

**VERMILION PARISH
WATERWORKS DISTRICT NO. 1**

Maurice, Louisiana

Financial Report

Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

The Board of Commissioners
Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Vermilion Parish Waterworks District No. 1 (the District), a component unit of the Vermilion Parish Police Jury, as of and for the year ended December 31, 2022, 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 of the District, as of December 31, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgement, 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.

Emphasis of Matter

As described in Note 8 to the financial statements, the District adopted new accounting guidance, GASB 87, *Leases*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information as listed in the table of contents does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 23, 2023

BASIC FINANCIAL STATEMENTS

Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Statement of Net Position
December 31, 2022

ASSETS

Current assets:	
Cash and cash equivalents	\$ 3,824,023
Receivables, net of allowance for uncollectibles	320,839
Accrued interest receivable	3,759
Prepaid expenses	<u>78,325</u>
Total current assets	<u>4,226,946</u>
Restricted assets -	
Revenue bond and interest sinking account	73,504
Revenue bond reserve account	688,144
Revenue bond contingency account	646,606
Revenue bond short lived asset account	557,097
Customer deposits	<u>86,450</u>
Total restricted assets	<u>2,051,801</u>
Capital assets, net	<u>23,221,531</u>
Right-of-use assets, net	<u>60,073</u>
Net pension benefit	<u>375,638</u>
Total assets	<u>29,935,989</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pension	<u>112,035</u>

(continued)

Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Statement of Net Position (Continued)
December 31, 2022

LIABILITIES

Current liabilities (payable from current assets):	
Accounts payable	46,740
Accrued liabilities	33,193
Retainage payable	9,413
Other liabilities	<u>79,094</u>
Total current liabilities (payable from current assets)	<u>168,440</u>
Current liabilities (payable from restricted assets):	
Customer deposits	86,450
Accrued interest on bonds	28,737
Current portion of long term debt:	
Lease liability	2,825
Revenue bonds payable	<u>346,138</u>
Total current liabilities (payable from restricted assets)	<u>464,150</u>
Total current liabilities	<u>632,590</u>
Noncurrent liabilities:	
Lease liability	72,427
Revenue bonds payable	<u>13,394,562</u>
Total noncurrent liabilities	<u>13,466,989</u>
Total liabilities	<u>14,099,579</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - pension	<u>352,717</u>
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NET POSITION

Net investment in capital assets	9,345,506
Restricted for debt service	1,936,614
Unrestricted	<u>4,313,608</u>
Total net position	<u>\$ 15,595,728</u>

The accompanying notes are an integral part of the basic financial statements.

Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2022

Operating revenues:	
Charges for services -	
Water sales	\$ 2,941,979
Penalties	45,735
Reconnection fees	24,300
Meter fees	115,125
Other fees	1,380
Miscellaneous	<u>6,844</u>
Total operating revenues	<u>3,135,363</u>
Operating expenses:	
Salaries	602,436
Payroll taxes	7,896
Group and life insurance	103,594
Retirement	(64,718)
Insurance	95,415
Supplies	30,452
Telephone and utilities	141,844
Chemicals	143,357
Meter installation and reading	314,419
Depreciation	915,409
Amortization	2,954
Professional fees	64,906
Maintenance and repairs	351,051
Automobile expense	25,005
Printing, postage and publications	76,902
Temporary services	48,320
Other	<u>28,846</u>
Total operating expenses	<u>2,888,088</u>
Operating income	<u>247,275</u>
Nonoperating revenues (expenses):	
Interest income	31,389
Non-employer pension contributions	6,597
Other income	28,143
Interest expense	<u>(550,911)</u>
Total nonoperating revenues (expenses)	<u>(484,782)</u>
Change in net position	(237,507)
Net position, beginning, as restated	<u>15,833,235</u>
Net position, ending	<u>\$ 15,595,728</u>

The accompanying notes are an integral part of the basic financial statements.

Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Statement of Cash Flows
Year Ended December 31, 2022

Cash flows from operating activities:	
Receipts from customers	\$ 3,120,996
Payments to suppliers	(1,305,643)
Payments to employees and related costs	(771,495)
Other receipts	<u>6,844</u>
Net cash provided by operating activities	<u>1,050,702</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(335,221)
Interest paid on long-term debt	(551,623)
Acquisition and construction of capital assets	<u>(286,962)</u>
Net cash used by capital and related financing activities	<u>(1,173,806)</u>
Cash flows from investing activities:	
Interest income	<u>27,630</u>
Net decrease in cash and cash equivalents	(95,474)
Cash and cash equivalents, beginning of period	<u>5,971,298</u>
Cash and cash equivalents, end of period	<u>\$ 5,875,824</u>

(continued)

Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Statement of Cash Flows (Continued)
Year Ended December 31, 2022

Reconciliation of operating income to net cash
provided by operating activities:

Operating income	\$ 247,275
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	918,363
Provision for bad debts	1,598
Other	(104,210)
(Increase) decrease in operating assets -	
Receivables, gross	(25,787)
Prepaid expenses	(14,446)
Increase (decrease) in operating liabilities -	
Accounts payable	1,177
Accrued liabilities	10,066
Customer deposits	4,100
Other liabilities	12,566
Net cash provided by operating activities	<u>\$ 1,050,702</u>

Cash and cash equivalents, end of period -

Current	\$ 3,824,023
Restricted	<u>2,051,801</u>
	<u>\$ 5,875,824</u>

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of Vermilion Parish Waterworks District No. 1 (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The District was created in 1986 under the provisions of Louisiana Revised Statutes 33:3811, for the purpose of providing water to the rural areas of Vermilion Parish. The District is governed by a board of commissioners composed of five members appointed by the Vermilion Parish Police Jury.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

Because the Vermilion Parish Police Jury appoints the District's governing body, the District was determined to be a component unit of the Vermilion Parish Police Jury, the governing body of the parish and the governmental entity with oversight responsibility. The accompanying financial statements present information only on the proprietary fund maintained by the District and do not present information on the Vermilion Parish Police Jury, the general government services provided by that governmental entity, or the other governmental entities that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental entities and as a governmental entity provides certain disclosures required by the Governmental Accounting Standards Board.

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

C. Fund Accounting

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

The District maintains only one fund and it is described below:

Proprietary Fund –

Enterprise Fund

The Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

Basis of Accounting

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

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

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

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits. They are stated at cost, which approximates market.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities report customer's utility service receivables as their major receivables. This receivable is reported net of an allowance for doubtful accounts. The allowance amount at December 31, 2022 is \$27,348.

Unbilled receivables resulting from services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility System and Improvements	40 years
Equipment	5-10 years

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

Equity Classifications

Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

- a. Net investment in capital assets – Consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the District’s bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

F. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

G. Use of Estimates

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

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

H. Restricted or Unrestricted Resources

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

I. Pensions

The net pension liability/asset, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Non-employer contributions are recognized as revenues in the financial statements.

J. Leases

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements.

At the commencement of a lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The District uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases. Lease payments, included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The District monitors changes in circumstances that would require a remeasurement of its lease and remeasures the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

(2) Cash and Cash Equivalents

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

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District will not be able to recover the collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) were secured as follows:

Bank balances	<u>\$ 5,887,519</u>
Deposits are secured as follows:	
Insured deposits	500,000
Uninsured and collateral held by pledging bank, not in the District's name	<u>5,387,519</u>
Total	<u>\$ 5,887,519</u>

(3) Receivables

Receivables consist of the following:

Accounts receivable	\$ 214,453
Unbilled water	<u>133,734</u>
	348,187
Less: allowance for uncollectible receivables	<u>(27,348)</u>
Total	<u>\$ 320,839</u>

The aging of the accounts receivable is as follows:

