

Bogue Lusa Waterworks District  
Washington Parish Council  
Bogalusa, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2022  
With Supplemental Information Schedules  
(with 2021 summarized comparative information)

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As of and for the Year Ended December 31, 2022  
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(with 2021 summarized comparative information)**

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**Independent Auditor's Report**

To the Board of Commissioners  
Bogue Lusa Waterworks District  
Washington Parish Government  
Angie, LA

**Report on the Audit of the Financial Statements**

***Opinions***

I have audited the financial statements of the business-type activities, of the Bogue Lusa Waterworks District, a component unit of Washington Parish Government, as of and for the year ended December 31, 2022, and 2021, and the related notes to the financial statements, which collectively comprise the Bogue Lusa Waterworks District's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Bogue Lusa Waterworks District, as of December 31, 2022, and 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My 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 my 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- 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 Bogue Lusa Waterworks District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bogue Lusa Waterworks District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the 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. My opinion on the basic financial statements is not affected by this missing information. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

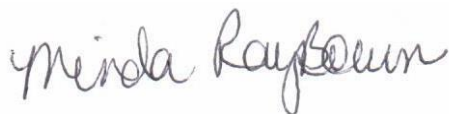
### ***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bogue Lusa Waterworks District's basic financial statements. The other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of insurance coverage, schedule of compensation paid to the Board of Commissioners, schedule of compensation, benefits, and other payments to the agency head, schedule of water rates, and schedule of water customers are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, based on my audit, the procedures performed as described above, the schedule of insurance coverage, schedule of compensation paid to the Board of Commissioners, schedule of compensation, benefits, and other payments to the agency head, schedule of water rates, and schedule of water customers are fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated June 22, 2023 on my consideration of Bogue Lusa Waterworks District's internal control over financial reporting and on my 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 my 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 Bogue Lusa Waterworks District'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 Bogue Lusa Waterworks District's internal control over financial reporting and compliance.



Minda B. Raybourn CPA  
Franklinton, LA  
June 22, 2023

# **Financial Statements**

**Bogue Lusa Waterworks District**  
**Statement of Net Position**  
**As of December 31, 2022**  
*With Comparative Totals as of December 31, 2021*

**Statement A**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 751,637	\$ 702,313
Accounts Receivable	84,557	61,890
Prepaid Insurance	24,818	13,169
Total Current Assets	861,012	777,372
Restricted Assets		
<u>Cash and Cash Equivalents</u>		
Customer Deposits	60,663	67,315
Bond Reserve	81,029	81,029
Bond Contingency	13,047	11,110
Bond Sinking Account	39,439	40,151
<u>Investments</u>		
Customer Deposits	7,157	7,147
Total Restricted Assets	201,335	206,752
Property, Plant, and Equipment		
Land	38,025	38,025
Construction in Progress	-	-
Property, Plant, and Equipment, Net	1,606,960	1,719,242
Total Property, Plant, and Equipment	1,644,985	1,757,267
<b>TOTAL ASSETS</b>	<b>\$ 2,707,332</b>	<b>\$ 2,741,391</b>
<b>DEFERRED OUTFLOWS</b>	<b>\$ 45,931</b>	<b>\$ 49,487</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 19,428	\$ 18,465
Other Accrued Payables	54,883	40,520
Total Current Liabilities	74,311	58,985
Restricted Liabilities		
Customer Deposits	67,820	62,481
Revenue Bonds Payable	50,000	50,000
Accrued Interest Payable	14,439	15,152
Total Restricted Liabilities	132,259	127,633
Long Term Liabilities		
Bonds Payable	793,783	843,337
Total Long Term Liabilities	793,783	843,337
<b>TOTAL LIABILITIES</b>	<b>\$ 1,000,353</b>	<b>\$ 1,029,955</b>
<b>DEFERRED INFLOWS</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 801,202	\$ 863,930
Restricted	119,076	129,119
Unrestricted	832,632	767,874
<b>TOTAL NET POSITION</b>	<b>\$ 1,752,910</b>	<b>\$ 1,760,923</b>

The accompanying notes are an integral part of these financial statements.

**Statement B**

**Bogue Lusa Waterworks District**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended December 31, 2022**  
*With Comparative Totals for the Year Ended December 31, 2021*

	<b>2022</b>	<b>2021</b>
<b>Operating Revenues</b>		
Water Sales	\$ 671,939	\$ 612,054
Penalties	16,730	16,160
Installation Fees	5,850	3,600
Reconnect Fees	3,600	3,100
Other	5,326	5,778
<b>Total Operating Revenues</b>	<b>703,445</b>	<b>640,692</b>
<b>Operating Expenses</b>		
Advertising	672	672
Bad Debts	4,673	3,441
Contract Operations & Maintenance	75,494	58,982
Contract Labor	190,335	209,144
Depreciation	142,431	136,833
Director's Expense	2,170	2,180
Insurance	21,385	17,179
Meter Reading	22,617	22,035
Permit Fees	16,611	16,616
Other	11,884	6,529
Professional Fees	21,037	17,927
Repairs & Maintenance	37,674	36,945
Supplies- Maintenance	44,909	40,076
Supplies- Office	8,927	10,462
Utilities	77,469	58,208
Vehicle Expense	7,165	9,105
<b>Total Operating Expenses</b>	<b>685,453</b>	<b>646,334</b>
<b>Operating Income (Loss)</b>	<b>17,992</b>	<b>(5,642)</b>
<b>Non Operating Revenues (Expenses)</b>		
Interest Income	6,880	212
Interest Expense	(33,927)	(36,819)
Gain/loss on Disposal of Asset	-	-
Other Revenues (Expenses)	1,042	2,825
<b>Total Non Operating Revenues (Expenses)</b>	<b>(26,005)</b>	<b>(33,782)</b>
<b>Change in Net Position</b>	<b>(8,013)</b>	<b>(39,424)</b>
<b>Total Net Position, Beginning, Restated</b>	<b>\$ 1,760,923</b>	<b>\$ 1,800,347</b>
<b>Total Net Position, Ending</b>	<b>\$ 1,752,910</b>	<b>\$ 1,760,923</b>

The accompanying notes are an integral part of these financial statements.



