

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Annual Financial Report
As of and for the
Year Ended December 31, 2022

Bayou Lafourche Fresh Water District
Annual Financial Report
Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bayou Lafourche Fresh Water District (the District), 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 governmental activities and each major fund of the Bayou Lafourche Fresh Water District as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 opinion.

Responsibilities of Management for the Financial Statements

The District's 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; this includes 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8, the Budgetary Comparison Schedule on pages 34 and 35, the Schedule of Employer's Share of Net Pension Liability on page 36, the Schedule of Employer Contributions on page 37, and the Schedule of Changes in Net OPEB Liability and Related Ratios on page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

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

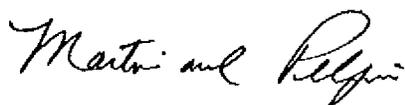
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Executive Director on page 39 and the Schedule of Expenditures of Federal Awards on page 49, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to the Executive Director and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



Houma, Louisiana
June 23, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
Year Ended December 31, 2022

This discussion and analysis of the Bayou Lafourche Fresh Water District's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2022. Please read it in conjunction with the financial statements and the accompanying notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Government-Wide Financial Statements (Statement of Net Position and the Statement of Activities) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Fund Financial Statements (Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the Government-Wide statements by providing information about the most significant funds.

Our auditor has provided reasonable assurance in his independent auditor's report that the financial statements are fairly stated. With regards to the Required Supplemental Information and the Other Information, the auditor is providing varying degrees of assurance. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the parts in the Annual Financial Report.

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the Bayou Lafourche Fresh Water District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position and changes in them. You can think of net position—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and factors that affect water supply for sales to the surrounding parishes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
Year Ended December 31, 2022

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

Bayou Lafourche Fresh Water District utilizes the governmental type of fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations on pages 14 and 15.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- Net position of our governmental activities decreased by \$721,409 or 2.1%.
- During the year, the District had governmental expenses of \$10,097,353 that were \$721,409 more than the \$9,375,944 generated in program and general revenues.
- The governmental funds reported total ending fund balance of \$21,043,628. This compared to the prior year ending fund balance of \$21,836,292 results in a decrease of \$792,664.

The Statement of Net Position and the Statement of Activities reports all transactions as governmental activities. All of the basic governmental services are reported as this type. Property taxes and water sales finance most of these activities.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
Year Ended December 31, 2022

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Our analysis below focuses on the net position of the governmental-type activities.

Condensed Statement of Net Position

	<u>2021</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current assets	\$22,441,802	\$33,752,718	\$11,310,916	50.4%
Net pension asset	156,671	333,649	176,978	113.0%
Capital assets, net	<u>13,346,688</u>	<u>21,556,498</u>	<u>8,209,810</u>	<u>61.5%</u>
Total assets	<u>35,945,161</u>	<u>55,642,865</u>	<u>19,697,704</u>	<u>54.8%</u>
Deferred outflows of resources	<u>139,249</u>	<u>115,750</u>	<u>(23,499)</u>	<u>-16.9%</u>
Current liabilities	605,510	17,848,090	17,242,580	2847.6%
Long-term liabilities	<u>466,349</u>	<u>3,376,120</u>	<u>2,909,771</u>	<u>623.9%</u>
Total liabilities	<u>1,071,859</u>	<u>21,224,210</u>	<u>20,152,351</u>	<u>1880.1%</u>
Deferred inflows of resources	<u>182,217</u>	<u>425,480</u>	<u>243,263</u>	<u>133.5%</u>
Net investment in capital assets	13,346,688	13,205,045	(141,643)	-1.1%
Restricted	-	8,226,528	8,226,528	N/A
Unrestricted	<u>21,483,646</u>	<u>12,677,352</u>	<u>(8,806,294)</u>	<u>-41.0%</u>
Total net position	<u>\$34,830,334</u>	<u>\$34,108,925</u>	<u>\$ (721,409)</u>	<u>-2.1%</u>

The District's net position decreased as a result of this year's operations. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—also decreased during the year. The balance in net position represents the accumulated results of all past years' operations.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
Year Ended December 31, 2022

FINANCIAL ANALYSIS AS A WHOLE (GWFS) (Cont.)

Our analysis below focuses on the changes in net position of the governmental-type activities.

Condensed Statement of Activities

	<u>2021</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Total program expenses	\$ (3,050,903)	\$ (10,097,353)	\$ (7,046,450)	231.0%
Total program revenues	293,935	4,739,405	4,445,470	1512.4%
Net program income	(2,756,968)	(5,357,948)	(2,600,980)	94.3%
General revenues	5,681,700	4,636,539	(1,045,161)	-18.4%
Change in net position	2,924,732	(721,409)	(3,646,141)	-124.7%
Net position:				
Beginning of the year	31,905,602	34,830,334	2,924,732	9.2%
End of the year	\$ 34,830,334	\$ 34,108,925	\$ (721,409)	-2.1%

The amount spent on programs related to operating the District's office increased by \$7,046,450. Total general revenues increased by \$4,445,470 from the prior year. These increases are mostly attributable to the cleanup costs and associated funding following Hurricane Ida as well as the progress on the Donaldsonville pump station.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Bayou Lafourche Fresh Water District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The General Fund includes revenue and expenditures necessary to the operation of the District's office such as personnel, benefits, and operation and maintenance of facilities and vehicles. The General Fund reflected \$9,307,415 in total revenues, including \$4,474,683 in property taxes, \$287,596 in water sales, and \$4,545,136 in intergovernmental revenue. The General Fund reflected \$7,580,851 in other financing sources net of financing uses. Total current expenditures were \$9,211,744. Total capital outlay was \$8,469,186. After a \$792,664 excess of expenditures over revenues for the year, the ending fund balance was \$21,043,628, with \$8,226,528 restricted for payments to the contractors involved with the pump station project.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
Year Ended December 31, 2022

BUDGETARY HIGHLIGHTS

The District's annual budget is adopted on a modified accrual basis of accounting excluding noncash items, such as depreciation. The District amended its General Fund budget once during the year. The District experienced a favorable revenue variance and an unfavorable expenditure variance.

CAPITAL ASSETS

Capital assets include land, furniture and equipment, vehicles, building and improvements, and construction in progress recorded at historical cost of \$26,215,782. Accumulated depreciation as of December 31, 2022 is \$4,659,284 resulting in an ending book balance of \$21,556,498. Depreciation expense of \$259,376 was recorded for the year.

