

WATERWORKS DISTRICT NO. 3 OF
ST. LANDRY PARISH
PORT BARRE, LOUISIANA
FINANCIAL REPORT
December 31, 2021

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VIGE, TUJAGUE  NOEL

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INDEPENDENT AUDITOR'S REPORT

Board of Directors,
Waterworks District No. 3
of St. Landry Parish,
State of Louisiana
Port Barre, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Waterworks District No. 3 of St. Landry Parish, Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Waterworks District No. 3 of St. Landry Parish, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 3 of St. Landry Parish, Louisiana, as of December 31, 2021, and the respective changes in financial position, thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Waterworks District No. 3 of St. Landry Parish, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating

to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Waterworks District No. 3 of St. Landry Parish, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Waterworks District No. 3 of St. Landry Parish, Louisiana'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 Waterworks District No. 3 of St. Landry Parish, Louisiana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

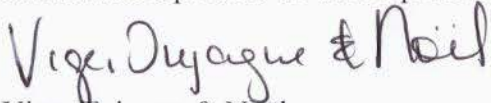
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District No. 3 of St. Landry Parish, Louisiana's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head, as required by the State of Louisiana, and other schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head, and other schedules, as listed in the table of contents, 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 9, 2022, on our consideration of the Waterworks District No. 3 of St. Landry Parish, Louisiana'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 the Waterworks District No. 3 of St. Landry Parish, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Waterworks District No. 3 of St. Landry Parish, Louisiana's internal control over financial reporting and compliance.

The prior year comparative information has been derived from the Waterworks District No. 3 of St. Landry Parish, State of Louisiana's 2020 financial statements and, in our report dated June 18, 2021, we expressed unmodified opinions on the respective financial statements of the business-type activities.



Vige, Tujague & Noël

Eunice, Louisiana

June 9, 2022

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF NET POSITION
December 31, 2021
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>		
Cash	\$ 418,818	\$ 410,106
Accounts Receivable	37,988	35,325
Prepaid Insurance	<u>5,575</u>	<u>4,924</u>
Total Current Assets	<u>462,381</u>	<u>450,355</u>
 <u>Restricted Assets - Cash</u>		
Reserve Account	59,733	49,580
Sinking Fund Account	9	14,884
Depreciation and Contingency Account	17,232	25,518
Asset Replacement Account	<u>81,490</u>	<u>73,676</u>
Total Restricted Assets	<u>158,464</u>	<u>163,658</u>
 <u>Capital Assets</u>		
Construction in Progress, Nondepreciable	71,425	368,197
Equipment	295,699	259,178
Water Works System	<u>4,124,673</u>	<u>3,699,047</u>
	4,491,797	4,326,422
Less Accumulated Depreciation	<u>(1,114,716)</u>	<u>(997,788)</u>
Total Capital Assets	<u>3,377,081</u>	<u>3,328,634</u>
 TOTAL ASSETS	 <u>\$ 3,997,926</u>	 <u>\$ 3,942,647</u>

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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF NET POSITION
December 31, 2021
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020

LIABILITIES AND NET POSITION

	<u>2021</u>	<u>2020</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 27,685	\$ 19,800
Construction Payable	40,016	116,344
Payroll Liabilities	-	1,645
Interest Payable	2,707	2,762
Current Portion of Long-term Debt	26,351	28,764
Total Current Liabilities	<u>96,759</u>	<u>169,315</u>
<u>Current Liabilities Payable</u>		
<u>From Restricted Assets</u>		
Meter Deposits	<u>43,405</u>	<u>42,555</u>
<u>Long-Term Liabilities</u>		
Notes Payable	<u>1,229,105</u>	<u>1,080,859</u>
Total Liabilities	<u>1,369,269</u>	<u>1,292,729</u>
<u>Net Position</u>		
Investment in Capital Assets, Net of Related Debt	2,121,625	2,219,011
Restricted	158,464	163,658
Unrestricted	<u>348,568</u>	<u>267,249</u>
Total Net Position	<u>2,628,657</u>	<u>2,649,918</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 3,997,926</u>	 <u>\$ 3,942,647</u>