**Bogue Lusa Waterworks District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**  
*With Comparative Totals for the Year Ended December 31, 2021*

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Received from Customers	\$ 661,327	\$ 626,580
Received for Meter Deposit Fees	5,341	4,300
Other Receipts	14,776	12,478
Payments for Operations	(531,013)	(494,778)
Net Cash Provided by Operating Activities	<u>150,431</u>	<u>148,580</u>
<b>Cash Flows from Non Capital Financing Activities</b>		
Other Receipts	1,042	2,825
Net Cash Provided by Non Capital Financing Activities	<u>1,042</u>	<u>2,825</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital Acquisitions	(30,149)	(26,192)
Proceeds from Disposal of Asset	-	-
Principal Repayments for Long Term Debt	(50,000)	(45,000)
Deferred Outflow and Bond Amortization	(4,003)	(4,003)
Interest Payments for Long Term Debt	(30,304)	(31,249)
Net Cash Provided by Capital and Related Financing Activities	<u>(114,456)</u>	<u>(106,444)</u>
<b>Cash Flows from Investing Activities</b>		
Receipt of Interest	6,880	212
Proceeds from sale of Investments	-	-
Net Cash Provided by Investing Activities	<u>6,880</u>	<u>212</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	43,897	45,173
<b>Cash Equivalents, Beginning of Year</b>	901,918	856,745
<b>Cash Equivalents, End of Year</b>	<u><u>\$ 945,815</u></u>	<u><u>\$ 901,918</u></u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement</b>		
Cash and Cash Equivalents, Unrestricted	\$ 751,637	\$ 702,313
Cash and Cash Equivalents, Restricted	194,178	199,605
Total Cash and Cash Equivalents	<u><u>\$ 945,815</u></u>	<u><u>\$ 901,918</u></u>

(Continued)

The accompanying notes are an integral part of these financial statements.

**Statement C**

**Bogue Lusa Waterworks District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**

*With Comparative Totals for the Year Ended December 31, 2021*

<b>Reconciliation of Operating Income (Loss) to Net Cash</b>	<b>2022</b>	<b>2021</b>
Operating Income (Loss)	\$ 17,992	\$ (5,642)
Adjustments to Reconcile Operating Income (Loss) to Net		
Depreciation	142,431	136,833
Accounts Receivable	(19,009)	140
Prepaid Insurance	(11,650)	(2,576)
Accounts Payable	963	10,313
Accrued Expenses	14,363	5,212
Customer Deposits	5,341	4,300
Net Cash Provided by Operating Activities	<u>\$ 150,431</u>	<u>\$ 148,580</u>

Concluded

The accompanying notes are an integral part of these financial statements.

# **Notes to the Financial Statements**

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2022**  
**(with 2021 Summarized Comparative Information)**

**Introduction**

Bogue Lusa Waterworks District was established July 31, 1969, by an ordinance of the Washington Parish Council. The ordinance, enacted pursuant to Louisiana Revised Statutes 33:3813, describes and defines the boundaries of the water district, and provides for a five-member governing board of commissioners appointed by the Washington Parish Council. The District serves 1,448 customers as of December 31, 2022. The District's water wells are located southwest of the Bogalusa city limits. The system lines run south to the St. Tammany Parish boundary and west of the Bogalusa city limits for approximately fifteen miles.

Bogue Lusa Water Works District was thus created and constitutes a public corporation and political subdivision of the State of Louisiana and has all the power and privileges granted by the Constitution and statutes of this state to such subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

GASB Statement No. 14, *The Reporting Entity*, as amended, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Bogue Lusa Water Works District is considered a component unit of the Washington Parish Council. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within those financial statements or separately reported as a discrete component unit.

**1. Summary of Significant Accounting Policies**

**A. Measurement Focus and Basis of Accounting and Financial Statement Presentation**

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as described in the following paragraphs.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the District to be presented as revenues at the bottom of the statement of revenues, expenditures, and changes in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J—Net Position*. As required by the Governmental Accounting Standards Board (GASB), the District implemented GASB Statement No. 63 during the year ending December 31, 2012.

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2022**  
**(with 2021 Summarized Comparative Information)**

The District has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The District reported \$45,931 in deferred outflows of resources at December 31, 2022. See *Footnote I—Long-Term Debt Obligations*.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities, available to the District for the purpose of providing goods and services to the public, are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position includes all costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**B. Cash and Cash Equivalents and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**C. Investments**

Investments for the District are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy.

**D. Inventories**

Purchases of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

**E. Prepaid Items**

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums.

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2022**  
**(with 2021 Summarized Comparative Information)**

**F. Restricted Assets**

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customer’s meter deposits are also classified as restricted assets.

**G. Capital Assets**

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. Donated assets, including water systems donated for continued maintenance by the District, are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<b>Description</b>	<b>Estimated Lives</b>
Buildings	15 - 30 Years
Equipment	5 - 10 Years
Furniture and Fixtures	5 - 10 Years
Vehicles	5 Years
Water System	15 - 30 Years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

**H. Compensated Absences**

Employees receive two weeks of paid vacation after being employed for one to five years, and three weeks of paid vacation for six to ten years, increasing to six weeks of vacation for employees with over twenty-one years of service. Employees are not allowed to carry over vacation from one year to the next.

Employees accrue one half day per month of employment for sick leave up to a maximum of forty-five days. In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

**I. Long-Term Debt Obligations**

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65). Prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

Paragraph 187 of GASB Statement 62 establishes standards of accounting and financial reporting for debt issuance costs. Paragraph 12 of Statement 7 indicates that debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses).