Current	\$ 163,623
0 - 30 days	15,401
31 - 60 days	2,227
Over 60 days	<u>33,202</u>
Total	<u>\$ 214,453</u>

(4) Restricted Assets

Restricted assets consisted of the following:

Revenue bond and interest sinking account	\$ 73,504
Revenue bond reserve account	688,144
Revenue bond contingency account	646,606
Revenue bond short lived asset account	557,097
Customer deposits	<u>86,450</u>
Total restricted assets	<u>\$ 2,051,801</u>

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

(5) Capital Assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated/amortized:				
Land	\$ 100	\$ -	\$ -	\$ 100
Construction in process	9,743	268,597	149,499	128,841
Capital assets being depreciated:				
Buildings and improvements	437,681	-	-	437,681
Furniture, fixtures and equipment	1,295,761	35,886	-	1,331,647
Water distribution system and treatment plants	<u>34,105,879</u>	<u>146,154</u>	<u>-</u>	<u>34,252,033</u>
Total capital assets	<u>35,849,164</u>	<u>450,637</u>	<u>149,499</u>	<u>36,150,302</u>
Less accumulated depreciation for:				
Buildings and improvements	166,788	12,446	-	179,234
Furniture, fixtures and equipment	621,512	50,044	-	671,556
Water distribution system and treatment plants	<u>11,225,061</u>	<u>852,920</u>	<u>-</u>	<u>12,077,981</u>
Total accumulated depreciation	<u>12,013,361</u>	<u>915,410</u>	<u>-</u>	<u>12,928,771</u>
Capital assets, net	<u>\$23,835,803</u>	<u>\$ (464,773)</u>	<u>\$ 149,499</u>	<u>\$23,221,531</u>

(6) Changes in Long-Term Debt

The following changes occurred in long-term debt for the year ended December 31, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Direct Placement Revenue bonds	<u>\$14,073,171</u>	<u>\$ -</u>	<u>\$(332,471)</u>	<u>\$13,740,700</u>

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

Long-term debt payable is composed of the following issues:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>	<u>Due Within One Year</u>
Direct Placement Revenue Bonds					
Water Revenue Bonds Series 2000, R-1	10/12/2000	10/12/2040	4.750%	\$ 925,011	\$ 33,948
Series 2000, R-2	10/12/2000	10/12/2040	5.000%	110,720	4,022
Water Revenue Bonds Series 2002	11/26/2002	11/12/2042	4.625%	903,077	28,462
Water Revenue Bonds Series 2004A	2/19/2004	2/12/2044	4.500%	1,655,427	49,921
Water Revenue Bonds Series 2004B	4/14/2004	4/12/2044	4.375%	1,602,573	48,213
Water Revenue Bonds Series 2005	1/14/2005	1/12/2045	4.500%	550,686	15,024
Water Revenue Bonds Series 2009	11/3/2009	11/3/2049	4.250%	3,840,931	78,587
Water Revenue Bonds Series 2010	11/3/2009	11/3/2049	3.375%	1,665,891	39,041
Water Revenue Bonds Series 2016	3/9/2016	2/12/2056	2.500%	<u>2,486,384</u>	<u>48,920</u>
				<u>\$ 13,740,700</u>	<u>\$ 346,138</u>

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

The annual requirement to amortize all debt outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	346,138	535,905	882,043
2024	360,454	521,589	882,043
2025	375,380	506,663	882,043
2026	390,945	491,098	882,043
2027	407,177	474,866	882,043
2028 - 2032	2,304,836	2,105,383	4,410,219
2033 - 2037	2,829,077	1,581,142	4,410,219
2038 - 2042	3,261,261	943,965	4,205,226
2043 - 2047	2,079,516	399,159	2,478,675
2048 - 2052	1,057,169	94,242	1,151,411
2053 - 2056	<u>328,747</u>	<u>14,693</u>	<u>343,440</u>
 Total	 <u>\$ 13,740,700</u>	 <u>\$ 7,668,705</u>	 <u>\$ 21,409,405</u>

In the event that the Water Revenue Bonds are in default, the bonding agency has the right to the appointment of an agent to take possession of the District to hold, operate and maintain, manage and control the District, and in the name of the Issuer shall exercise all rights and powers of the Issuer with respect to the District. Such an agent shall collect and receive all fees, rentals and other revenues, maintain and operate the District and comply under the jurisdiction of the court appointing such an agent.

