

BAYOU TECHE WATER WORKS, INC.

FINANCIAL REPORT

SEPTEMBER 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bayou Teche Water Works, Inc.
Loreauville, Louisiana

Opinion

We have audited the accompanying financial statements of Bayou Teche Water Works, Inc., (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects the financial position of Bayou Teche Water Works, Inc. as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bayou Teche Water Works, Inc. 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.

Prior Period Financial Statements

The financial statements of Bayou Teche Water Works, Inc. as of September 30, 2022 were audited by other auditors whose report dated January 9, 2023 expressed an unmodified opinion on those statements.

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 the 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 Bayou Teche Water Works, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Report on Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of the number of water customers, water rates, water produced and sold, schedule of insurance in force, and schedule of compensation, benefits and other payments to agency head are presented for the purposes of additional analysis and not a required part of the basic financial statements.

The schedule of the number of water customers, water rates, water produced and sold and the schedule of insurance in force have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provided any assurance on it.

The schedule of compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relates 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 agency head 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 December 21, 2023 on our consideration of Bayou Teche Water Works, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bayou Teche Water Works, Inc.'s internal control over financial reporting and compliance.

Broussard Poche, LLP

Lafayette, Louisiana
December 21, 2023

FINANCIAL STATEMENTS

BAYOU TECHE WATER WORKS, INC.

STATEMENTS OF FINANCIAL POSITION
As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 487,533	\$ 500,994
Certificates of deposit	511,835	505,888
Accounts receivable	189,750	118,755
Prepaid expenses	<u>3,656</u>	<u>5,680</u>
Total current assets	<u>\$ 1,192,774</u>	<u>\$ 1,131,317</u>
RESTRICTED ASSETS		
Cash – meter deposits	\$ 49,695	\$ 47,843
Certificate of deposit – debt service reserve	<u>250,015</u>	<u>245,499</u>
Total restricted assets	<u>\$ 299,710</u>	<u>\$ 293,342</u>
PROPERTY, PLANT AND EQUIPMENT, net	<u>\$ 3,288,478</u>	<u>\$ 3,563,172</u>
Total assets	<u>\$ 4,780,962</u>	<u>\$ 4,987,831</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 63,527	\$ 71,080
Notes payable	108,646	104,359
Sewer fees payable	12,924	24,454
Accrued interest payable	1,093	632
Payroll taxes payable	2,583	2,610
Other	<u>9,574</u>	<u>9,565</u>
Total current liabilities	<u>\$ 198,347</u>	<u>\$ 212,700</u>
LONG-TERM LIABILITIES		
Meter deposits	\$ 49,695	\$ 47,843
Notes payable, less current portion	<u>2,157,712</u>	<u>2,254,754</u>
Total long-term liabilities	<u>\$ 2,207,407</u>	<u>\$ 2,302,597</u>
Total liabilities	<u>\$ 2,405,754</u>	<u>\$ 2,515,297</u>
NET ASSETS		
Without donor restrictions	<u>\$ 2,375,208</u>	<u>\$ 2,472,534</u>
Total liabilities and net assets	<u>\$ 4,780,962</u>	<u>\$ 4,987,831</u>

See Notes to Financial Statements.

BAYOU TECHE WATER WORKS, INC.

STATEMENTS OF ACTIVITIES
 Years ended September 30, 2023 and 2022

	<u>Without Donor Restrictions</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Water sales	\$ 1,548,222	\$ 1,320,664
Connection charges	48,450	51,313
Other income	<u>34,537</u>	<u>36,614</u>
Total revenues	<u>\$ 1,631,209</u>	<u>\$ 1,408,591</u>
Expenses:		
Program services	\$ 1,555,915	\$ 1,453,111
Supporting services	<u>98,089</u>	<u>98,614</u>
Total expenses	<u>\$ 1,654,004</u>	<u>\$ 1,551,725</u>
Operating loss	<u>\$ (22,795)</u>	<u>\$ (143,134)</u>
Other increases (decreases) in net assets:		
Capital contributions	\$ -	\$ 70,000
Interest income	10,999	2,153
Interest expense	<u>(85,530)</u>	<u>(86,323)</u>
Total other decrease in net assets	<u>\$ (74,531)</u>	<u>\$ (14,170)</u>
Change in net assets	\$ (97,326)	(157,304)
Net assets, beginning of year	<u>2,472,534</u>	<u>2,629,838</u>
Net assets, end of year	<u>\$ 2,375,208</u>	<u>\$ 2,472,534</u>

See Notes to Financial Statements.