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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
December 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2021</u>	<u>2020</u>
<u>Operating Revenues</u>		
Water Revenue	\$ 397,527	\$ 359,734
Connection Charges	21,179	28,170
Miscellaneous	350	119
Total Operating Revenues	<u>419,056</u>	<u>388,023</u>
<u>Operating Expenses</u>		
Advertising Expense	924	5,771
Payroll and Employee Benefits	25,702	30,237
Contract Labor	-	3,640
Depreciation	116,928	104,910
Repairs and Maintenance	33,669	25,189
Utilities	4,809	4,234
Meter Reading	91,104	82,640
Water Purchases	142,665	130,080
Professional Fees	7,824	9,860
Insurance	7,303	7,414
Office Supplies	2,593	8,478
Rent Expense	2,400	2,476
Postage	4,936	4,102
Miscellaneous	22,058	5,000
Total Operating Expenses	<u>462,915</u>	<u>424,031</u>
Income (Loss) from Operations	<u>(43,859)</u>	<u>(36,008)</u>
<u>Non Operating Revenues (Expenses)</u>		
Interest Expense	(40,528)	(34,627)
Interest Earned	639	1,337
Total Non Operating Revenues (Expenses)	<u>(39,889)</u>	<u>(33,290)</u>
Income before capital grants and contributions	(83,748)	(69,298)
Contributions	<u>59,420</u>	<u>-</u>
Change in net position	(24,328)	(69,298)
Net Position, Beginning	<u>2,649,918</u>	<u>2,719,216</u>
Net Position, Ending	<u>\$ 2,625,590</u>	<u>\$ 2,649,918</u>

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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF CASH FLOWS
December 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 419,961	\$ 388,804
Payments to suppliers for goods and services	(389,819)	(170,118)
Payments to employees for services	(26,907)	(28,592)
Other	349	119
Net cash provided (used) in operating activities	<u>3,584</u>	<u>190,213</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(165,375)	(417,811)
Loan proceeds	172,357	266,840
Contributions	59,420	-
Principle paid on note	(26,524)	(19,138)
Net cash flows used by capital and related financing activities	<u>39,878</u>	<u>(170,109)</u>
Cash Flows From Investing Activities:		
Interest earned on operating funds	639	1,337
Interest paid on note payable	(40,583)	(34,589)
Net cash provided by investing activities	<u>(39,944)</u>	<u>(33,252)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,518	(13,148)
Cash and cash equivalents at beginning of year	<u>573,764</u>	<u>586,912</u>
Cash and cash equivalents at end of year	<u>\$ 577,282</u>	<u>\$ 573,764</u>

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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF CASH FLOWS
December 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (40,792)	\$ (36,008)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	116,928	104,910
(Increase) decrease in accounts receivable	(2,663)	1,810
(Increase) decrease in prepaid expenses	(651)	(8)
Increase (decrease) in accounts payable	(68,443)	118,774
Increase (decrease) in accrued liabilities	(1,645)	1,645
Increase (decrease) in restricted water meter deposits	<u>850</u>	<u>(910)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,584</u>	<u>\$ 190,213</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheets:		
Cash – beginning of period		
Cash- unrestricted	\$ 410,106	\$ 436,968
Cash- restricted	<u>163,658</u>	<u>149,944</u>
Total cash - beginning of period	<u>573,764</u>	<u>586,912</u>
Cash – end of period		
Cash- unrestricted	418,818	410,106
Cash- restricted	<u>158,464</u>	<u>163,658</u>
Total cash - end of period	<u>577,282</u>	<u>573,764</u>
Net increase (decrease)	<u>\$ 3,518</u>	<u>\$ (13,148)</u>

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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District was created by the St. Landry Parish Government as authorized by Louisiana Revised Statute 38:1751. The District is governed by a Board of Commissioners, which consists of five commissioners appointed by the St. Landry Parish Government.

The District was established for the purpose of providing safe drinking water for the residents of District No. 3 of St. Landry Parish.

A. BASIS OF PRESENTATION

The accompanying financial statements of the Waterworks District No. 3 of St. Landry Parish have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. If GASB is not applicable, FASB pronouncements will be utilized. The Water District is a business –type activity.

B. REPORTING ENTITY

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

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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

The entity being reported on, Waterworks District No. 3 of St. Landry Parish is a component unit of the St. Landry Parish Government. The financial report includes all funds over which the District exercises oversight responsibility. This responsibility includes financial interdependency selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

C. FUND ACCOUNTING

The Waterworks District No. 3 of St. Landry Parish is organized and operated on a fund basis whereby a self-balancing set of accounts (proprietary fund type) is maintained that comprises its assets, liabilities, net position, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The Proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income, property taxes and interest income that are not a result of the direct operations of the activity. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

E. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Waterworks District No. 3 of St. Landry Parish are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. Under state law, bank deposit balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At December 31, 2021, the District had bank account balances totaling \$583,501, and of this amount \$283,226 was secured by FDIC Insurance. The remaining amount of \$300,275 was fully secured with pledged securities from St. Landry Homestead totaling \$300,939.

