in Accordance with *Government Auditing Standards*

None identified.

III. Findings in Accordance with *Uniform Guidance*

None identified.

IV. Prior Year Audit Findings

None identified.

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA, LLC
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING
STATEWIDE AGREED-UPON PROCEDURES**

To the Sabine Parish Waterworks District No. 1
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2023 through September 30, 2024. The management of Sabine Parish Waterworks District No. 1 (District) 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 October 1, 2023 through September 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 reasonableness 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: No exceptions were noted as a result of these 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: No exceptions were noted as a result of these procedures.

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: No exceptions were noted as a result of these procedures.

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: No exceptions were noted as a result of these procedures.

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: No exceptions were noted as a result of these procedures.

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: No exceptions were noted as a result of these procedures.

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: No exceptions were noted as a result of these procedures.

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: No exceptions were noted as a result of these procedures.

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: No exceptions were noted as a result of these procedures.

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: No exceptions were noted as a result of these procedures.

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: No exceptions were noted as a result of these procedures.

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: No exceptions were noted as a result of these procedures.

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.

- iii. Number of sexual harassment complaints received by the agency;
- iv. Number of complaints which resulted in a finding that sexual harassment occurred;
- v. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- vi. Amount of time it took to resolve each complaint.

Procedure Results: No exceptions were noted as a result of these procedures.

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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

February 4, 2025