BAYOU TECHE WATER WORKS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Program services		
Auto and truck	\$ 18,049	\$ 16,301
Bad debts	2,316	6,977
Bank charges	2,507	2,319
Chemicals	440,395	352,455
Depreciation expense	290,845	279,525
Dottie fees	1,216	1,332
Insurance expense	95,986	85,429
Meter and reconnection costs	37,477	54,622
Miscellaneous expense	4,421	6,765
Office expense	13,538	11,745
Payroll taxes	20,320	18,264
Per diem – directors	7,170	6,565
Printing and postage	21,337	18,396
Professional fees	66,059	77,961
Repairs and maintenance	119,215	134,443
Retirement	7,470	6,702
Salaries	265,633	234,342
Small tools and supplies	7,163	7,171
Taxes and licenses	489	6
Uniforms	1,456	860
Utilities and telephone	<u>132,853</u>	<u>130,931</u>
Total program services	<u>\$ 1,555,915</u>	<u>\$ 1,453,111</u>
Supporting services		
Salaries	\$ 75,480	\$ 75,585
Insurance expense	14,712	15,130
Payroll taxes	5,774	5,782
Retirement	<u>2,123</u>	<u>2,117</u>
Total supporting services	<u>\$ 98,089</u>	<u>\$ 98,614</u>

See Notes to Financial Statements.

BAYOU TECHE WATER WORKS, INC.

STATEMENTS OF CASH FLOWS
Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (97,326)	\$ (157,304)
Adjustments to reconcile change in net assets to operating activities:		
Depreciation	290,845	279,525
Bad debt expense	2,316	6,977
(Increases) decreases in operating assets		
Accounts receivable	(73,311)	(2,438)
Prepaid expenses	2,024	22,340
Increases (decreases) in operating liabilities:		
Accounts payable	(7,553)	26,654
Sewer fees payable	(11,530)	(3,255)
Accrued interest and other payables	443	412
Meter deposits	<u>1,852</u>	<u>54</u>
Net cash provided by operating activities	<u>\$ 107,760</u>	<u>\$ 172,965</u>
INVESTING ACTIVITIES		
Purchases and renewals of certificates of deposit	\$ (10,463)	\$ (2,051)
Purchase of property, plant and equipment	<u>(16,151)</u>	<u>(286,347)</u>
Net cash used by investing activities	<u>\$ (26,614)</u>	<u>\$ (288,398)</u>
FINANCING ACTIVITIES		
Principal payments on debt	<u>\$ (92,755)</u>	<u>\$ (102,549)</u>
Net decrease in cash	\$ (11,609)	\$ (217,982)
Cash and cash equivalents at the beginning of the period	<u>548,837</u>	<u>766,819</u>
Cash and cash equivalents at the end of the period	<u>\$ 537,228</u>	<u>\$ 548,837</u>
Reconciliation of cash and cash equivalents per the statements of cash flows to the statements of financial positions		
Cash and cash equivalents, beginning of period		
Cash and cash equivalents - unrestricted	\$ 500,994	\$ 719,030
Cash and cash equivalents – restricted	<u>47,843</u>	<u>47,789</u>
Total cash and cash equivalents	<u>\$ 548,837</u>	<u>\$ 766,819</u>
Cash and cash equivalents, end of period		
Cash and cash equivalents - unrestricted	\$ 487,533	\$ 500,994
Cash and cash equivalents - restricted	<u>49,695</u>	<u>47,843</u>
Total cash and cash equivalents	<u>\$ 537,228</u>	<u>\$ 548,837</u>
Supplemental Disclosures:		
Cash paid on interest	<u>\$ 85,069</u>	<u>\$ 86,260</u>

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

BAYOU TECHE WATER WORKS, INC.

Note 1. Nature of Organization and Significant Accounting Policies

Nature of Organization

Bayou Teche Water Works, Inc. (The Water System) is a nonprofit organization formed under laws of the State of Louisiana on March 17, 1972. The Water System provides water to the residents in the Iberia and St. Martin parish areas. The Water System is governed by a board of directors composed of seven members elected by the members of The Water System.

The financial statements of the Water System have been prepared on the accrual basis.

Significant Accounting Policies:

The Water System is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are subject to donor-imposed or grantor-imposed restrictions. Some restrictions may be temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted where resources are to be maintained in perpetuity. The Water System did not have any donor restricted net assets as of September 30, 2023 and 2022.