(7) Flow of Funds; Restrictions on Use - Utility Revenues

Under the terms of the various bond indentures on outstanding Water Revenue Bonds, all income and revenue of every nature, earned or derived from operations of the Water District are pledged and dedicated to the retirement of said bonds and are to be deposited in funds in the following order of priority and for the following express purposes:

All revenue must be deposited into a "Water Revenue Fund" to be first used for the payment of all reasonable and necessary expenses of operating and maintaining the District.

A "Water Revenue Bond and Interest Sinking Fund" (the "Sinking Fund") shall be established and maintained by transferring monthly an amount sufficient to pay promptly and fully the principal of and the interest on the Bonds on or before the 20th day of each month of each year payment is required on the Bonds.

A "Water Revenue Bond Reserve Fund" (the "Reserve Fund") shall be established and maintained by transferring monthly, on or before the 20th day of each month of each year, a sum at least equal to 5% of the amount to be paid into the Sinking Fund. Payments into the Reserve Fund shall continue until such time as there is accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any year on the bonds payable from the Sinking Fund. The money in the Reserve Fund is to

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

be retained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default.

A "Water Depreciation and Contingency Fund" (the "Contingency Fund") shall be established and maintained to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the District, by transferring monthly, on or before the 20th day of each month of each year, a sum at least equal to 5% of the amount to be paid into the Sinking Fund. When a sum equal to the Debt Service Requirement has been accumulated in the Reserve Fund, the monthly payments into the Contingency Fund shall be increased to an amount equal to 10% of the amount being paid into the Sinking Fund.

A "Water Short-Lived Assets Depreciation Fund" (the "Short-Lived Assets Fund") shall be established and maintained to provide for the maintenance and replacement of short lived assets of the District, by transferring monthly, on or before the 20th day of each month of each year, a sum of \$5,106.

All of the revenues received in any fiscal year and that are not required to be paid into any of the above noted funds in such fiscal year shall be regarded as surplus and may be used for any lawful purpose.

All required transfers were made for the year ended December 31, 2022.

(8) Leases

During the year, the District implemented GASB No. 87, *Leases* for accounting and reporting leases that had previously been reported as operating leases. In May 2003, the District entered into a lease agreement involving land for operations. Due to the commencement date of the related agreement, the restatement of the prior period financial statements was considered necessary. The effect on net position is as follows:

January 1, 2022 net position, as reported	\$ 15,848,211
Prior period adjustment:	
Change in accounting principle:	
Net effect of GASB 87 implementation	<u>(14,976)</u>
January 1, 2022 net position, as restated	<u>\$ 15,833,235</u>

VERMILION PARISH WATERWORKS DISTRICT NO. 1
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Notes to Basic Financial Statements

The leased activity for the year follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Right-to-use assets	\$ 118,176	\$ -	\$ -	\$ 118,176
Less: accumulated amortization	55,149	2,954	-	58,103
Right-to-use assets, net	\$ 63,027	\$ (2,954)	\$ -	\$ 60,073

The leased asset will be amortized over the lease terms. Unamortized asset to be amortized in future periods is as follows:

Year Ended December 31:		
2023		\$ 2,954
2024		2,954
2025		2,954
2026		2,954
2027		2,954
2028 - 2032		14,770
2033 - 2037		14,770
2038 - 2042		14,770
2043		993
		\$ 60,073

The following is a summary of changes in the lease liability for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Right-to-use assets	\$ 78,003	\$ -	\$ (2,751)	\$ 75,252	\$ 2,825

At commencement of the lease, the District initially measured the lease liability at the present value of payments expected to be made during the lease terms. For purposes of discounting future payments on the lease, the District used the interest rate of 2.67%. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease terms.