More detailed information about the capital assets is presented in the notes to financial statements. However, a summary of current and prior year capital assets follows:

	<u>2021</u>	<u>2022</u>
Land	\$ 1,114,842	\$ 1,114,842
Furniture and equipment	7,306,373	7,314,258
Vehicles	132,386	132,386
Buildings and improvements	4,981,013	4,981,013
Construction in progress	<u>4,211,982</u>	<u>12,673,283</u>
Total capital assets	17,746,596	26,215,782
Less accumulated depreciation	<u>(4,399,908)</u>	<u>(4,659,284)</u>
Total capital assets, net	<u>\$ 13,346,688</u>	<u>\$ 21,556,498</u>

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Mr. Dustin Rabalais, Executive Director
1016 St. Mary Street
Thibodaux, Louisiana 70301
Phone number (985) 447-7155

FINANCIAL STATEMENTS

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Statement of Net Position
December 31, 2022

	Government Activities
Assets	
Cash and cash equivalents	\$ 18,080,299
Receivables	
Ad valorem taxes	3,913,323
State revenue sharing	16,488
Water sales	34,438
Department of Environmental Quality	8,226,528
Department of Homeland Security - FEMA	3,320,464
Other	161,178
Total Current Assets	33,752,718
Capital assets, net of accumulated depreciation of \$4,659,284	21,556,498
Net pension asset	333,649
Total Assets	55,642,865
Deferred Outflows of Resources	115,750
Liabilities	
Accounts payable	12,694,103
Note payable	5,139,000
Accrued payroll	14,987
Total Current Liabilities	17,848,090
Accrued compensated absences payable	69,261
Note payable	3,212,453
Other post-employment benefit liability	94,406
Total Long-term Liabilities	3,376,120
Total Liabilities	21,224,210
Deferred Inflows of Resources	425,480
Net Position	
Net investment in capital assets	13,205,045
Restricted	8,226,528
Unrestricted	12,677,352
Total Net Position	\$ 34,108,925

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Increase (Decrease) in Net Position
		Charges for Services	Federal Grants	Local / State Grants	
GOVERNMENTAL ACTIVITIES					
General government - current:					
Hurricane Ida cleanup	\$ 6,450,748	\$ -	\$ 3,403,414	\$ 999,604	\$ (2,047,730)
Personnel services	957,057	-	-	-	(957,057)
Other operating services	1,180,026	287,596	-	48,791	(843,639)
Repairs and maintenance	369,983	-	-	-	(369,983)
Utilities and telephone	472,423	-	-	-	(472,423)
Depreciation	259,376	-	-	-	(259,376)
Professional and legal fees	98,703	-	-	-	(98,703)
Insurance	180,438	-	-	-	(180,438)
Ad valorem deduction for pension	128,599	-	-	-	(128,599)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 10,097,353	\$ 287,596	\$ 3,403,414	\$ 1,048,395	\$ (5,357,948)
General Revenues:					
Ad valorem taxes				\$ 4,474,683	
State revenue sharing				88,118	
City of Thibodaux				54,000	
Other				3,908	
Pension revenues				13,341	
Interest income				2,489	
Total General Revenues				<u>4,636,539</u>	
Decrease in Net Position					(721,409)
NET POSITION - BEGINNING OF YEAR					<u>34,830,334</u>
NET POSITION - END OF YEAR					<u>\$ 34,108,925</u>

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Balance Sheet
 Governmental Fund Type
 General Fund
 December 31, 2022

Assets

Cash and cash equivalents	\$ 18,080,299
Receivables	
Ad valorem taxes	3,913,323
State revenue sharing	16,488
Water sales	34,438
Department of Environmental Quality	8,226,528
Department of Homeland Security - FEMA	3,320,464
Other	161,178

Total Assets	\$ 33,752,718
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Liabilities and Fund Balance

Liabilities	
Accounts payable	
Sealevel Construction	\$ 8,226,528
DRC Emergency Services	4,459,895
Other	7,680
Accrued payroll	14,987

Total Liabilities	12,709,090
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Fund Balance

Restricted	8,226,528
Unassigned	12,817,100

Total Fund Balance	21,043,628
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Total Liabilities and Fund Balance	\$ 33,752,718
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See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Fund Type – General Fund
Year Ended December 31, 2022

REVENUES

Ad valorem taxes	\$ 4,474,683
Water sales	287,596
Intergovernmental:	
Department of Homeland Security - FEMA	3,403,414
Greater Lafourche Port Commission	999,604
City of Thibodaux	54,000
State revenue sharing	88,118
	9,307,415
Total Revenues	9,307,415

EXPENDITURES

General government - current:	
Hurricane Ida cleanup	6,450,748
Salaries	695,004
Utilities	465,820
Repairs and maintenance	369,983
Group insurance	233,525
Insurance - general	180,438
Dredging expense	168,680
Ad valorem deduction for pension	128,599
Public outreach	79,493
Weir removal	72,984
Retirement expense	51,559
Payroll taxes	50,006
Monitoring gauge expense	44,046
Legal fees	40,178
Office expense	37,716
Professional fees	30,535
Material and supplies	29,806
Accounting fees	26,456
Fuel and lube	21,506
Executive director expenses	8,976
Computer expense and equipment	7,523
Telephone	6,603
Mileage and travel	4,971
Special projects	2,878
Dues and subscriptions	2,177
Legal publications	1,534
	9,211,744
Total current expenditures	9,211,744
Capital outlay	8,469,186
	17,680,930
Total Expenditures	17,680,930

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Fund Type – General Fund (Cont.)
Year Ended December 31, 2022

OTHER FINANCING SOURCES (USES)

Proceeds from DEQ loan	8,226,528
Unrealized loss on investment	(699,359)
Other income	52,699
Interest income	2,489
Other expense	<u>(1,506)</u>
Total Other Financing Sources	<u>7,580,851</u>
Excess Expenditures Over Revenues	(792,664)
FUND BALANCES	
Beginning of year	<u>21,836,292</u>
End of year	<u>\$ 21,043,628</u>

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Reconciliation of the Governmental Fund Balance Sheet
 to the Statement of Net Position
 December 31, 2022

Fund balance - governmental fund	\$ 21,043,628
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets of \$26,215,782, net of accumulated depreciation of \$4,659,284, are not financial resources and, therefore, are not reported in the governmental funds.</p>	21,556,498
<p>Deferred outflows of resources related to net pension asset and OPEB liabilities are not available resources, and therefore, are not reported in the funds.</p>	449,399
<p>Liabilities not due and payable in the current period and, therefore, are not reported in the funds:</p>	
Other post-employment benefits	(94,406)
Note payable	(8,351,453)
Compensated absences	(69,261)
<p>Deferred inflows of resources related to net pension asset and OPEB liability are not payable from current expendable resources, and therefore, are not reported in the funds.</p>	<u>(425,480)</u>
Net position of governmental activities	<u>\$ 34,108,925</u>

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Reconciliation of the Statement of Governmental Fund Revenues,
 Expenditures and Changes in Fund Balance to the
 Statement of Activities
 Year Ended December 31, 2022

Change in fund balance - governmental fund \$ (792,664)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, where in the statement of activities, these costs are depreciated over their estimated useful lives.