F. PREPAID ITEMS

Payments made to insurance companies for insurance that will benefit future periods beyond December 31, 2021 are recorded as prepaid insurance.

G. RESTRICTED ASSETS

Certain proprietary fund assets are legally restricted for the payment of notes as well as for the maintaining of reserve accounts, as required by the debt agreement. All reservation requirements have been met as of December 31, 2021.

H. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$116,928 for the year ended December 31, 2021. The cost of maintenance and repairs is charged to operations as incurred. Major renewals, betterments, and additions are capitalized.

Interest costs during construction periods are capitalized. When capital assets are retired or disposed of, the cost of the asset and accumulated depreciation is eliminated from the accounts and the resulting gain or loss from such disposition is credited or charged to income, except that the gain or loss on assets traded in for new equipment is applied as an adjustment to the cost of the asset acquired. The capitalization limit is \$500. The estimated useful lives of these assets are as follows:

Equipment	10-20 years
Water Works System	40 years

I. ALLOWANCE FOR DOUBTFUL ACCOUNTS

No allowance for doubtful accounts has been established because management believes all accounts receivable will be collected.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

J. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

K. NET POSITION

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net positions are classified in the following three components:

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

Restricted net position – This component of net position consists of 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.

Unrestricted net position – This component of net position consists of net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The district’s policy is first to apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Note 2: ACCOUNTS RECEIVABLE

Accounts receivable for water services at December 31, 2021 was as follows:

Accounts receivable	\$ 5,956
Unbilled service revenue	<u>32,032</u>
	<u>\$ 37,988</u>

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 3: LONG TERM DEBT

The District has a note payable to the USDA, dated March 2, 2010. The note is payable over a forty year period, at a rate of 4.00% interest, with the final payment due on February 2, 2050. Estimated debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principle</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2022	\$ 16,402	\$ 32,886	\$ 49,288
2023	17,070	32,218	49,288
2024	17,765	31,523	49,288
2025	18,489	30,799	49,288
2026	19,243	30,045	49,288
2027-2031	108,631	137,809	246,440
2032-2036	132,638	113,802	246,440
2037-2041	161,950	84,490	246,440
2042-2046	197,741	48,699	246,440
2047-2050	141,204	8,820	150,024
	<u>\$ 831,133</u>	<u>\$ 551,091</u>	<u>\$ 1,382,224</u>

In accordance with the loan agreement with the USDA, the District is required to make certain monthly deposits into specific reserve bank accounts. The District must fund monthly a debt service reserve fund equal to 10% of the monthly payment over the life of the loan or until one annual installment has accumulated. This reserve is required to establish an emergency fund for maintenance and repairs and debt payment, if necessary. Ten percent of the loan installment is equal to \$441 per month. The District should also deposit \$4,108 each month into the sinking fund account for payment of the monthly note. An operation and maintenance reserve account should be funded in the amount of \$1,187 per month, until an amount of \$17,222 is achieved. In addition, the District must fund a depreciation reserve for short-lived assets by depositing a sum of \$644 monthly in addition to that required for the debt service reserve.

The District has a note payable to the USDA, dated September 28, 2020. The current balance on the note is payable over a 40 year period, at a rate of 1.875% interest. This note is for the construction of the North Wilderness Project, which is expected to total \$500,000 when complete. The loan will be secured by a Revenue bond with first lien position in the amount of \$500,000, registered to the USDA. Current debt service requirements to maturity on the \$439,197 proceeds, as of December 31, 2021, are as follows:

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

<u>Principle</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
\$ 9,949	\$ 7,871	\$ 17,820
10,137	7,683	17,820
10,329	7,491	17,820
10,524	7,296	17,820
10,723	7,097	17,820
56,737	32,363	89,100
62,309	26,791	89,100
68,428	20,672	89,100
75,148	13,952	89,100
82,527	6,573	89,100
27,512	428	27,940
<u>\$424,323</u>	<u>\$138,217</u>	<u>\$ 562,540</u>

In accordance with the loan agreement with the USDA, the District is required to establish a debt service reserve fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual loan payment. Ten percent of the proposed loan installment would equal \$205.50 per month; this amount should be deposited monthly until a total of \$24,660 has accumulated. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account during the life of the loan. When funds are withdrawn during the life of the loan, deposits will continue as designated above until the fully-funded amount is reached.