The District has previously implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to complement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and*

**Bogue Lusa Waterworks District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2022**  
**(with 2021 Summarized Comparative Information)**

*Net Position.* Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The District incurred and expensed \$1,129 in bond issuance costs associated with the issuance of Water Revenue Refunding Bonds, Series 2016 in the year ending December 31, 2020. See further discussion on the bond issuance in *Note 6—Long Term Obligations* and *Note 7—Flow of Funds, Restrictions on Use*.

GASB Statement 23, as amended, establishes accounting and financial reporting for current refundings and advance refundings resulting in defeasance of debt. Refundings involve the issuance of new debt whose proceeds are used to repay previously issued (“old”) debt. The new debt proceeds may be used to repay the old debt immediately (a current refunding); or the new debt proceeds may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). As described in paragraphs 3 and 4 of GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, an advance refunding may result in the in-substance defeasance of the old debt provided that certain criteria are met.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* provide guidance on reporting difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt. The difference is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

During the year ending December 31, 2016, the District issued \$ 1,080,000 in Water Revenue Refunding Bonds, Series 2016 for the purpose of refunding a portion of the District’s outstanding bonds funding a reserve fund and paying the costs of issuance of the bonds. The District reported \$67,268 in deferred outflows of resources at December 31, 2016, related to the difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt during the current year. See further discussion on refunding bond in *Note 6 – Long Term Obligations* and *Note 7—Flow of Funds, Restrictions on Use*.

**J. Net Position**

GASB Statement No. 34, *Basic Financial Statements, Management’s Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

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- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**K. Comparative Data/Reclassifications**

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2022, from which summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

**L. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

**M. Estimates**

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

**2. Cash and Cash Equivalents**

At December 31, 2022 and 2021, the District has cash and cash equivalents (book balances), as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Demand Deposits	\$ 395,716	\$ 359,146
Time & Savings Deposits	137,162	136,696
Louisiana Asset Management Pool (LAMP)	412,937	406,076
Total Cash and Cash Equivalents	<u>945,815</u>	<u>901,918</u>
Certificate of Deposits held in Investments (See Note 3)	<u>7,157</u>	<u>7,147</u>
Total Deposits	<u>\$ 952,972</u>	<u>\$ 909,065</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal 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.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government’s deposits may not be returned. At December 31, 2022, the District had \$545,467 in deposits other than LAMP (collected bank balances) within three separate banks, consisting of \$401,147 in demand deposits, \$137,162 in time and savings and \$7,147 in certificates of deposits held as investments. The demand deposits and the time and savings accounts are secured from risk by \$250,000 of federal deposit insurance at each financial institution



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and also have access to pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

### **3. Investments**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments when held are carried at fair market value, with the estimated fair market value based on quoted market prices. The only investments held by the District at December 31, 2022, are the certificates of deposit listed in Note 2. The certificates of deposit are carried at cost which approximates market value.

*Interest Rate Risk:* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

In accordance with GASB Codification Section I50.165, the investment in the Louisiana Asset Management Pool, Inc., (LAMP) at December 31, 2022, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7 – like investment pool. The following facts are relevant for 2a7 like investment pools:

1. **Credit risk:** LAMP is rated AAAM by Standards and Poor's.
2. **Custodial credit risk:** LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. **Concentration of credit risk:** Pooled investments are excluded from the five percent disclosure requirement.
4. **Interest rate risk:** LAMP is designed to be highly liquid to give participants immediate access to their account balances. 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. However, LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 52 days as of December 31, 2022.

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5. **Foreign currency risk:** Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP. That report may be obtained by calling (800) 249-5267.

**4. Receivables**

The following is a summary of receivables at December 31, 2022 and 2021:

	<u>Year Ended</u> <u>December 31,</u> <u>2022</u>	<u>Year Ended</u> <u>December 31,</u> <u>2021</u>	<u>Increase</u> <u>(Decrease)</u>
Accounts Receivable			
Current	\$ 49,844	\$ 40,392	\$ 9,452
31-60 Days Past Due	10,500	8,461	2,039
61-90 Days Past Due	949	2,351	(1,402)
Over 90 Days Past Due	<u>(2,215)</u>	<u>(2,650)</u>	<u>435</u>
Subtotal	59,078	48,554	10,524
Unbilled Accounts Receivable	35,409	18,593	16,816
Allowance for Uncollectible Accounts	<u>(9,930)</u>	<u>(5,257)</u>	<u>(4,673)</u>
Net Accounts Receivable	<u>\$ 84,557</u>	<u>\$ 61,890</u>	<u>\$ 5,851</u>

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. Periodically, the board reviews the aging of receivables and determines the actual amount uncollectible. Per board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of uncollectibility.

Estimated unbilled revenues (accrued billings) are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billing during the month following the close of the fiscal year. At December 31, 2022, accrued billings amounts were \$35,409, and \$18,593 at December 31, 2021.

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**5. Capital Assets**

A summary of changes in capital assets during the fiscal year ending December 31, 2022 is as follows:

	<b>Beginning Balance <u>12/31/21</u></b>	<b>Additions and Reclassifications</b>	<b>Deletions and Reclassifications</b>	<b>Ending Balance <u>12/31/22</u></b>
Capital Assets				
Capital Assets - Not Depreciated				
Land	\$ 38,025	\$ -	\$ -	\$ 38,025
Construction in Progress	-	-	-	-
Total Capital Assets - Not Depreciated	<u>38,025</u>	<u>-</u>	<u>-</u>	<u>38,025</u>
Capital Assets - Depreciated				
Buildings	231,387	-	-	231,387
Equipment	261,874	30,149	-	292,023
Furniture and Fixtures	1,850	-	-	1,850
Vehicles	50,041	-	-	50,041
Utility System	<u>4,237,965</u>	<u>-</u>	<u>-</u>	<u>4,237,965</u>
Total Capital Assets - Depreciated	4,783,117	30,149	-	4,813,266
Less Accumulated Depreciation	<u>(3,063,875)</u>	<u>(142,431)</u>	<u>-</u>	<u>(3,206,306)</u>
Total Capital Assets - Depreciated - Net	<u>1,719,242</u>	<u>(112,282)</u>	<u>-</u>	<u>1,606,960</u>
Total Capital Assets, Net	<u>\$ 1,757,267</u>	<u>\$ (112,282)</u>	<u>\$ -</u>	<u>\$ 1,644,985</u>

The District purchased equipment for \$30,149. The District recorded depreciation expense of \$142,431.