Depreciation expense	(259,376)
Capital outlays	8,469,186

Payments of other post-employment benefits are reported as expenditures in the governmental funds when actually paid. However, on the Statements of Activities, these are expensed as they are accrued. (9,990)

Governmental funds report note payable proceeds as financing sources, where in the Statement of Activities, such proceeds are not reflected. (8,226,528)

Effects of recording net pension asset and deferred inflows and outflows of resources related to net pension asset and OPEB liability. 97,963

Change in net position of government activities \$ (721,409)

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
Year Ended December 31, 2022

Introduction

The Bayou Lafourche Fresh Water District (the District) was created under Act 113 of 1950, of the Louisiana Legislature, for the purpose of furnishing fresh water from the Mississippi River to the incorporated villages, towns, and cities along Bayou Lafourche. The District is governed by a board of twelve commissioners appointed for terms of four years. The parish governments of Ascension and Assumption each appoint two commissioners, and the Governor of Louisiana appoints four commissioners each from Lafourche and Terrebonne Parishes.

The financial statements of the Bayou Lafourche Fresh Water District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

Note 1 – Summary of Significant Accounting Policies

A. Financial Reporting Entity

The accompanying financial statements present information only on the funds maintained by the Bayou Lafourche Fresh Water District.

The District has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

B. Basis of Presentation

GASB Statements establish standards for external financial reporting for all state and local governmental entities which includes a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies (Cont.)

Unrestricted – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Commissioners must vote on commitments.

Assigned – This component of fund balance is intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Commissioners can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Stabilization Funds – This component of fund balance covers such things as revenue shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies (Cont.)

activities generally are financed through taxes, intergovernmental revenues, and water sales.

Fund Financial Statements:

The daily accounts and operations of the District are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The governmental fund of the District is:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources.

C. 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.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies (Cont.)

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue-sharing (intergovernmental revenue) are recognized as revenue in the year levied.

Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. All annual appropriations lapse at fiscal year-end. Formal budgetary integration is employed as part of the accounting system, and the budget is amended by supplemental appropriations as needed to comply with State law.

E. Cash and Cash Equivalents

The District considers all highly liquid investments purchased with an initial maturity of ninety days or less to be cash equivalents.

F. Bad Debts

The financial statements of the District contain no allowance for bad debts. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the District.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Notes to Financial Statements
 Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies (Cont.)

G. Capital Assets

The accounting treatment over capital assets depends on whether the assets are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

<u>Category</u>	<u>Life</u>
Buildings and improvements	10 - 40 years
Furniture and equipment	5 - 40 years
Vehicles	5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. Interfund Transactions

Interfund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

I. Compensated Absences

Employees of the District accumulate an unlimited amount of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay.

Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits. The cost of leave privileges is computed in accordance with GASB Codification Section C60. An estimate of the leave privileges requiring current resources is accrued in the General Fund. The District records the long-term portion of accrued leave in the GWFS. As of December 31, 2022, the District accrued \$69,261 of compensated absences payable.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies (Cont.)

J. Estimates

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

K. Recent Pronouncement

Statement No. 87, "Leases", increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As the requirements of this Statement are effective for the current reporting period, management has implemented this Statement on the financial statements, resulting in no material effect.

Note 2 – Deposits

Cash includes demand deposits and interest-bearing demand deposits. 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 state in the union, or the laws of the United States. Further, the District may deposit funds in time deposits or certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

State law requires that deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivisions. The year end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash and cash equivalents	\$ 18,161,464	\$ 18,080,299

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
Year Ended December 31, 2022

Note 2 – Deposits (Cont.)

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2022, \$17,661,464 of the District's bank balance was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Cash was adequately collateralized in accordance with State law by securities held by unaffiliated banks for the accounts of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 – Capital Assets

A summary of changes in capital assets follows:

Governmental Activities	12/31/21	Additions	Deletions	12/31/22
Capital assets not being depreciated				
Land	\$ 1,114,842	\$ -	\$ -	\$ 1,114,842
Construction in progress	4,211,982	8,461,301	-	12,673,283
	<u>5,326,824</u>	<u>8,461,301</u>	<u>-</u>	<u>13,788,125</u>
Capital assets being depreciated				
Buildings and improvements	4,981,013	-	-	4,981,013
Furniture and equipment	7,306,373	7,885	-	7,314,258
Vehicles	132,386	-	-	132,386
	<u>12,419,772</u>	<u>7,885</u>	<u>-</u>	<u>12,427,657</u>
Less: Accumulated depreciation				
Buildings and improvements	(1,750,763)	(16,370)	-	(1,767,133)
Furniture and equipment	(2,519,843)	(242,006)	-	(2,761,849)
Vehicles	(129,302)	(1,000)	-	(130,302)
	<u>(4,399,908)</u>	<u>(259,376)</u>	<u>-</u>	<u>(4,659,284)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 13,346,688</u>	<u>\$ 8,209,810</u>	<u>\$ -</u>	<u>\$ 21,556,498</u>

The Donaldsonville pump station design, the Melodia boat launch, and the drainage improvement project totaling \$12,487,337, \$39,844, and \$146,102 respectively, were in progress as of December 31, 2022.

For the year ended December 31, 2022, depreciation expense was \$259,376.

Bayou Lafourche Fresh Water District
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Notes to Financial Statements
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Note 4 – Property Taxes

Lafourche Parish – Property taxes are levied on the assessed value listed as of the prior January 1 for all real property, merchandise, and moveable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes.

Assumption Parish – Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied by the parish government in June or July and are billed to taxpayers by the Sheriff in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Assumption Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

Ascension Parish – Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied in October and billed to the taxpayers in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Ascension Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's and legislative pension fund contributions.

Terrebonne Parish – Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June.

Note 5 – Taxable Revenue Bond, Series 2021

On November 1, 2021, the District entered into a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality (LA-DEQ) for a loan from the Clean Water State Revolving Fund to finance a portion of the costs of constructing additions, extension and improvements to its commercial water supply system. The District by resolution adopted on October 21, 2019, authorized the incurring of debt and the issuance of its Taxable Revenue Bond in an amount not to exceed \$65,000,000, bearing an interest rate of 0.95% per year, for the purpose of paying costs of the project.