VERMILION PARISH WATERWORKS DISTRICT NO. 1
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Notes to Basic Financial Statements

Minimum lease payments through the lease term are as follows:

	Principal	Interest	Total
2023	2,825	1,975	4,800
2024	2,902	1,898	4,800
2025	2,980	1,820	4,800
2026	3,061	1,739	4,800
2027	3,143	1,657	4,800
2028 - 2032	17,037	6,963	24,000
2033 - 2037	19,468	4,532	24,000
2038 - 2042	22,245	1,755	24,000
2043	1,591	9	1,600
Total	\$ 75,252	\$ 22,348	\$ 97,600

(9) Pension Plan

The employer pension schedules for the Parochial Employees' Retirement System of Louisiana are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based is recognized in the period in which the employee is compensated for services performed. For purposes of measuring the net pension liability/asset, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan, and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Substantially all of the District's employees are covered under the Parochial Employees' Retirement System of Louisiana. Details concerning the plan are:

Plan Description: The Parochial Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish. The Retirement System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically, and other general laws of the State of Louisiana.

The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System.

VERMILION PARISH WATERWORKS DISTRICT NO. 1
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Notes to Basic Financial Statements

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. Employees of the District are members of Plan A.

The Parochial Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.gov.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

Eligibility Requirements: All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Retirement Benefits: Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits: Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

VERMILION PARISH WATERWORKS DISTRICT NO. 1
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Notes to Basic Financial Statements

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty for those members who are enrolled prior to January 1, 2017 and age 62 for those members who are enrolled January 1, 2017 and later..

Cost of Living Increases: The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. The actuarially determined contribution rate was 10.38% of member's compensation for Plan A. However, the actual rate for the fiscal year was 12.25% for Plan A.

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. The District recognized \$6,448 of non-employer contributions.

Pension Liabilities/Assets, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The District reported an asset of \$375,638 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportion was 0.08%, which was unchanged from its proportion measured as of the prior measurement period.

The District recognized pension expense of (\$64,718).

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 22,696	\$ 27,225
Change of assumptions	19,590	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	2,114	571
Net difference between projected and actual earnings on plan investments	-	324,921
Contributions subsequent to the measurement date	67,635	-
Total	\$ 112,035	\$352,717

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

Deferred outflows of resources of \$67,635 related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability/asset in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>December 31:</u>	
2023	\$ (60,609)
2024	(127,689)
2025	(85,192)
2026	<u>(34,827)</u>
	<u>\$ (308,317)</u>

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

A summary of the actuarial methods and assumptions used in determining the total pension liability are as follows:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.40%, net of investment expense, including inflation
Expected Remaining Service lives	4 years
Projected Salary Increases	Plan A – 4.75%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Inflation Rate	2.30%

The discount rate used to measure the total pension liability was 6.40% for Plan A, which was unchanged from the rate used for the previous measurement period. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These

VERMILION PARISH WATERWORKS DISTRICT NO. 1
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Notes to Basic Financial Statements

rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00%.

Best estimate of arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Fixed income	33%	0.85%
Equity	51%	3.23%
Alternatives	14%	0.71%
Real assets	2%	0.11%
Totals	100%	4.90%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.00%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 6.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.40% or one percentage point higher 7.40% than the current rate.

	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
Net Pension Liability:	\$ 66,969	\$ (375,638)	\$ (746,403)

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Basic Financial Statements

(10) Compensation of Board Members

The following is a list of the commissioners and compensation paid for the year ended December 31, 2022:

<u>Commissioner</u>	<u>Term Expiration Date</u>	<u>Compensation</u>
Hubert Faulk, Chairman	October 15, 2027	\$ 3,600
Glenn Duhon	April 7, 2023	720
Bradley Duhon	April 7, 2023	660
Dwayne Broussard	March 5, 2023	600
Kendrick Trahan	April 7, 2027	780
		<u>\$ 6,360</u>

The Chairman of the Board of Commissioners is considered the agency head. The District did not pay any benefits on his behalf for the year ended December 31, 2022. In addition, the only payments he received were the compensation disclosed above.