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. These net assets may be used at the discretion of the Water System’s management and board of directors.

The Water System’s board of directors has designated, from net assets without donor restrictions for the following purpose:

	<u>2023</u>	<u>2022</u>
Reserve for debt service	\$ 250,015	\$ 245,499
Reserve for maintenance	<u>174,819</u>	<u>225,780</u>
	<u>\$ 424,834</u>	<u>\$ 471,279</u>

Cash and Cash Equivalents

Cash and cash equivalents is comprised of interest-bearing deposits which are stated at cost, which approximates market. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

Certificates of Deposit

Certificates of deposit are classified separate from cash equivalents if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Certificates of deposit are stated at cost.

NOTES TO FINANCIAL STATEMENTS

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivables are stated at unpaid balances. The Water System provides for losses on accounts receivable using the direct write off method. Uncollectible amounts due for customer's water bills are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Generally accepted accounting principles require the accrual of uncollectible receivables through an allowance account. No allowance for uncollectible receivables is recorded at September 30, 2023 and 2022 due to insignificance of the amount.

Prepaid Expenses

Expenses paid during the current fiscal year that benefit the next fiscal year are recorded as prepaid expenses.

Property, Plant and Equipment

Property, plant and equipment, are recorded at cost, less accumulated depreciation. Assets with costs over \$600 and considered to have future value are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water System	3-67 years
Furniture, fixtures & equipment	3-10 years
Building	5-44 years

Revenue Recognition

Water sales are recorded or accrued when earned. Water meter's are read monthly and billed. Bills are due on the 10th day of the following month. Substantially all other revenues are recorded when received.

Tax status

The Water System is a nonprofit organization exempt from federal tax as an organization described in Section 501(c)(12) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Water System and recognize a tax liability (or asset) if the Water System has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Water System, and has concluded that as of September 30, 2023 and 2022, respectively, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Water System is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Allocation of Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort.

NOTES TO FINANCIAL STATEMENTS

Vacation, Sick Leave, and Compensated Absences

Employees of the Water System earn ten (10) days of annual leave per year. Employees can choose to get paid for unused vacation time in December of each year or carry over up to 5 days of vacation time to the next year. It is recorded as an expense of the period in which paid.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to use estimates and make assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Concentration of Credit Risk

The Water System's cash is deposited in multiple sound financial institutions. However, at times, cash balances may exceed the Federal Deposit Insurance Corporation (FDIC) limits. As of the end of the fiscal year, the Water System did not anticipate any losses as it relates to these concentrations.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

New accounting pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The standard requires organizations to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. The amendments in this update are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Water System adopted this standard on October 1, 2022. The adoption of this ASU did not have any impact on the Organization's financial statements or disclosures.

Upcoming accounting pronouncements

In 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires an allowance for credit losses to reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. The ASU is effective for fiscal years beginning after December 15, 2022. The Organization is evaluating the impact that this ASU will have on their financial statements and disclosures.

Note 2. Restricted asset – debt service

As part of the loan agreements, the United States Department of Agriculture (USDA) – Rural Development requires that one annual debt service installment be set aside in a reserve account, which is equal to \$93,540. These funds may be used to pay monthly note payments if sufficient funds are not otherwise available but must be replenished whenever possible.

NOTES TO FINANCIAL STATEMENTS

Note 3. Accounts Receivable

Accounts receivable is comprised of utility services that have been billed but not yet collected. An aging schedule of billed accounts receivable is as follows:

	2023	2022
0-30 days	\$ 179,623	\$ 107,121
30-90 days	10,127	11,634
Total accounts receivable	\$ 189,750	\$ 118,755

Note 4. Contract Balances

The Water System requires customers' deposits resulting in contract liabilities. The beginning and ending contract balances are as follows:

	September		
	2023	2022	2021
Accounts receivable	\$ 189,750	\$ 118,755	\$ 123,294
Meter deposits	\$ 46,695	\$ 47,843	\$ 47,789

Note 5. Property, Plant and Equipment

Property, plant and equipment at September 30, 2023 and 2022 consisted of the following:

	2023	2022
Land	\$ 42,616	\$ 42,616
Water tower	2,152,379	2,152,379
Office building	99,442	99,442
Water distribution system	6,010,984	6,005,384
Office furniture & equipment	30,016	23,290
Tools & equipment	82,446	78,621
Vehicle	45,277	45,277
Total property, plant and equipment	\$ 8,463,160	\$ 8,447,009
Less: accumulated depreciation	(5,174,682)	(4,883,837)
Net property, plant and equipment	\$ 3,288,478	\$ 3,563,172

Total depreciation expense for the years ended September 30, 2023 and 2022 was \$290,845 and \$279,525, respectively. All property, plant and equipment is pledged as collateral for notes payable.