As of the beginning of the fiscal year, \$124,925 had been drawn and was presented as long-term debt. During the fiscal year, the District made capital outlay purchases towards the project in progress in the amount of \$8,421,457, with \$8,226,528 of additional approved draw requests at December 31, 2022. As the first principal payment on the debt is due May 1, 2023, \$5,139,000 has been presented as a short-term liability on the GWFS, while the excess draws

Bayou Lafourche Fresh Water District
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Notes to Financial Statements
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to date of \$3,212,453 have been presented as long-term. Amounts available to be drawn down for construction as of December 31, 2022 total \$56,648,547. The annual requirements to amortize long-term debt, assuming drawing the total available, as of December 31, 2022 are as follows:

<u>Date</u>	<u>Amount</u>
May 1, 2023	\$ 5,139,000
May 1, 2024	5,188,000
May 1, 2025	5,238,000
May 1, 2026	5,287,000
May 1, 2027	5,338,000
May 1, 2028	5,388,000
May 1, 2029	5,439,000
May 1, 2030	5,491,000
May 1, 2031	5,543,000
May 1, 2032	5,597,000
May 1, 2033	5,649,000
May 1, 2034	5,703,000
	<u>\$ 65,000,000</u>

Note 6 – Hurricane Ida

On August 29, 2021, Hurricane Ida made landfall near Port Fourchon, Louisiana as a Category 4 storm, with winds in excess of 150 miles per hour. The natural disaster caused significant wind-related and water-related damage to homes and businesses throughout Lafourche Parish, to which property owned and operated by Bayou Lafourche Fresh Water District was no exception.

During the year, \$6,450,748 was spent on the damages suffered as a result of the natural disaster. In connection with these expenditures, the District received \$999,604 from the Greater Lafourche Port Commission under a CEA for the District's participation in debris removal south of the Gulf Intracoastal Waterway. The District also applied for reimbursement from the Department of Homeland Security through FEMA's Disaster Grants – Public Assistance program. As of December 31, 2022, the District has recognized and expended \$3,403,414 in federal funding under Assistance Listing Number 97.036. The expenditures associated with this federal funding have been included in the Schedule of Expenditures of Federal Awards on Page 49.

Note 7 – Pension and Retirement Plans

The Bayou Lafourche Fresh Water District contributes to Parochial Employees' Retirement System of Louisiana (PERS), under Plan B, which is a cost-sharing, multiple-employer defined

Bayou Lafourche Fresh Water District
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Notes to Financial Statements
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benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement 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. Plan B was designated for employees that remained in Social Security on the revision date. Sections 1901 through 2025 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:1901-2025) and other general laws of the State of Louisiana govern PERS.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.persla.org.

Plan Descriptions: For the year ended December 31, 2021, there were 199 contributing municipalities in Plan A and 49 in Plan B. The Bayou Lafourche Fresh Water District is a participant in Plan B only.

The following is a description of the plan and its benefits and is provided for general information purposes only.

All permanent District employees who work at least 28 hours per 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.

Any member of Plan B who was hired before January 1, 2007 can retire providing the member meets one of the following criteria:

1. Age 55 with thirty (30) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) year of creditable service.

Eligibility for retirement for Plan B members hired on or after January 1, 2007 is as follows:

1. Age 55 thirty (30) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 67 with seven (7) or more years of creditable service.

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

Bayou Lafourche Fresh Water District
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Notes to Financial Statements
Year Ended December 31, 2022

Note 7 – Pension and Retirement Plans (Cont.)

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50, and until remarriage, if the remarriage occurs before age 55. 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.

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) for up to 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 DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan 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 the 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 of 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.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was 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 B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his/her years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Employer Contributions: Employer contributions are actuarially-determined each year. For the year ended December 31, 2022, employer contributions were 7.5%.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
Year Ended December 31, 2022

Note 7 – Pension and Retirement Plans (Cont.)

Non-Employer Contribution: In accordance with state statute, the System also receives ¼ of 1.0% 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.

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources: As of December 31, 2022, the District reported an asset in its government-wide financial statements of \$333,649 for its proportionate share of the net pension asset of the System. The net pension asset was measured as of December 31, 2021 by an actuarial valuation performed of the retirement system as of the 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. As of December 31, 2021, the District's proportionate share of the System was .597069%, which was a decrease of .043642% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the District recognized a pension revenue of \$37,642 in its governmental activities related to its participation in the System.

As of December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,340	\$ 35,459
Changes in assumptions	13,403	-
Changes in proportion	61	1,340
Difference between projected and actual investment earnings on pension plan investments	-	217,360
Employer contributions subsequent to the measurement date	<u>51,584</u>	<u>-</u>
Total Deferred Outflows and Inflows	<u>\$ 71,388</u>	<u>\$ 254,159</u>

Bayou Lafourche Fresh Water District
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Notes to Financial Statements
Year Ended December 31, 2022

Note 7 – Pension and Retirement Plans (Cont.)

Deferred outflows of resources of \$51,584 related to pensions resulting from the District’s contributions to the System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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	
2022	\$ (48,717)
2023	(97,136)
2024	(65,172)
2025	(23,330)
Total	\$ (234,355)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2022 is as follows:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.40%, per annum (net of fees)
Inflation Rate	2.30% per annum
Salary Increase	4.25%
Cost of Living Adjustments	Benefits currently being paid and those previously granted
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees, General Employees, and General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality (Health Retirees) and disabled annuitants (General Disabled Retirees).

The discount rate used to measure the total pension liability was 6.40% for Plan B. 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

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
Year Ended December 31, 2022

Note 7 – Pension and Retirement Plans (Cont.)

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.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability/(asset) of the participating employers calculated using the discount rate of 6.40%, as well as what the employer's net pension liability/(asset) 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 as of December 31, 2021.

	Changes in Discount Rate:		
		Current	
	1% Decrease 5.40%	Discount Rate 6.40%	1% Increase 7.40%
Net Pension Liability (Asset)	\$ (28,813)	\$ (333,649)	\$ (588,573)

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2022, the District recognized revenue as a result of support received from the non-employer contributing entities of \$8,761 for its participation in the System.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.persla.org.

Note 8 – Other Post-Employment Benefits

Plan Description. The Bayou Lafourche Fresh Water District provides certain continuing health care and life insurance benefits for its retired employees. The District's Plan is a single-employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Bayou Lafourche Fresh Water District
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Notes to Financial Statements
Year Ended December 31, 2022

Note 8 – Other Post-Employment Benefits (Cont.)

Benefits Provided. Medical and life benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees are covered by Plan B of the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. The retiree must also have 15 years of service to receive employer contributions.