Total long term debt activity during the year is as follows:

<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>
<u>\$ 1,109,623</u>	<u>\$ 172,357</u>	<u>\$ 26,524</u>	<u>\$1,255,456</u>
Balance	\$1,255,456		
Less Current Maturities	(26,351)		
Net Long Term Debt	<u>\$1,229,105</u>		

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 4: COMPENSATION OF BOARD OF COMMISSIONERS

The following is a list of board members at December 31, 2021. All board members serve without pay. No term limit has been imposed.

Ricky Broussard, President
 Harry Marks, Secretary
 James Solar
 Garrett Hurd
 Julie Fourrier

Note 5: CAPITAL ASSETS

The changes in capital assets for the year-end December 31, 2021 are as follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Capital Assets:				
Construction in Progress,				
Nondepreciable	\$ 368,197	\$ 71,425	\$ 368,197	\$ 71,425
Equipment	259,178	36,521	-	295,699
Water Works System	3,699,047	425,626	-	4,124,673
Total Capital Assets	4,326,422	533,572	368,197	4,491,797
Less Accumulated				
Depreciation				
Equipment	67,119	15,585	-	82,704
Water Works System	930,669	101,343	-	1,032,012
Total Accumulated				
Depreciation	997,788	116,928	-	1,114,716
Total Capital Assets, Net	\$3,328,634	\$ 416,644	\$ 368,197	\$3,377,081

Waterworks District No. 3 of St. Landry Parish has ongoing construction in progress for the improvement of the water system. The state has committed funds in the amount of \$336,875 through St. Landry Parish Government. The District has received \$59,420 as of December 31, 2021.

Note 6: LITIGATION AND CLAIMS

At December 31, 2021, the district had no impending litigation.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 7: CONCENTRATION OF RISK

The Water System serves customers in and around District 3 of St. Landry Parish, Louisiana.

Note 8: ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Note 9: EVALUATION OF SUBSEQUENT EVENTS

The Water System has evaluated subsequent events through June 9, 2022, the date which the financial statements were available to be issued.

Note 10: BUDGET

The Water System is not required by the State of Louisiana to present a budget.

Note 11: DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

Note 12: ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) has issued the following Statements which will become effective in futures years as shown below:

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 a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement, as amended are effective for the fiscal years beginning after June 15, 2021, with earlier application permitted. Management has not yet determined the effect of this Statement on the financial statements.

VIGE, TUJAGUE  NOEL

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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 Directors,
Waterworks District No. 3
of St. Landry Parish,
State of Louisiana
Port Barre, 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 business-type activities of Waterworks District No. 3 of St. Landry Parish, Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Waterworks District No. 3 of St. Landry Parish, Louisiana's basic financial statements, and have issued our report thereon dated June 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waterworks District No. 3 of St. Landry Parish, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Waterworks District No. 3 of St. Landry Parish, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterworks District No. 3 of St. Landry Parish, Louisiana's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

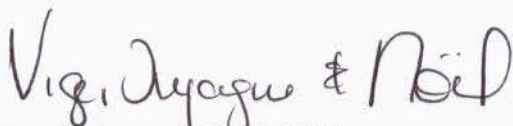
As part of obtaining reasonable assurance about whether Waterworks District No. 3 of St. Landry Parish, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs, as item 2021-001.

Waterworks District No. 3 of St. Landry Parish, Louisiana's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Waterworks District No. 3 of St. Landry Parish, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Waterworks District No. 3 of St. Landry Parish, Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Vige, Tujague & Noël, CPA's
Eunice, Louisiana
June 9, 2022

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED December 31, 2021

We have audited the financial statements of Waterworks District No. 3 of St. Landry Parish as of and for the year ended December 31, 2021, and have issued our report thereon dated June 9, 2022. We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2021, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

None

Section II. Financial Statement Findings

#2021-001 - Segregation of Duties

Condition: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Criteria: Segregation of duties is required in all areas of the financial cycle.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the District is unable to implement a segregated system of internal control.

Effect: Due to the cost-benefit analysis, there was improper segregation of functions within the accounting system.