**6. Long-Term Obligations**

The following is a summary of long-term obligation transactions for the year ended December 31, 2022:

<b>Description</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Long-Term Debt					
2016 Water Revenue Refunding Bonds	\$ 900,000	\$ -	\$ (50,000)	\$ 850,000	\$ 50,000
Total Long-Term Debt	<u>900,000</u>	<u>-</u>	<u>(50,000)</u>	<u>850,000</u>	<u>50,000</u>
Less:					
Unamortized Premium (Discount)	<u>(6,663)</u>	<u>-</u>	<u>447</u>	<u>(6,216)</u>	<u>447</u>
Total Long Term Debt	<u>\$ 893,337</u>	<u>\$ -</u>	<u>\$ (49,553)</u>	<u>\$ 843,784</u>	<u>\$ 50,447</u>

During the year ending December 31, 2016, the District issued \$ 1,080,000 in Water Revenue Refunding Bonds, Series 2016 at a discount of \$8,934 for the purpose of refunding the outstanding 1993 and 1998 water revenue bonds and \$645,000 of the outstanding 2011 water bonds (those maturing in years 2019 to 2036), funding a reserve fund, and paying the costs of issuance of the bonds. The District refunded the outstanding \$184,459 in Series 1993 water revenue bonds and \$308,308 in 1998 water revenue bonds. Additionally, \$691,325 of the bond proceeds plus \$10,941 of reserve funds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the 2019 to 2036 debt service payments on the 2011 water revenue bonds. These bonds maturing July 1, 2021 and thereafter will be called on July 1, 2018 at a price equal to the principal amount thereof (\$645,000) plus accrued interest to the call date. As a result, \$645,000 of the 2011 water bonds were considered in-substance defeased and the liability for those bonds was removed from the District's books at December 31, 2016.

Bonds Payable as of December 31, 2022 and 2021 is as follows:

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	December 31, 2022	December 31, 2021
Water System      \$ 1,080,000    Series 2016 Revenue Refunding Bonds sold privately		
Dated 11/17/2016    due in annual installments of principal and semi-annual interest averaging		
\$            75,186    per year to            7/1/2036 interest ranging from 2.10% to 3.85%	\$            850,000	\$            900,000
	\$            850,000	\$            900,000

The annual requirements to amortize all debt outstanding as of December 31, 2022, including interest payments of \$241,971 are as follows:

	<b>2016 Water Revenue Refunding Bonds</b>	
<b>Year Ending 12/31/22</b>	<b>\$</b>	<b>Total</b>
2023	78,879	78,879
2024	77,454	77,454
2025	81,029	81,029
2026	79,461	79,461
2027	77,894	77,894
2028 to 2032	390,442	390,442
2033 to 2037	306,811	306,811
	\$    1,091,970	1,091,970

**7. Flow of Funds, Restrictions on Use**

In the year 2011, the Water Revenue Bonds Series 1993 and the Water Revenue Bonds Series 1998 were paid off and the remaining bonds were parity bond obligations and consisted of the 1993 Water Revenue Bonds, the 1998 Water Revenue Bonds, and the 2011 Water Revenue Bonds, as described below.

On July 9, 1992, the governing authority, after following the prescribed legal requirements, passed a resolution to issue \$290,000 of revenue bonds for the purpose of extending and improving the existing water works system. On March 8, 1993, \$290,000 of the bonds were sold to RUS. The bonds were issued at par for forty years with interest at 5.625 percent, maturing on April 8, 2033.

On October 8, 1998, the governing authority, after following the prescribed legal requirements, passed a resolution to issue \$400,000 of revenue bonds for the purpose of extending and improving the existing water works system. On December 9, 1998, \$400,000 of the bonds were sold to RUS. The bonds were issued at par for forty years with interest at 4.75 percent, maturing on December 9, 2038.

On July 27, 2010, the governing authority, after following the prescribed legal requirements, passed a resolution to issue \$1,205,000 of revenue bonds for the purpose of constructing and acquiring improvements and extensions to the existing water works system, for funding a debt service reserve fund, and for funding the costs of issuance. On August 30, 2011, \$780,000 of the bonds were sold through a private lender. The bonds are payable with semi-annual interest payments and annual principal payments with annual interest rates varying from 4.0% to 5.375%, and mature on July 1, 2036.

During the year ending December 31, 2016, the District issued \$ 1,080,000 in Water Revenue Refunding Bonds, Series 2016 for the purpose of refunding the outstanding 1993 and 1998 water revenue bonds and \$645,000 of the

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outstanding 2011 water bonds (those maturing in years 2019 to 2036), funding a reserve fund, and paying the costs of issuance of the bonds. The bonds were sold to a private lender. The District refunded the outstanding \$184,459 in Series 1993 water revenue bonds and \$308,308 in 1998 water revenue bonds. Additionally, \$691,325 of the bond proceeds plus \$10,941 of reserve funds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the 2020 to 2036 debt service payments on the 2011 water revenue bonds. These bonds maturing July 1, 2021 and thereafter will be called on July 1, 2020 at a price equal to the principal amount thereof (\$645,000) plus accrued interest to the call date. As a result, \$645,000 of the 2011 water bonds were considered in-substance defeased and the liability for those bonds was removed from the District's books at December 31, 2016. The District incurred and expensed \$64,686 in bond issuance costs associated with the issuance of Water Revenue Refunding Bonds, Series 2016 in the year ending December 31, 2016. The District reported \$67,268 in deferred outflows of resources at December 31, 2016 related to the difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt during the current year.