Life insurance coverage is provided to retirees and 0% of the blended rate (active and retired) is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 75% of the original amount at age 70 and 50% of the original amount at age 70.

Actuarial Value of Plan Assets. This is not applicable since the OPEB benefits are not as yet funded.

Employees Covered by Benefit Terms. As of December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	12
Total	13

The valuation used the "Closed Group" method; i.e., the employees and retirees as of the valuation date were used and employees to be hired in the future were not considered. Employees were assumed to continue the same types of coverage into retirement. The significant actuarial assumptions used in the January 1, 2022 valuation of the Plan are as follows:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level dollar, open
Discount Rate	2.06% per annum (beginning of year to determine ADC) 3.72% per annum (as of end of year measurement date)
Inflation Rate	2.00% per annum
Healthcare Trend	Getzen model
Salary Increase	4.75% per annum

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
Year Ended December 31, 2022

Note 8 – Other Post-Employment Benefits (Cont.)

Retirement Age	Same as listed under Note 7
Mortality	PubG.H-2010.
Value of Benefits	Assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays a variable percentage of the first \$500 monthly of the cost of the medical insurance for retirees. The percentage is 30% at 15 years grading up to 75% at 30 years of service, and further grading up to 100% at 38 years of service.

Annual OPEB Expense. The District's annual other post-employment benefit (OPEB) expense is calculated based on an amount actuarially-determined in accordance with the parameters of GASB Statement 75. The total OPEB expense for the year ending December 31, 2022 is \$14,569.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation:

Service cost	\$ 11,132
Interest cost	5,789
Changes in assumptions/inputs	(19,558)
Difference between expected and actual experience	(170,540)
Benefit payments and net transfers	<u>(4,580)</u>
Net change in total OPEB liability	(177,757)
Total OPEB liability - beginning of year	<u>272,163</u>
Total OPEB liability - end of year	<u>\$ 94,406</u>

Sensitivity of the total OPEB liability to Changes in Discount Rate. The following presents the OPEB liability calculated using the discount rate of 3.72%, as well as what the employer's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.72%) or one percentage point higher (4.72%) than the current rate as of December 31, 2022.

	<u>Changes in Discount Rate:</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>2.72%</u>	<u>3.72%</u>	<u>4.72%</u>
Net OPEB Liability	<u>\$ 105,524</u>	<u>\$ 94,406</u>	<u>\$ 84,978</u>

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
Year Ended December 31, 2022

Note 8 – Other Post-Employment Benefits (Cont.)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. As of December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and experience	\$ 7,511	\$ 147,941
Changes in assumptions	36,851	23,380
Total Deferred Outflows and Inflows	\$ 44,362	\$ 171,321

The net amounts of deferred outflows/inflows of resources attributable to fiscal year ended December 31, 2022 will be recognized in OPEB expense in future years as follows:

Year		
2023	\$	(21,594)
2024		(21,594)
2025		(21,594)
2026		(21,594)
2027		(21,594)
Thereafter		(18,989)
Total	\$	(126,959)

Note 9 – Restriction on Net Position

Restricted net position of \$8,226,528 relates to payments due to contractors associated with the Donaldsonville pump station project.

Note 10 – Risk and Insurance

The District is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; and injuries to the public; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
Year Ended December 31, 2022

Note 11 – Litigation and Claims

The District is involved in several cases of litigation as of December 31, 2022. In the opinion of management and legal counsel, the District has adequate legal defenses for the issues raised, and the outcome of these matters will not have a significant effect on the District's financial position as of December 31, 2022.

Note 12 – Compensation of Board Members

The following amounts were paid to commissioners for the year ended December 31, 2022:

Lance Authement	\$	600
Dale Dennis		675
Christopher Domangue		825
Gene Harrell		825
Scott LeBlanc		150
Ray Mayet		825
Gregory Nolan		750
Barry Soudelier		750
		<hr/>
	\$	5,400

Note 13 – Cooperative Endeavor Agreements

As discussed in Note 6, the Greater Lafourche Port Commission entered into a cooperative endeavor agreement with the District, in which the District agreed to continue its post-hurricane debris removal efforts south of the Gulf Intracoastal Waterway. The District received \$999,604 in connection with this agreement during the year, and will apply for federal funding to cover the associated expenses. If such funding is received, the Greater Lafourche Port Commission will be reimbursed.

The District also entered into a cooperative endeavor agreement with the City of Thibodaux. The District received \$54,000 under this agreement during the year. The funds were used to enhance the Thibodaux boardwalk and floating dock owned by the City.

Note 14 – Subsequent Events

Subsequent events were evaluated through June 23, 2023, which is the date the financial statements were available to be issued, and it was determined that no events occurred that requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 4,000,000	\$ 3,890,000	\$ 4,474,683	\$ 584,683
Water sales	288,000	288,000	287,596	(404)
Intergovernmental:				
Dept of Homeland Security - FEMA	100,000	4,000,000	3,403,414	(596,586)
Greater Lafourche Port Commission	-	999,604	999,604	-
City of Thibodaux	-	54,000	54,000	-
State revenue sharing	85,000	100,000	88,118	(11,882)
Other financing sources:				
Proceeds from DEQ loan	30,380,000	3,001,088	8,226,528	5,225,440
Other	210,000	195,938	-	(195,938)
BTNEP sewer inspection	30,000	17,133	35,882	18,749
SCPD sewer inspection	21,500	5,730	12,909	7,179
Interest	1,500	2,450	2,489	39
Phase I legal fee reimbursement	50,000	5,000	3,908	(1,092)
Total Revenues	35,166,000	12,558,943	17,589,131	5,030,188
EXPENDITURES				
General government - current:				
Hurricane Ida cleanup	100,000	7,126,088	6,450,748	675,340
Salaries	742,510	707,500	695,004	12,496
Utilities	369,750	418,200	465,820	(47,620)
Repairs and maintenance	269,000	361,000	369,983	(8,983)
Group insurance	220,000	234,337	233,525	812
Insurance - general	180,000	160,500	180,438	(19,938)
Dredging expense	310,000	203,000	168,680	34,320
Ad valorem deduction for pension	150,000	130,000	128,599	1,401
Public outreach	73,500	73,500	79,493	(5,993)
Weir removal	87,000	75,000	72,984	2,016
Retirement expense	60,000	56,000	51,559	4,441
Payroll taxes	65,000	60,000	50,006	9,994
Monitoring gauge expense	43,000	56,000	44,046	11,954
Legal fees	100,000	55,000	40,178	14,822
Office expense	7,500	7,500	37,716	(30,216)
Professional fees	25,000	33,000	30,535	2,465
Material and supplies	30,000	27,000	29,806	(2,806)
Accounting fees	25,000	26,000	26,456	(456)
Fuel and lube	17,000	18,000	21,506	(3,506)
Executive director expenses	5,000	9,000	8,976	24
Computer expense and equipment	5,000	5,500	7,523	(2,023)
Telephone	5,000	6,480	6,603	(123)
Mileage and travel	2,500	6,000	4,971	1,029
Special projects	134,500	28,161	2,878	25,283
Dues and subscriptions	1,500	1,200	2,177	(977)
Legal publications	5,000	1,500	1,534	(34)
Other	19,575	3,780	1,506	2,274
Unrealized loss on investment	-	-	699,359	(699,359)
Capital outlay	2,098,000	401,038	8,469,186	(8,068,148)
Total expenses	5,150,335	10,290,284	18,381,795	(8,091,511)
See Independent Auditors Report.				