NOTES TO FINANCIAL STATEMENTS

Note 6. Notes Payable

The following is a summary of the outstanding notes payable at September 30, 2023 and 2022:

	2023	2022
\$2,062,000 promissory note payable to USDA-Rural Development dated March 28, 2011, due in monthly installments of \$7,795, including interest at 3.25%, final maturity at April 28, 2049.	\$ 1,621,788	\$ 1,661,914
\$775,000 promissory note payable to b1Bank dated June 11, 2020, due in monthly installments of \$7,939, including interest at 4.25%, final maturity at June 10, 2024, renewed and replaced with note below	-	697,199
\$658,702 promissory note payable to b1Bank dated June 1, 2023 due in monthly installments of \$8,613, including interest at 5.69%, final maturity at May 22, 2025	644,570	-
Total notes payable	\$ 2,266,358	\$ 2,359,113
Less: current portion	(108,646)	(104,359)
Notes payable long-term portion	\$ 2,157,712	\$ 2,254,754

The maturities of notes payable for each of the succeeding five years subsequent to September 30, 2023 are as follows:

2024	\$ 108,646
2025	619,528
2026	44,225
2027	45,683
2028	47,190
Thereafter	1,401,086
Total	\$ 2,266,358

Note 7. Employee Benefit Plan

The Water System contributes up to 3% of an employee's annual salary to an individual simple IRA in the employee's name. The amount contributed by the Water System was \$9,593 and \$8,819 at September 30, 2023 and 2022, respectively.

Note 8. Commitments and Contingencies

The Water System was involved in one lawsuit as of September 30, 2022. The lawsuit was resolved in the fiscal year ending September 30, 2023, with no monetary loss incurred.

NOTES TO FINANCIAL STATEMENTS

Note 9. Compensation of Board Members

A detail of the per diem paid to the President of the board and board members is as follows:

	2023	2022
Melvin Bertrand, Jr.	\$ 2,080	\$ 1,760
Fred Foti	600	600
Patrick Dooley	600	600
Ted Habetz	650	515
Curry Oubre, Jr.	1,020	1,020
Randy Theriot	1,020	1,020
James Comeaux	600	600
Russell Louviere	600	450
Total	\$ 7,170	\$ 6,565

The Board of Directors and officers of the System indicating the expiration of their terms of office on the Board were as follows:

Board Member	Term Expires	Address
Melvin Bertrand, Jr. – President	2023	P. O. Box 450, Loreauville, LA 70552
Randy Theriot – Vice President	2023	P. O. Box 450, Loreauville, LA 70552
Curry Oubre, Jr – Secretary/Treasurer	2025	P. O. Box 450, Loreauville, LA 70552
Ted Habetz	2025	P. O. Box 450, Loreauville, LA 70552
Fred Foti	2024	P. O. Box 450, Loreauville, LA 70552
James Comeaux	2023	P. O. Box 450, Loreauville, LA 70552
Patrick Dooley	2024	P. O. Box 450, Loreauville, LA 70552
Russell Louviere	2024	P. O. Box 450, Loreauville, LA 70552

Note 10. Liquidity and Availability of Resources

Financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2023	2022
Cash and cash equivalents	\$ 487,533	\$ 500,994
Accounts receivable	189,750	118,755
Total current assets	\$ 677,283	\$ 619,749

Certain assets are restricted by lenders for specific purposes and, therefore, are not available for general expenditure. As part of the Water System’s liquidity management, it has a policy to structure its financial assets to be available to be available as its general expenditures, liabilities, and other obligations come due. Although the Water System does not intend to spend from its restricted assets other than amounts appropriated for general expenditures as part of its annual appropriation process, amounts from its restricted assets could be made available if necessary.

Note 11. Subsequent Event Review

The Water System has evaluated subsequent events through December 21, 2023, the date which the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 12. Reclassifications

Certain reclassifications have been made in the financial statements at September 30, 2022, in order to be consistent with reporting in the current year. These reclassifications had no effect on previously reported net assets or changes in net assets.