Due to the refunding of debt, previous debt service of \$1,830,935 was replaced by debt service of \$1,503,729 after refunding, resulting in an increase in cash flow of \$327,206. A recap of the net present value benefits and cash savings for the Water Revenue Refunding Bonds, Series 2016 issue is presented below:

**PV Analysis Summary (Gross to Gross) for Water Revenue Refunding Bonds, Series 2016**

Gross PV Debt Service Savings	\$	254,599
Contingency Fund Transfer		(184,997)
Transfer from Prior Issue Debt Service Fund		(10,942)
Transfer from Prior DSR Fund		(99,433)
Amount deposited into new DSR Fund		81,029
Release of Contingency Funds		100,000
Additional transfer from DSR Fund		(74,932)
Net Present Value Benefit	\$	<u>65,324</u>
Net PV Benefit / \$1,133,613 Refunded Principal		5.762%
Net PV Benefit / \$1,080,000 Refunding Principal		6.048%

The Series 2016 bonds were issued on a parity with the Series 2011 bonds maturing July 1, 2020, to July 1, 2018. Under the terms of the bonds, the bonds and the outstanding parity bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the combined water system of the District after provision has been made for payment of the reasonable and necessary expenses of operating and maintaining of the system. Total interest expense on all water revenue bonds, for the fiscal year ending December 31, 2022, equaled \$29,924. The gross water revenue recognized during the current period was \$671,939.

Under the terms of the bonds, a "Waterworks Revenue Bond and Interest Sinking Fund" (the "sinking fund") must be maintained with the paying agent for the outstanding parity bonds, sufficient in amount to pay promptly and fully the principal of and the interest on the bonds and outstanding parity bonds. The District must deposit funds into the sinking fund, on or before the twentieth (20<sup>th</sup>) of each month, a sum equal to the amount of principal and interest accruing on the bonds payable from the sinking fund for such calendar month, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. Based on the debt service schedule, the deposit is one-sixth (1/6) of the amount required to make the interest payment on the bonds due on the next interest date plus one-twelfth (1/12) of the amount required to make

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the principal payment on the bonds due on the next principal date. As of December 31, 2022, the District maintained a balance of \$39,439, meeting the required deposit for the Sinking Fund.

Additionally, a “Series 2016 Waterworks Bond Debt Survive Reserve Fund” (the “Reserve Fund”) must be maintained as required by the parity bond resolution (the series 2016 bonds). The money in the reserve fund can only be used to pay principal and interest on the bonds and the outstanding parity bonds. The reserve fund must contain an amount equal to the lesser of (i) 10% of the bond proceeds, the outstanding parity bonds and any additional bonds hereafter issued, (ii) 125% of the average annual debt service on the bonds, the outstanding parity bonds and any additional bonds hereafter issued, (iii) 100% of the maximum annual debt service on the bonds, the outstanding parity bonds and any additional bonds hereafter issued. The Reserve Fund was fully funded at bond closing with a payment of \$81,029 and at December 31, 2022, was fully funded.

Finally, a “Waterworks Depreciation Fund” (the “Contingencies Fund”) must be maintained to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system. The District must deposit funds into the contingencies fund, on or before the twentieth (20<sup>th</sup>) of each month, a sum equal 5% of the amount to be paid into the sinking fund. The payments continue over the life of the bonds. For the fiscal year ended December 31, 2022, the contingencies fund was fully funded with a balance maintained of \$13,047. Money in this fund may also be used to pay principal of and interest on any bond for the payment of which there is not sufficient money in the sinking fund or reserve fund, but if so used, such money shall be replaced as soon as possible thereafter out of the earnings of the system after making the required payments into the respective funds and accounts hereinabove set out.

As noted, the Series 2016 bonds were issued in parity with the 2011 bonds. The Series 2016 bonds require the following covenants:

The Issuer, through its governing authority, by proper resolution and/or resolutions, hereby covenants to fix, establish, maintain and collect such rates, fees, rents or other charges for the services and facilities of the system, and all parts thereof, and to revise the same from time to time whenever necessary, as will provide revenues in each fiscal year, funds sufficient to pay the reasonable operating and maintenance expenses of the system in each fiscal year, the principal and interest maturing on the outstanding parity bonds and the bonds in each fiscal year and all other payments required for such fiscal year with respect thereto and as will provide Net Revenues in each fiscal year at least equal to 125% of the principal and interest falling due in such fiscal year on the bonds, the outstanding parity bonds and any additional parity bonds or other obligations secured by or payable from Net Revenues. “Net Revenue,” per the applicable bond provisions, means the revenues, after provision has been made for payment therefrom of the reasonable and necessary expenses of maintaining and operating the system. For the fiscal year ending December 31, 2022, Net Revenues were computed to be above the 125 percent threshold of the average annual debt service requirements on all bonds held outstanding for the system at a computed ratio of 205 percent.

All net revenues any year not required to be paid in such year into any of the noted funds shall be regarded as excess funds and may be used for any lawful corporate purpose.

## **8. Restricted Net Position**

At December 31, 2022, Bogue Lusa Waterworks District recorded \$119,076 in Restricted Net Position (Restricted for Capital Activity and Debt Service), representing the District’s funds restricted by revenue bond debt covenants, contracts with customers for meter deposits, and the unspent portion of capital debt related to amounts restricted for capital projects less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

## **9. Litigation and Claims**

There is no pending litigation as of December 31, 2022.