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2022

Excess (deficiency) of revenues over expenditures	30,015,665	2,268,659	(792,664)	(3,061,323)
FUND BALANCES				
Beginning of year	<u>21,836,292</u>	<u>21,836,292</u>	<u>21,836,292</u>	<u>-</u>
End of year	<u>\$ 51,851,957</u>	<u>\$ 24,104,951</u>	<u>\$ 21,043,628</u>	<u>\$ (3,061,323)</u>

See Independent Auditor's Report.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Employer's Share of Net Pension Liability
Year Ended December 31, 2022

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Parochial Employees' Retirement System (PERS) Plan B					
2022	0.597069%	\$ (333,649)	\$ 681,957	-48.93%	114.20%
2021	0.610264%	(156,671)	698,953	-22.42%	106.76%
2020	0.640711%	(46,353)	684,814	-6.77%	102.05%
2019	0.660806%	178,527	653,135	27.33%	91.93%
2018	0.611518%	(76,941)	577,112	-13.33%	104.02%
2017	0.551877%	71,693	534,668	13.41%	95.50%
2016	0.537063%	95,622	491,021	19.47%	93.48%
2015	0.514874%	1,430	491,257	0.29%	99.89%

Notes to Schedule:

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

See Independent Auditor's Report and Notes to Financial Statements.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Employer Contributions
Year Ended December 31, 2022

Year	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Parochial Employees' Retirement System (PERS) Plan B					
2022	\$ 51,584	\$ 51,584	\$ -	\$ 687,789	7.50%
2021	51,147	51,147	-	681,957	7.50%
2020	52,421	52,421	-	698,953	7.50%
2019	51,361	51,361	-	684,814	7.50%
2018	50,585	50,585	-	653,135	7.74%
2017	46,169	46,169	-	577,112	8.00%
2016	45,392	45,392	-	534,668	8.49%
2015	44,784	44,784	-	491,021	9.12%

Notes to Schedule:

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

See Independent Auditor's Report and Notes to Financial Statements.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Changes in Net OPEB Liability and Related Ratios
Year Ended December 31, 2022

	2018	2019	2020	2021	2022
Service cost	\$ 13,176	\$ 11,913	\$ 11,481	\$ 11,061	\$ 11,132
Interest cost	5,687	6,987	6,125	5,591	5,789
Changes in assumptions/inputs	(11,346)	27,190	26,976	2,086	(19,558)
Difference between expected and actual experience	1,340	10,575	(1,035)	(1,432)	(170,540)
Benefit payments and net transfers	(3,146)	(3,319)	(3,159)	(3,333)	(4,580)
Net change in total OPEB liability	5,711	53,346	40,388	13,973	(177,757)
Total OPEB liability - beginning of year	158,745	164,456	217,802	258,190	272,163
Total OPEB liability - ending of year	<u>\$ 164,456</u>	<u>\$ 217,802</u>	<u>\$ 258,190</u>	<u>\$ 272,163</u>	<u>\$ 94,406</u>
Covered-employee payroll	<u>\$ 636,891</u>	<u>\$ 655,998</u>	<u>\$ 632,819</u>	<u>\$ 651,804</u>	<u>\$ 656,012</u>
Net OPEB liability as a percentage of covered-employee payroll	25.82%	33.20%	40.80%	41.76%	14.39%

Notes to Schedule:

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

See Independent Auditor's Report and Notes to Financial Statements.

OTHER INFORMATION

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Compensation, Benefits, and Other
Payments to the Executive Director
Year Ended December 31, 2022

Agency Head Name: Mr. Benjamin Malbrough, Executive Director

Purpose	Amount
Salary	\$ 193,482
Benefits - insurance	21,228
Benefits - retirement	5,821
Special meals	3,581
Conference travel	3,747
Cell phone	1,440
Vehicle provided by government	681
Dues	740
Reimbursements	1,171
Continuing professional education fees	850
Deferred compensation	-
Housing	-
Membership fees	-
Per diem	-
Registration fees	-
Service fees	-
Unvouchered expenses	-
	<u>\$ 232,741</u>

This schedule is used to satisfy the reporting requirements of
R.S. 24:513(A)(3).

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND UNIFORM GUIDANCE**

**Martin
and
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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**

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bayou Lafourche Fresh Water District (the District), 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency. This item is listed as 2022-001.

Report on Compliance and Other Matters

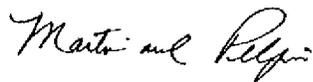
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*. This item is listed as 2022-002 in the accompanying Schedule of Findings and Questioned Costs.

The District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



Houma, Louisiana
June 23, 2023

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements of the Bayou Lafourche Fresh Water District.
2. One significant control deficiency (see finding 2022-001) was noted during the audit of the financial statements. This significant control deficiency was not considered a material weakness.
3. One instance of noncompliance (see finding 2022-002) required to be reported in accordance with *Government Auditing Standards* was disclosed during the audit.
4. No deficiencies in internal control were noted during the audit of internal control over the major federal award program.
5. The auditor’s report on compliance for the major federal award program for the District expresses an unmodified opinion on the major federal program.
6. No audit findings relative to the major federal award program were noted.
7. The program tested as a major program was the Department of Homeland Security and Federal Emergency Management Agency's Disaster Grants - Public Assistance (Presidentially Declared Disasters), Assistance Listing Number 97.036.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The District did not qualify as a low-risk auditee.
10. A management letter was not issued.
11. The District received \$3,403,414 federal funds during the year.

Section II – Financial Statement Findings

No findings related to the basic financial statements of the Bayou Lafourche Fresh Water District were noted during the audit.