(11) Risk Management

The District is exposed to risks of loss in the areas of general liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance during the year. The District has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

(12) Pending Litigation

The District is subject to various lawsuits and claims, many of which arise in the normal course of business. Although their outcome is not presently determinable, it is the opinion of legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

(13) New Accounting Pronouncement

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This standard requires governments to report SBITAs as either a capital asset or an intangible asset and to disclose information about the terms of the arrangement, the costs, and any significant impacts on operations. This standard is effective for reporting periods beginning after June 15, 2022. The District will include the requirements of this standard, as applicable, in its December 31, 2023, financial statements. All of the District's SMITA agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the District are unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Schedule of Employer's Share of Net Pension Liability/Asset -
Parochial Employees' Retirement System
For the Year Ended December 31, 2022

* Year ended December 31,	Employer Proportion of the Net Pension Liability/ Asset	Employer Proportionate Share of the Net Pension Liability/ Asset	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/ Asset
2015	0.07%	\$ 18,671	\$ 369,555	5.05%	99.15%
2016	0.07%	\$ 185,239	\$ 403,482	45.91%	92.23%
2017	0.07%	\$ 144,572	\$ 416,309	34.73%	94.15%
2018	0.09%	\$ (66,430)	\$ 436,313	15.23%	101.98%
2019	0.08%	\$ 342,357	\$ 474,205	72.20%	88.86%
2020	0.08%	\$ 3,644	\$ 490,879	0.74%	99.89%
2021	0.08%	\$ (134,473)	\$ 512,231	26.25%	104.00%
2022	0.08%	\$ (375,638)	\$ 535,048	70.21%	110.46%

* The amounts presented have a measurement date of the previous fiscal year end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Schedule of Employer Contributions -
Parochial Employees' Retirement System
For the Year Ended December 31, 2022

Year ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 58,505	\$ 58,505	\$ -	\$ 403,482	14.50%
2016	\$ 54,120	\$ 54,120	\$ -	\$ 416,309	13.00%
2017	\$ 54,539	\$ 54,539	\$ -	\$ 436,313	12.50%
2018	\$ 54,533	\$ 54,533	\$ -	\$ 474,205	11.50%
2019	\$ 56,451	\$ 56,451	\$ -	\$ 490,879	11.50%
2020	\$ 62,748	\$ 62,748	\$ -	\$ 512,231	12.25%
2021	\$ 65,543	\$ 65,543	\$ -	\$ 535,048	12.25%
2022	\$ 67,635	\$ 67,635	\$ -	\$ 588,133	11.50%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Notes to Retirement System Schedules

(1) Pension Plan

Changes of benefit terms –

There were no changes of benefit terms

Changes of assumptions –

* Year ended December 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.25%	7.25%	3.00%	4	5.75%
2016	7.00%	7.00%	2.50%	4	5.25%
2017	7.00%	7.00%	2.50%	4	5.25%
2018	6.75%	6.75%	2.50%	4	5.25%
2019	6.50%	6.50%	2.40%	4	4.75%
2020	6.50%	6.50%	2.40%	4	4.75%
2021	6.40%	6.40%	2.30%	4	4.75%
2022	6.40%	6.40%	2.30%	4	4.75%

* The amounts presented have a measurement date of the previous fiscal year end.