Views of Responsible Officials and Planned Corrective Action: Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the District that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

Section III. Federal Award Findings and Questioned Costs

This section is not applicable for the year ended December 31, 2021.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED December 31, 2021

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

#2020-001 - Segregation of Duties

Condition: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Criteria: Segregation of duties is required in all areas of the financial cycle.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the District is unable to implement a segregated system of internal control.

Effect: Due to the cost-benefit analysis, there was improper segregation of functions within the accounting system.

Recommendation and response: Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the District that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

Status: This finding is repeated as item #2021-001.

Section II. Internal Control and Compliance Material to Federal Awards

None

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF INSURANCE
YEAR ENDED December 31, 2021

Property and General Liability Dupre Carriere Godchaux	09/13/21 – 09/13/22	\$4,000,000 limit
Surety Bond Liberty Mutual	07/24/21 – 07/24/22	\$250,000 limit
Louisiana Workers' Compensation Workers' Compensation	07/30/21 – 07/30/22	Statutory

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF METERS AND RATES AND ACCOUNTS RECEIVABLE
YEAR ENDED December 31, 2021

Accounts Receivables are Aged as follows:

0 - 30 days	\$ 32,032
31 - 60 days	5,956
Over 60 days	-
	<u>\$ 37,988</u>

The District's monthly water rates at December 31, 2021 were as follows:

Residential/Commercial - \$26.75 for the first 2,500 gallons
 \$4.50 for each 1,000 gallons thereafter

As of December 31, 2021, District had 976 customers. 967 are residential customers and 9 are commercial customers.

Meters: ¾ inch

Gender:

Male	776
Female	200
	<u>976</u>

Race:

American Indian	1
Black	27
White	947
Other	1
	<u>976</u>

Ethnicity:

Hispanic	3
Non-Hispanic	973
	<u>976</u>

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF BOARD OF COMMISSIONERS
YEAR ENDED December 31, 2021

<u>Members</u>	<u>Address/Telephone</u>
Ricky Broussard, President	119 Magnolia Street Port Barre, LA 70577 337-308-4545
Harry Marks, Secretary/Treasurer	1396 Hwy 742 Opelousas, LA 70570 337-658-9128
James Solar	160 Maple Street Port Barre, LA 70577 337-945-7971
Garrett Hurd	131 Magnolia Street Port Barre, LA 70577 606-233-1056
Julie Reed	P.O. Box 1210 Port Barre, LA 70577 225-572-2959

Board members serve without pay for unlimited terms.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED December 31, 2021

Agency Head Name: Ricky Broussard

Service Period: 12 months

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0

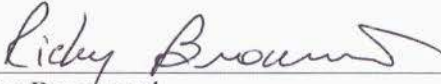
Vige, Tujague & Noel, CPA's
P.O. Box 1006
Eunice, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the District's Audited Financial Statements as of December 31, 2021.

2021-001 Segregation of Duties

Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits achieved does not justify the additional personnel it would require to establish an adequate segregation.



Ricky Broussard

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEWIDE AGREED-UPON PROCEDURES REPORT
YEAR ENDED DECEMBER 31, 2021

VIGE, TUJAGUE  NOEL

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Management and Board of Commissioners of the Waterworks District No. 3 of St. Landry Parish and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Waterworks District No. 3 of St. Landry Parish's management is responsible for those C/C areas identified in the SAUPs.

Waterworks District No. 3 of St. Landry Parish has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

The entity does not have written policies and procedures addressing the functions noted above.

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

The entity does not have written policies and procedures addressing the functions noted above.

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

The entity does not have written policies and procedures addressing the functions noted above.

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

The entity does not have written policies and procedures addressing the functions noted above.

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

The entity does not have written policies and procedures addressing the functions noted above.

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

The entity does not have written policies and procedures addressing the functions noted above.

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

The entity does not have written policies and procedures addressing the functions noted above.

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

The entity does not have written policies and procedures addressing the functions noted above.

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

The entity does not have written policies and procedures addressing the functions noted above.

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

The entity does not have written policies and procedures addressing the functions noted 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.

The entity does not have written policies and procedures addressing the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

Board (or Finance Committee, if applicable)

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.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.

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

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes do not include budget-to-actual comparisons.

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

Obtained the prior year audit report and observed that the unassigned fund balance was a positive balance.

Bank Reconciliations

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

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

Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date.