Section III – Internal Control Findings

2022-001

Statement of Condition: A significant control deficiency in the District’s internal control.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Criteria: In our consideration of internal control, we noted that the size of the Bayou Lafourche Fresh Water District's operations and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Effects of Condition: The internal control, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of the Bayou Lafourche Fresh Water District and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Recommendation: The Board of Commissioners of the Bayou Lafourche Fresh Water District should closely monitor the day-to-day activities of the District.

2022-002

Statement of Condition: The District amended its budget once during the year; however, actual expenditures exceeded budgeted expenditures by greater than 5% at year end.

Criteria: Louisiana Revised Statutes 39:1310 and 1311 require governmental entities to adopt a budget amendment if there is a 5% unfavorable variance in revenues or expenditures.

Effects of Condition: Management of the District amended the budget during the year, but did not prevent an unfavorable variance greater than 5% at year end.

Cause of Condition: Management monitored the budget but failed to account for the fact that certain accruals and adjustments would be required.

Recommendation: We recommend that the District follow its procedures to monitor budget to actual revenue and expenditures at more frequent intervals and to amend the budget when a 5% or greater unfavorable variance in revenues or expenditures is identified. Also, potential accruals and adjustments should be considered.

Section IV – Findings and Questioned Costs – Major Federal Award Program Audit

No findings related to the basic financial statements of the Bayou Lafourche Fresh Water District were noted during the audit.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Corrective Action Plan for Current Year Findings
Year Ended December 31, 2022

The contact person for all corrective actions noted below is Mr. Dustin Rabalais, Executive Director.

Section I – Internal Control and Compliance

Inadequate Internal Control

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners of the District should closely monitor the day-to-day activities of the District.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the District.

Budget Amendment

Statement of Condition: The District amended its budget once during the year; however, actual expenditures exceeded budgeted expenditures by greater than 5% at year end.

Recommendation: We recommend that the District follow its procedures to monitor budget to actual revenue and expenditures at more frequent intervals to amend the budget when a 5% or greater unfavorable variance in revenues or expenditures is identified. Also, potential accruals and adjustments should be considered.

Planned Action: The Board of Commissioners of the District will monitor budgetary information on a more frequent basis.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Prior Findings and Resolution Matters
Year Ended December 31, 2022

Note: The prior findings all relate to the December 31, 2021 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

Inadequate Internal Control

Condition: Due to the size of the Bayou Lafourche Fresh Water District's accounting staff, there is an insufficient segregation of duties.

Recommendation: The Board of Commissioners of the Bayou Lafourche Fresh Water District should closely monitor the day-to-day activities of the District.

Status: Ongoing. The lack of segregation of duties continues to exist. The Board will monitor the day-to-day operations of the District as recommended in current finding 2022-001.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable

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**Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
in Accordance with the Uniform Guidance**

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bayou Lafourche Fresh Water District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Bayou Lafourche Fresh Water District's major federal program for the year ended December 31, 2022. Bayou Lafourche Fresh Water District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bayou Lafourche Fresh Water District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Bayou Lafourche Fresh Water District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bayou Lafourche Fresh Water District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bayou Lafourche Fresh Water District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bayou Lafourche Fresh Water District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bayou Lafourche Fresh Water District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

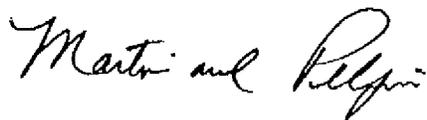
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing

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

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

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

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

A handwritten signature in cursive script that reads "Martin and Pellegrini".

Houma, Louisiana
June 23, 2023

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Project Number	Federal Expenditures
Department of Homeland Security and Federal Emergency Management Agency's Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4611-PA-LA PW 1187	\$ 82,950
	97.036	FEMA-4611-PA-LA PW 1502	965,215
	97.036	FEMA-4611-PA-LA PW 1746	<u>2,355,249</u>
Total			<u>\$3,403,414</u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Bayou Lafourche Fresh Water District and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bayou Lafourche Fresh Water District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bayou Lafourche Fresh Water District.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Bayou Lafourche Fresh Water District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

STATEWIDE AGREED-UPON PROCEDURES

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

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

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

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. Bayou Lafourche Fresh Water District and its management are responsible for those C/C areas identified in the SAUPs.

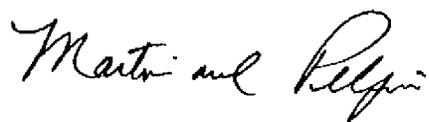
Bayou Lafourche Fresh Water District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 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 described on pages 52-69.

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

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

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

A handwritten signature in black ink, appearing to read "Martin and Kelly". The signature is written in a cursive, flowing style.

Houma, Louisiana
June 23, 2023

Bayou Lafourche Fresh Water District
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
Year Ended December 31, 2022

The required procedures and our findings are as follows:

Procedures performed on Bayou Lafourche Fresh Water District's written policies and procedures:

Written Policies and Procedures

1. Obtain and inspect Bayou Lafourche Fresh Water District's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

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

Performance: Obtained and read the written policy for budgeting and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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

Performance: Obtained and read the written policy for purchasing and found it to contain all requirements above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for disbursements and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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

Performance: Obtained and read the written policy for receipts and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for payroll and personnel and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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

Performance: Obtained and read the written policy related to contracting and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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

Performance: Obtained and read the written policy related to credit cards and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the travel and expense reimbursement policy and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy related to ethics and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Bayou Lafourche Fresh Water District
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Management's response: Not applicable.

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

Performance: Determined whether Bayou Lafourche Fresh Water District has a written debt service policy.

Exceptions: As Bayou Lafourche Fresh Water District has not had any debt until its recently acquired loan, it did not have a policy to address debt service prior to year-end.

Management's response: We will adopt a set of policies and procedures that address the required elements above.

- 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.

Performance: Obtained and read written policy for information technology disaster recovery/business continuity and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read written policy for sexual harassment and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Bayou Lafourche Fresh Water District
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Performance: Obtained the minutes of the meetings, taking note of the frequency of meetings.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund.

Performance: Determined whether the minutes referenced or included monthly budget-to-actual comparisons.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- c) 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.

Performance: Determined that the District did not have a negative unassigned fund balance in its general fund.

- d) Observe whether the board 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.

Performance: Determined that there were no unresolved audit findings other than the one repeated due to minimal staff.

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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;

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Performance: Determined that randomly selected bank statements were reconciled within two months of the related statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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;

Performance: Inspected documentation for management approvals of each randomly selected bank reconciliation.

Exceptions: There was no evidence of written approval from a member of management or the board who does not handle cash, post ledgers or issue checks.

Management's response: The board reviews reconciliations prepared at monthly meetings; however, the board does not currently physically sign off on such reconciliations. We will consider adding this to our policies/procedures.

- 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.