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**10. Intergovernmental Agreement**

On January 21, 1995, the Bogue Lusa Waterworks District entered into a one-year service agreement with the Varnado Waterworks District with automatic annual renewals unless one of the parties notifies the other sixty days prior to the anniversary date. The agreement was active for the year ending December 31, 2022.

Under the terms of the agreement, the Varnado Waterworks District will perform all necessary functions involving billing of customers, collection of customer's accounts, keeping and furnishing necessary financial information and records on a monthly basis for the Bogue Lusa Water Works District. The fee for this service was \$2.25 per customer per month through April, 2010. The fee increased to \$2.35 per customer per month until June of 2012, after which the fee was increased to \$2.60 payable monthly. On February 1, 2020, the fee increased to \$3.45. During August 2022, the fee was increased to \$3.77. The actual amount paid to Varnado Water District is adjusted at fiscal year-end based on joint operating costs incurred by Varnado Waterworks District.

Under the terms of the agreement, Varnado Waterworks District will also provide all system repair and maintenance customarily done by its own personnel. Accurate hourly records of personnel records involved in repairs shall be kept and Bogue Lusa Water Works District will be billed monthly at two times the employees' hourly rate. All materials, parts and supplies will be paid directly by the District which incurred the cost. Varnado Waterworks District employees will keep accurate mileage records for the service truck used for maintenance and repairs and will bill the Bogue Lusa Waterworks District \$0.625 per mile for work done on their respective systems. Periodically, an accounting will be made of the costs of the services provided under the agreement, and the actual amount paid to Varnado Water District will be adjusted at fiscal year-end based on joint operating costs incurred by Varnado Waterworks District. Cash settlements will be made between the Districts, so each District pays its portion of the actual costs.

The District incurred \$75,494 in contract operations and maintenance and \$190,335 in contract labor related to the agreement.

**11. PRIOR PERIOD ADJUSTMENTS**

During fiscal year 2022, it was noted that customer deposits were overstated by \$11,982. This was a cumulative error for several years. As a result, the beginning net position was restated to reflect this adjustment. The change in net position in the prior period is as follows:

Beginning Net Position, Before Prior Period Adjustment	\$	1,748,940
To correct the customer deposit payables to actual		11,983
		11,983
Beginning Net Position, After Prior Period Adjustment	\$	1,760,923

**12. Subsequent Events**

In January 2023, the board approved a rate increase of \$1.00 to residential customers and \$1.00 to commercial customers effective February 1, 2023.

Subsequent events have been evaluated by management through June 22, 2023, the date the financial statements were available to be issued. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2022.

## Other Supplemental Information



## Schedule 1

**Bogue Lusa Waterworks District**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2022**

*With Comparative Totals for the Year Ended December 31, 2021*

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2021</u>
<b>Operating Revenues</b>				
Water Sales	\$ 654,600	\$ 671,939	\$ 17,339	\$ 612,054
Penalties	16,487	16,730	243	16,160
Installation Fees	5,899	5,850	(49)	3,600
Reconnect Fees	3,928	3,600	(328)	3,100
Other	5,298	5,326	28	5,778
Total Operating Revenues	<u>686,212</u>	<u>703,445</u>	<u>17,233</u>	<u>640,692</u>
<b>Operating Expenses</b>				
Advertising	672	672	-	672
Bad Debts	1,000	4,673	(3,673)	3,441
Contract Operations & Maintenance	63,166	75,494	(12,328)	58,982
Contract Labor	198,576	190,335	8,241	209,144
Depreciation	132,660	142,431	(9,771)	136,833
Director's Expense	2,210	2,170	40	2,180
Insurance	18,100	21,385	(3,285)	17,179
Meter Reading	23,932	22,617	1,315	22,035
Permit Fees	16,611	16,611	-	16,616
Other	7,305	11,884	(4,579)	6,529
Professional Fees	21,609	21,037	572	17,927
Repairs & Maintenance	39,069	37,674	1,395	36,945
Supplies- Maintenance	46,654	44,909	1,745	40,076
Supplies- Office	8,908	8,927	(19)	10,462
Utilities	76,299	77,469	(1,170)	58,208
Vehicle Expense	7,294	7,165	129	9,105
Total Operating Expenses	<u>664,065</u>	<u>685,453</u>	<u>(21,388)</u>	<u>646,334</u>
<b>Operating Income (Loss)</b>	<u>22,147</u>	<u>17,992</u>	<u>(4,155)</u>	<u>(5,642)</u>
<b>Non Operating Revenues (Expenses)</b>				
Bond Issuance Costs Incurred	-	-	-	212
Interest Income	600	6,880	6,280	(36,819)
Interest Expense	(38,269)	(33,927)	4,342	-
Gain/loss on Disposal of Asset	-	-	-	-
Other Revenues (Expenses)	5,000	1,042	(3,958)	2,825
Total Non Operating Revenues (Expenses)	<u>(32,669)</u>	<u>(26,005)</u>	<u>6,664</u>	<u>(33,782)</u>
<b>Change in Net Position</b>	<u>(10,522)</u>	<u>(8,013)</u>	<u>2,509</u>	<u>(39,424)</u>
<b>Total Net Position, Beginning</b>	1,760,923	1,760,923	-	1,800,347
<b>Total Net Position, Ending</b>	<u>\$ 1,750,401</u>	<u>\$ 1,752,910</u>	<u>\$ 2,509</u>	<u>\$ 1,760,923</u>

See independent auditor's report.