OTHER SUPPLEMENTARY INFORMATION

BAYOU TECHE WATER WORKS, INC.

SCHEDULE OF THE NUMBER OF WATER CUSTOMERS, WATER RATES,
AND WATER PRODUCED AND SOLD
Year Ended September 30, 2023
(Unaudited)

Records maintained by Bayou Teche Water Works, Inc. indicated the following number of customers were being serviced during the month of September 2023:

Water (residential)	3,266
Water (commercial)	<u>93</u>
Total	<u>3,359</u>

Water rates as of September 30, 2023 are as follows:

\$18.00 for the first 2,000 gallons; \$7.05 per 1,000 gallons thereafter

Gallons of water produced for year ended September 30, 2023	296,860,300
Gallons of water sold for year ended September 30, 2023	224,389,900

BAYOU TECHE WATER WORKS, INC.

SCHEDULE OF INSURANCE IN FORCE
 Year Ended September 30, 2023
 (Unaudited)

<u>Insurance Coverage</u>	<u>Insurance Agency</u>	<u>Amount of Coverage</u>	<u>Expiration of Policy</u>
Flood insurance			
Building	New Hampshire Ins.	\$ 121,000	10/20/2023
Contents	New Hampshire Ins.	\$ 59,000	10/20/2023
Workmen's compensation			
Employer's liability	LUBA	Statutory	1/1/2024
Employee Theft	NUFIC	\$ 500,000	9/23/2024
Forgery or alteration, theft of money & securities, computer and funds transfer fraud, money orders, fraudulent impersonation	NUFIC	\$ 250,000	9/23/2024
Theft inside building – robbery/safe burglary	NUFIC	\$ 100,000	9/23/2024
Commercial general liability	NUFIC	\$3,000,000	9/23/2024
Owned, nonowned & hired automobile liability	NUFIC	\$1,000,000	9/23/2024
Property	NUFIC	\$ 250,000	9/23/2024
Inland Marine	NUFIC	\$ 26,600	9/23/2024

BAYOU TECHE WATER WORKS, INC.

SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
Year Ended September 30, 2023

There were no compensation, benefits and other payments paid in the year ended September 30, 2023 and 2022 from public funds.

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

To the Board of Directors of
Bayou Teche Water Works, Inc.
Loreauville, 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 Bayou Teche Water Works, Inc. (a nonprofit organization) which comprise the statements of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bayou Teche Water Works, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bayou Teche Water Works, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Bayou Teche Water Works, Inc.'s 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 responses as item #2023-01 that we consider to a significant deficiency.

Report on Compliance and Other Matters

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

Bayou Teche Water Works, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Bayou Teche Water Works, Inc.'s response to the finding identified in our engagement and described in the accompanying schedule of findings and responses. Bayou Teche Water Works, Inc.'s response was not subjected to the other auditing procedures applied in the engagement to audit 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.

Broussard Poche, LLP

Lafayette, Louisiana
December 21, 2023

BAYOU TECHE WATER WORKS, INC.

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended September 30, 2023

We have audited the financial statements of Bayou Teche Water Works, Inc as of and for the year ended September 30, 2023, and have issued our report thereon dated December 21, 2023. 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 audit of the financial statements as of September 30, 2023 resulted in an unmodified opinion.

Section I - Summary of Auditors' Reports

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

Internal Control

Material weaknesses Yes No

Control deficiencies identified that are not considered to be material weaknesses Yes None Reported

Compliance

Compliance material to financial statements Yes No

Section II - Financial Statement Findings

#2023-01 Segregation of Duties

Condition: The Water System did not have adequate segregation of functions within the accounting and financial operations.

Criteria: An effective system of internal control procedures requires a proper segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: The Water System does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

Effect: Ineffective system of internal control within the accounting and financial functions.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Water System should monitor assignment of duties to assure that as much segregation of duties and responsibility as possible.

Management's Response: We have determined that it is not cost effective to achieve complete segregation of duties within the accounting and financial operations. Management will attempt to use current staff to segregate accounting functions as much as possible.

BAYOU TECHE WATER WORKS, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended September 30, 2023

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

#2022-001 Inadequate Segregation of Accounting Functions

Recommendation: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

Current status: Unresolved. Finding repeated at #2023-01.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable

Section III. Management Letter

The prior year's report did not include a management letter.