Performance: Determined that there were no items outstanding for more than 12 months on the bank statements selected for testing.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Collections

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 five deposit sites (or all deposit sites if less than five).

Performance: Observed the listing of deposit sites from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

Performance: There are no cash drawers/registers to be shared by employees.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- 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 to the deposit.

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees preparing/making bank deposits.
Exceptions: The person who usually collects payments is the one responsible for making deposits, recording each transaction, and reconciling bank accounts.
Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the District.

- 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 deposit.

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees posting collection entries to the general ledger or subsidiary ledgers.
Exceptions: There is no separation of duties.
Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the District.

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

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees posting collection entries to the general ledger or subsidiary ledgers.
Exceptions: There is no separation of duties.
Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-

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to-day activities of the District.

6. Observe 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.

Performance: Determined that employees who have access to cash are covered by a bond or insurance policy for theft.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

7. Randomly select two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Performance: Determined that sequentially pre-numbered receipts are not required for the type of deposits that are received at the District.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Inspected deposits from two random deposit dates to determine if they had collection documentation that agreed to the respective deposit slips. Noted that all collections were supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Inspected deposits from two random deposit dates to determine if the deposit slips agreed to the actual deposits per the bank statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that the deposit was made within one business day of receipt at the collection location.

Performance: Determined if deposits from two random deposit dates were deposited within one business day of receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Inspected deposits from two random deposit dates to determine if the deposits per the bank statements agree to the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 five locations (or all locations if less than five).

Performance: Obtained a listing of locations that processed payments for the fiscal period from management and received management's representation in a separate letter. Determined that only one location processed payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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, 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.

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for initiating, approving, and making purchases.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for processing and approving payments to vendors.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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- 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.

Performance: Inspected policy manual and inquired of management as to separation of duties related to vendor files.

Exceptions: It has been determined that there is no separation of duties regarding the processing of payments and the addition of vendors.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

- 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.

Performance: Inquired of management to determine if the employee responsible for processing payments mails those respective payments.

Exceptions: The employee who processes payments sometimes mails those payments.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

- 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.

Performance: Inquired of management to determine if the employee responsible for signing checks approve electronic release of funds.

Exceptions: The employee who approves electronic disbursements is also an authorized signor on the checking account.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

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 five disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter. Randomly selected five disbursements using a random number generator for check numbers to test the requirements below.

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Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- 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.

Performance: Determined that the five random disbursements matched their respective original invoices and that the invoices indicate that deliverables were received by the entity.

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Determined whether the documentation for the five random disbursements gave evidence of the segregation of duties tested in #9 above.

Exceptions: There were no exceptions noted in #10 other than those exceptions that overlap as described in #9 above.

Management's response: Not applicable.

11. Using the entity's main operating accounts 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:

Performance: Determined whether the documentation for the five random disbursements gave evidence of the disbursements being appropriately approved.

Exceptions: No exceptions were noted.
Management's response: Not applicable.

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.

Performance: Obtained a listing of cards for the fiscal period from management and management's representations in a separate letter

Exceptions: There were no exceptions noted.

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Management's response: Not applicable.

13. Using the listing prepared by management, randomly select five cards (or all cards if less than five) 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 was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Performance: Determined that statements received were reviewed and approved in writing by someone other than the authorized card holder, and that no finance charges or late fees were assessed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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. 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.

Performance: Determined whether the 10 transactions selected were supported by an original itemized receipt, written documentation of the business/public purpose, and documentation of the individual participating in meals.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is

Bayou Lafourche Fresh Water District
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no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Determined that all five randomly selected reimbursements were paid on a per diem basis, and the per diem rates paid were proper.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Determined none of the five randomly selected reimbursements were reimbursed using actual costs.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- 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).

Performance: Determined that all five randomly selected reimbursements were supported by documentation of the business/public purpose and other documentation required by written policy.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Determined that all five randomly selected reimbursements were reviewed and approved by someone other than the person receiving the reimbursement.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

Performance: Observed the listing of contracts in effect during the fiscal year

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from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

Performance: Determined that the contracts required to be bid were bid in accordance with the bid law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law.

Performance: Determined that the selected contracts were approved by Bayou Lafourche Fresh Water District's board.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) If the contract was amended, observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

Performance: Determined that all five selected contracts were original contracts and were in compliance with the original contract terms.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Randomly select one payment from the fiscal period for each of the five 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.

Performance: Inspected the randomly selected invoice and compared to the written contract information to determine that the invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 five

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employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Observed the listing of employees and received management's representation of completeness in a separate letter. Randomly selected five employees, obtained their related paid salaries and personnel files, and agreed paid salaries to the authorized rates.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Randomly select one pay period during the fiscal period. For the five employees or officials selected under #17 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.
- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- c) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Performance: Performed procedures under #18 above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Determined that procedure #19 could be excluded as there were no termination payments made during the period.

Exceptions: Not applicable.

Management's response: Not applicable.

20. Obtain management's representation that employer and employee portions of third-

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party payroll-related amounts have been paid, and any associated forms have been filed, by required deadlines.

Performance: Performed procedures under #20 above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Ethics

21. Using the five employees from procedure #17 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.

Performance: Observed the ethics course completion certificates for the employees/officials tested.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- b) Observe that the entity maintains documentation which demonstrates each employee and official was notified of any changes to the entity's policy during the fiscal period, as applicable.

Performance: Determined that there were no changes to the ethics policy during the fiscal period.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Inquired as to whether the agency has appointed an ethics designee as required by R.S. 42:1170.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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.

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Performance: Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete in a separate letter. Obtained supporting documentation and observed that the one debt instrument noted was approved by the State Bond Commission.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Determined that procedure # 24 was not applicable, as the District's only loan from the Clean Water State Revolving Fund does not require any payments until next fiscal year.

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.

Performance: Inquired of management of any misappropriations of public funds or assets and determined that none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Inquired and observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures:

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- 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 (1) occurred within the past week, (2) was not stored on the government's local server or network, and (3) was encrypted.
- 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 three 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 five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting software in use are currently supported by the vendor.

Performance – We performed the procedures and discussed the results with management.

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.

Performance: As there are no terminated employees, this section is not applicable.

Sexual Harassment

29. Using the five randomly selected employees/officials from procedure #17 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.

Performance: Determined that the five employees selected in the payroll and personnel section completed at least one hour of sexual harassment training.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website.

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Performance: Determined that Bayou Lafourche Fresh Water District has a sexual harassment policy and that its complaint procedure is on its website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Obtained Bayou Lafourche Fresh Water District's annual sexual harassment report, noting that it met the applicable requirements of R.S. 42:344.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.