**Bogue Lusa Waterworks District**  
**Schedule of Insurance**  
**For the year ended December 31, 2022**

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>
CNA Surety Company 18274192	Fidelity Bond:		7/6/2022 to 7/6/2023
	President	\$ 100,000	
	Secretary-Treasurer	100,000	
	Office Manager	100,000	
	Clerk	25,000	
American Alternative Insurance Company GPNU-PF-0023916-01	Commercial General Liability:		10/16/2022 to 10/16/2023
	General Aggregate	3,000,000	
	Each Occurrence	1,000,000	
	Products / Completed Oper. Aggregate	3,000,000	
	Personal & Advertising Injury	1,000,000	
	Fire Damage	1,000,000	
	Medical Expense	10,000	
	Crime Coverage	10,000	
	Cyber Liability	1,000,000	
	Excess Liability	2,000,000	
	Equipment	250,000	
	Errors and Omissions: Public Officials		
	Annual Aggregate	3,000,000	
	Coverage A - Each Wrongful Act	1,000,000	
	Coverage B - Each Action for "Injury Relief"	5,000	
Any One Claim	1,000,000		
Business Automobile:			
Liability	1,000,000		
Uninsured Motorist	1,000,000		
Comprehensive	As scheduled		
Collision	As scheduled		
Medical Payments	5,000		
Louisiana Workers Compensation Corp 116143-S	Workers Compensation:		2/1/2021 to 2/2/2022
	Each Accident	100,000	
	Policy Limit	500,000	
	Each Employee	100,000	

See independent auditor's report.

**Schedule 3**

**Bogue Lusa Waterworks District  
Schedule of Compensation Paid to Board of Commissioners  
For the year ended December 31, 2022**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Karisan Lott (985) 516-0912	60122 Spring Valley Road Bogalusa, LA 70427	\$ 440	12/31/25
Jim Willis (985) 732-3040	29081 Louisiana Highway 1074 Bogalusa, LA 70427	410	12/31/26
Leo Mickenheim (985) 732-4888	18180 Wells Road Bogalusa, LA 70427	400	12/31/27
Carolin Bridges (985) 732-3762	103 Red Bird Lane Bogalusa, LA 70427	400	12/31/24
Marshall Winstead (985) 516-1323	11104 Pine Ridge Circle Bogalusa, LA 70427	520	12/31/23
		\$ <u>2,170</u>	

See independent auditor's report.

**Schedule 4**

**Bogue Lusa Waterworks District  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the year ended December 31, 2022**

**Agency Head Name: Howard Stewart, President**

<u>Purpose</u>	<u>Amount</u>
Per Diem - Board Member	\$ 410

See independent auditor's report.

**Bogue Lusa Waterworks District  
Schedule of Water Rates  
For the year ended December 31, 2021**

Water			
Residential Rates		Commercial Rates	
\$ 29.00	- First 2,000 Gallons	\$ 60.00	- First 15,000 Gallons
\$ 4.25	- Per 1,000 Gallons of Water over 2,000 Gallons	\$ 4.00	- Per 1,000 Gallons of Water over 15,000 Gallons

**Schedule of Water Customers  
As of December 31, 2022 and 2021**

	December 31, 2022	December 31, 2021	Increase (Decrease)
Customers			
Residential	1,418	1,416	2
Commercial	29	29	-
School	1	1	-
Total Customers	1,448	1,446	2

See independent auditor's report.

*Minda B. Raybourn*

Certified Public Accountant  
Limited Liability Company  
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(985) 839-4413  
Fax (985) 839-4402

Member  
AICPA

Member  
LCPA

**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***

To the Board of Commissioners  
Bogue Lusa Waterworks District  
Washington Parish Government  
Varnado, LA

I 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 Bogue Lusa Waterworks District, a component unit of the Washington Parish Council, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Bogue Lusa Waterworks District's basic financial statements and have issued my report thereon dated June 22, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, I considered the Bogue Lusa Waterworks District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of Bogue Lusa Waterworks District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

My 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 my audit, I did not identify any deficiencies in internal control that I consider material weaknesses or significant deficiencies.

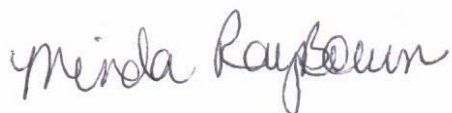
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bogue Lusa Waterworks District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

A handwritten signature in cursive script that reads "Minda Raybourn". The signature is written in dark ink on a light background.

Minda Raybourn  
Franklinton, Louisiana  
June 22, 2023

**Bogue Lusa Waterworks District, Louisiana**  
**Schedule of Current Year Audit Findings**  
**For the Year Ended December 31, 2022**

**Section 1—Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes

No

Significant deficiencies identified that are not considered to be material weaknesses?

Yes

No

Noncompliance material to the financial statements note?

Yes

No

*Federal Awards - N/A*

Was a management letter issued?

Yes

No



**Bogue Lusa Waterworks District, Louisiana**  
**Schedule of Prior Year Audit Findings and Responses**  
**For the Year Ended December 31, 2022**

**2021-001 Noncompliance with Ethics Training**

CONDITON: Two of the five board members received the required one-hour ethics training.

CRITERIA: Per Louisiana R.S. 42:1170, each public servant shall receive a one hour of education and training on the Code of Ethics during each year of his or her public employment or term of office. Each political subdivision shall designate at least one person who shall provide information, notices, and updates to employees and officials of the political subdivision and assist the board in any way necessary to fulfill the education requirements.

CAUSE OF CONDITON: Unknown.

EFFECT OF CONDITION: Noncompliance with state law.

RECOMMENDATION: The District should assign monitoring responsibility of the required one-hour ethics training to the District's manager. The manager should remind the board members of the required training and obtain completion certificates from each member.

MANAGEMENT RESPONSE: The District will implement the recommendation before the end of the current fiscal year.

STATUS: Resolved.

**2021-002 Noncompliance with State Law on Sexual Harassment**

CONDITION: The District board members did not receive the one hour required training. The District did not file the required sexual harassment report.

CRITERIA: Per Louisiana R.S. 42:343, each public servant shall receive a minimum of one hour of education and training on preventing sexual harassment during each full calendar year of his or her public employment or term of office.