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

Bank reconciliations do not include evidence that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each bank statement.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There are no reconciling items that been outstanding for more than 12 months.

Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites from management and management provided representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies

and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

Employees responsible for cash collections do not share a cash drawer.

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

The employees responsible for collecting cash are responsible for preparing/making bank deposits, however, the fee accountant reconciles collections to the bank statement.

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

Employees responsible for collecting cash are responsible for posting collection entries to the general ledger or subsidiary ledger. The fee accountant reconciles collections to the bank statement.

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

Employees responsible for collecting cash are responsible for reconciling cash collections to the general ledger. The fee accountant reconciles collections to the bank statements.

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

Employees who have access to cash are covered by the bond or insurance policy for theft with the exception of the part time employee who assists as needed.

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

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

Observed that receipts are sequentially pre-numbered.

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

Traced receipts or collection documentation to the deposit slip with no exceptions.

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

Traced the deposit slip total to the actual deposit per the bank statement with no exceptions.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Observed that deposits were made within one business day of receipt at the collection location.

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

Traced the actual deposits per the bank statement to the general ledger noting no exceptions.

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

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

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

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

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

Obtained procedures and observed that job duties are properly segregated regarding the functions noted above.

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

Obtained procedures and observed that job duties are properly segregated regarding the functions noted above.

- 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.

Obtained procedures and observed that job duties are properly segregated regarding the functions noted above.

- 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.

Obtained procedures and observed that job duties are properly segregated regarding the functions noted above.

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

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

Observed that the disbursements matched the related original itemized invoice and the supporting documentation indicates deliverables included on the invoice were received.

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

Observed that the disbursement documentation included evidence of segregation of duties tested.

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

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

Obtained from management a listing of all credit cards, debit cards, fuel cards, and P-cards for the fiscal period, and management's representation that the listing is complete.

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

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions noted.

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

There were no finance charges assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted.

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

This section is not applicable since the District did not have any travel or travel-related expense reimbursements in the fiscal period.

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

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

Observed that the contracts were bid in accordance with the Louisiana Public Bid Law.

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

Observed that the contracts were approved by the board.

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

Observed that amendments were made in compliance with the contract terms.

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

Randomly selected one payment from each of the contracts tested, and observed that the invoice and payment agreed to the terms and conditions of the contract.

Payroll and Personnel

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

Obtained a listing of employees and officials employed during the fiscal period, and management provided representation that the listing is complete. Selected both employees and agreed paid salaries to authorized salaries/pay rates in the personnel files.

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

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

leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Observed that all selected employees documented their daily attendance and leave.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Observed that supervisors approved the attendance and leave of the selected employees.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Observed that no leave was accrued or taken during the fiscal year.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Observed that the rate paid to employees agrees to the authorized salary/pay rate found within the personnel file.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Management provided representation that there were no employees or officials that received termination payments during the fiscal period.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Management provided representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Two of the five employees selected for testing did not have documentation to demonstrate that the required ethics training was completed.

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

There were no changes made to the entity's ethics policy during the fiscal year.

Debt Service

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

Management has asserted that the Entity did not have any debt issued during the fiscal year.

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

Obtained a listing of notes outstanding at the end of the fiscal year and managements representation that the listing is complete. Randomly selected one note for inspection and determined that all reserve balances and payments required by debt covenants were made.

Fraud Notice

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

Management has asserted that the Entity did not have nay misappropriations of public funds or assets during the reporting period.

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

Observed that the entity has posted on its premises, the required notice.

Information Technology Disaster Recovery/Business Continuity

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

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

Sexual Harassment

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

One of the five employees selected for testing did have documentation to demonstrate that the required sexual harassment training was complete.

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

Observed that the entity has posted its sexual harassment policy and complaint procedure on the entity's premises.

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

The entity did not prepare the annual sexual harassment report for the current fiscal period.

- 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.

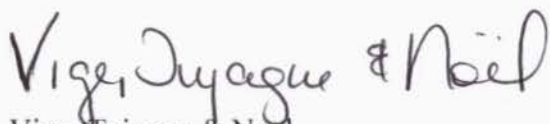
Management's Response

Management of the Waterworks District No. 3 of St. Landry Parish concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by Waterworks District No. 3 of St. Landry Parish 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 Waterworks District No. 3 of St. Landry Parish 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.



Vige, Tujague & Noel

Eunice, Louisiana

June 9, 2022