OTHER INFORMATION

Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Schedule of Number of Utility Customers
December 31, 2022

Records maintained by the Vermilion Parish Waterworks District No. 1 indicated the following number of customers were being serviced during the month of December, 2022:

Residential	7,674
Commercial	<u>249</u>
	<u>7,923</u>

The water rates of the District are as follows:

Residential rates:

\$16.00 per month for the first 2,000 gallons, then
\$ 4.40 per 1,000 gallons or part thereof over 2,000 gallons

Commercial rates:

\$16.00 per month for the first 2,000 gallons, then
\$ 4.40 per 1,000 gallons or part thereof over 2,000 gallons

Penalty for paying water bill after due date:

Additional ten percent (10%) of total water charge

Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Schedule of Insurance in Force
December 31, 2022

Coverage Provided For	Limits of Coverage (in dollars)	Description of limits	Expiration Date
Commercial General Liability	\$ 1,000,000	Bodily injury and property damage/occurrence	12/14/23
	\$ 1,000,000	Personal and advertising injury limit/occurrence	
	\$ 1,000,000	Employee benefits liability/occurrence	
	\$ 3,000,000	Aggregate on each coverage above	
	\$ 1,000,000	Damage to rented premises/occurrence	
	\$ 10,000	Medical payments	
Commercial Property	\$ 7,460,056	Blanket limit	12/14/23
	\$ 27,500	Fire hydrants throughout service area	
Commercial Auto Coverage	\$ 1,000,000	Liability	12/14/23
	\$ 1,000,000	Uninsured motorist	
	\$ 1,000,000	Hired and non-owned auto liability	
Workers Compensation	\$ 1,000,000	Bodily injury	12/14/23
Crime Coverage	\$50,000-\$100,000	Various Theft	12/14/23
Wrongful Acts and Professional Liability	\$ 1,000,000	Per claim	12/14/23
	\$ 3,000,000	Aggregate	

Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Comparative Statements of Net Position
December 31, 2022 and 2021

ASSETS	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 3,824,023	\$ 4,046,036
Receivables, net of allowance for uncollectibles	320,839	296,650
Accrued interest receivable	3,759	-
Prepaid expenses	<u>78,325</u>	<u>63,879</u>
Total current assets	<u>4,226,946</u>	<u>4,406,565</u>
Restricted assets -		
Revenue bond and interest sinking account	73,504	73,504
Revenue bond reserve account	688,144	643,368
Revenue bond contingency account	646,606	601,871
Revenue bond short lived asset account	557,097	524,169
Customer deposits	<u>86,450</u>	<u>82,350</u>
Total restricted assets	<u>2,051,801</u>	<u>1,925,262</u>
Capital assets, net	<u>23,221,531</u>	<u>23,835,803</u>
Right of use assets, net	<u>60,073</u>	<u>63,027</u>
Net pension benefit	<u>375,638</u>	<u>134,473</u>
Total assets	<u>29,935,989</u>	<u>30,365,130</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pension	<u>112,035</u>	<u>142,485</u>

Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Comparative Statements of Net Position (Continued)
December 31, 2022 and 2021

LIABILITIES	<u>2022</u>	<u>2021</u>
Current liabilities (payable from current assets):		
Accounts payable	46,740	40,800
Accrued liabilities	33,193	23,127
Retainage payable	9,413	-
Other liabilities	<u>79,094</u>	<u>66,528</u>
Total current liabilities (payable from current assets)	<u>168,440</u>	<u>130,455</u>
Current liabilities (payable from restricted assets):		
Customer deposits	86,450	82,350
Accrued interest on bonds	28,737	29,449
Current portion of long term debt:		
Lease liability	2,825	2,751
Revenue bonds payable	<u>346,138</u>	<u>332,408</u>
Total current liabilities (payable from restricted assets)	<u>464,150</u>	<u>446,958</u>
Total current liabilities	<u>632,590</u>	<u>577,413</u>
Noncurrent liabilities:		
Lease liability	72,427	75,252
Revenue bonds payable	<u>13,394,562</u>	<u>13,740,763</u>
Total noncurrent liabilities	<u>13,466,989</u>	<u>13,816,015</u>
Total liabilities	<u>14,099,579</u>	<u>14,393,428</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	<u>352,717</u>	<u>280,952</u>
NET POSITION		
Net investment in capital assets	9,345,506	9,621,602
Restricted for debt service	1,936,614	1,813,463
Unrestricted	<u>4,313,608</u>	<u>4,398,170</u>
Total net position	<u>\$ 15,595,728</u>	<u>\$ 15,833,235</u>

Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Comparative Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022 and 2021

	2022	2021
Operating revenues:		
Charges for services -		
Water sales	\$ 2,941,979	\$ 2,851,246
Penalties	45,735	45,216
Reconnection fees	24,300	40,250
Meter fees	115,125	151,090
Other fees	1,380	1,140
Miscellaneous	6,844	19,160
Total operating revenues	3,135,363	3,108,102
Operating expenses:		
Salaries	602,436	542,680
Payroll taxes	7,896	7,121
Group and life insurance	103,594	94,541
Retirement	(64,718)	12,351
Insurance	95,415	84,031
Supplies	30,452	24,794
Telephone and utilities	141,844	120,797
Chemicals	143,357	134,947
Meter installation and reading	314,419	296,278
Depreciation	915,409	912,668
Amortization	2,954	2,954
Professional fees	64,906	48,978
Maintenance and repairs	351,051	105,482
Automobile expense	25,005	21,227
Printing, postage and publications	76,902	67,362
Temporary services	48,320	44,643
Other	28,846	31,492
Total operating expenses	2,888,088	2,552,346
Operating income	247,275	555,756
Nonoperating revenues (expenses):		
Interest income	31,389	8,046
Non-employer pension contributions	6,597	6,448
Other income	28,143	-
Interest expense	(550,911)	(564,184)
Total nonoperating revenues (expenses)	(484,782)	(549,690)
Change in net position	(237,507)	6,066
Net position, beginning, as restated	15,833,235	15,827,169
Net position, ending	\$15,595,728	\$ 15,833,235

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

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

The Board of Commissioners
Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

We have audited, 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, the financial statements of the business-type activities of the Vermilion Parish Waterworks District No. 1 (the District), a component unit of the Vermilion Parish Police Jury, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 23, 2023.

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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2022-001, which we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Vermilion Parish Waterworks District No. 1's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 23, 2023

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2022

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

A. Internal Control Over Financial Reporting

2022-001 Inadequate Segregation of Accounting Functions

CONDITION: The Vermilion Parish Waterworks District No. 1 did not have adequate segregation of functions over cash collections and payroll.

CRITERIA: Committee of Sponsoring Organizations (COSO) *Internal Control Integrated Framework* and the Louisiana Legislative Auditor's *Government Auditing Guide*.

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

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

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District has provided as much segregation as possible with the resources available.

B. Compliance

None to report.

VERMILION PARISH WATERWORKS DISTRICT NO. 1
Maurice, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2022

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2021-001 Inadequate Segregation of Accounting Functions

CONDITION: The Vermilion Parish Waterworks District No. 1 did not have adequate segregation of functions over cash collections.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2022-001.

B. Compliance

None reported.

Vermilion Parish Waterworks District No. 1
Maurice, Louisiana

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2022 through December 31, 2022

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of the
Vermilion Parish Waterworks District No. 1
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. Vermilion Parish Waterworks District No. 1 (the District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, 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.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) 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.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) 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.

Collections (excluding EFTs)

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

- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

[Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.]

Credit Cards/Debit Cards/Fuel Cards/P-Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
 - a) Observe 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. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

15. 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:
 - a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) 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).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

- a) 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.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) 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 was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Ethics

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

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Debt Service

23. 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 bond/note issued.
24. 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).

Fraud Notice

25. 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.
26. 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.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, 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.

30. 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).
31. 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 it includes the applicable requirements of R.S. 42:344:
 - a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of procedures listed above.

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 (AICPA) 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 for the information and use of the Parish and the LLA and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana

June 23, 2023