Per Louisiana R.S. 42:344, each agency head shall compile an annual report by February first of each year containing information from the previous calendar year regarding his or her agency's compliance with the applicable requirements of R.S. 42:344.

CAUSE: Unknown.

EFFECT OF CONDITION: Noncompliance with state law.

RECOMMENDATION: The District should put in place policies and procedures for agency responsibilities and prohibitions regarding sexual harassment, annual training, and annual reporting.

MANAGEMENT RESPONSE: The District will implement the recommendation before the end of the current fiscal year.

STATUS: Resolved.

# *Minda B. Raybourn*

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*Limited Liability Company*

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Member  
AICPA

Member  
LCPA

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

To the Board of Commissioners Bogue Lusa Waterworks District  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. Bogue Lusa Waterworks District's (the "District") management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

*The entity does not have policies and procedures for amending the budget.*

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

*The District does not use purchase requisitions or purchase orders. The District does not have policies and procedures on how vendors are added to the vendor list, and how purchases are initiated.*

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

*The District does not have policies and procedures for processing disbursements.*

- 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 District has policies and procedures for receipts and collections.*

- 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 District does not have policies and procedures for rate of pay or approval and maintenance of pay rate schedules.*

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

*The District does not have policies and procedures for types of services requiring contracts and standard terms and conditions.*

- 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 District does not have policies and procedures for the required approvers of statements and monitoring credit card usage.*

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

*The District does not have policies and procedures for dollar thresholds by category of expense, documentation requirements, and required approvers.*

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

*The District does not have policies and procedures in place for ethics prohibitions, ethics violations, systems to monitor ethics violations, and documentation requirements that the employees and officials are to be notified of any changes to the ethics policy.*

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

*The District does not have policies and procedures for debt issuance approval and continuing disclosure/EMMA reporting requirements.*

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*The District does not have policies and procedures for IT disaster recovery and business continuity.*

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

*The District does not have policies and procedures for sexual harassment.*

**Management's Response:** We will implement the policies and procedures noted above before the end of the current fiscal year.

### ***Board or Finance Committee***

---

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No exceptions to this procedure.*

- 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 *Alternately, for those entities*

*reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*The minutes do not reference the budget to actual comparison but the financial statements are provided with copies of the previous month's minutes.*

- 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.

*This is not applicable.*

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*The prior year audit findings have been resolved.*

### ***Bank Reconciliations***

---

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

*The listing of bank accounts and management's representation were obtained. The main operating accounting and 4 additional accounts were selected.*

- 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);

*No exception to this procedure.*

- 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

*Management/board members who do not handle cash, post ledger, or issue checks do not review each bank reconciliation. The external account prepares the bank reconciliations.*

- 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.

*Management does not have documentation it has researched reconciling items outstanding for more than 12 months.*

**Management's Response:** We will research and document any outstanding checks more than 12 months old before the end of the current fiscal year.

**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).

*A list of deposit sites and management's representation was obtained*

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.

*No exception to this procedure.*

- 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.

*No exception to this procedure.*

- 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.

*No exception to this procedure.*

- 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.

*No exception to this procedure.*

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.

*No exception to this procedure.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits

are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

*There were no exceptions to procedures a through e.*

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

---

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

*Management's representation was obtained. The entity has one location that processes payments.*

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.

*Dues to the size of the entity, all purchases are made by the manager. Any purchases over \$1000 will be approved by the board except in an emergency. In this case, the Board President will approve the purchase.*

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

*The manager will prepare process the payments. The board approves payments to vendors.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*The board approves all new vendors to be added to the list.*

- 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.

*The manager and one board member sign checks. The mail is picked up at the District's office location.*

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*The manager has authorization to approve the electronic disbursement of funds.*

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

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

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

*The only electronic disbursements are the monthly debt service payments which are automatically paid each month electronically.*

***Credit Cards/Debit Cards/Fuel Cards/P-Cards The District does not have cards. This procedure is not applicable.***

---

- 12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons



who maintained possession of the cards. Obtain management's representation that the listing is complete.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe 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.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

---

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*The listing of travel expenses and management's representation were obtained.*

- 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](http://www.gsa.gov)).

*Reimbursement rate was under the rates established by the state and US GSA.*

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

*There were no disbursements of this type.*

- 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).

*There were no disbursements of this type.*

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

*The board is presented a listing of all bills to be paid at the monthly board meeting. The board approves the payments from this listing.*

### ***Contracts***

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

*Management's listing and management's representations were obtained.*

- 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.

*No exceptions to this procedure.*

- 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).

*The contract for meter reading services was automatically renewed but was not 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).

*This was not applicable.*

- 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.

*There were no exceptions to this procedure.*

**Management's Response:** We will implement policies and procedures for contracts that automatically renew that before such time, the Board will review and approve the contract at the board meeting.

***Payroll and Personnel The District does not have payroll. This procedure is not applicable. The District has an intergovernmental agreement with Varnado Waterworks District for labor.***

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17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe 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.)
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity'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.
20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

***Ethics***

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21. 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.

*No exceptions to this procedure.*

- 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.

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

### ***Debt Service***

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22. 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.

*A listing of bonds and management representation were obtained. The District did not have issuances of debt in 2022.*

23. 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).

*No exception to this procedure.*

### ***Fraud Notice***

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24. 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 asserted there were not misappropriations. Management's representations were obtained.*

25. 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.

*No exception to this procedure.*

### ***Information Technology Disaster Recovery/Business Continuity***

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26. 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 there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

*I 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.

*I 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.

*I performed the procedure and discussed the results with management.*

27. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*I performed the procedure and discussed the results with management.*

### ***Sexual Harassment***

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28. 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.

*The board members have not received the one hour of sexual harassment training during the fiscal year.*

29. 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).

*No exception to this procedure.*

30. 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:

- 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.

*No exception to this procedure.*

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

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

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



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June 20, 2023