

PINE HILL WATERWORKS DISTRICT NO. 8

Shreveport, Louisiana

FINANCIAL STATEMENTS

July 31, 2022

Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana

PINE HILL WATERWORKS DISTRICT NO .8

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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Pine Hill Waterworks District No. 8
Shreveport, Louisiana

Opinion

I have audited the accompanying financial statements of the governmental activities and major fund of Pine Hill Waterworks District No. 8, (the District), a component unit of the Caddo Parish Commission, as of and for the year ended July 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of July 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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 the Pine Hill Waterworks District No. 8, Louisiana 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 opinion.

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

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

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

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.

Other Supplementary Information

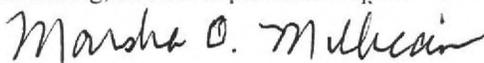
My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Operating Expense, Schedule of Administrative Expense, Schedule of Compensation Paid to Commissioners and the Schedule of Compensation, Reimbursements, and Other Payments to Agency Head on pages 18 through 21 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated January 16, 2023 on my consideration of Pine Hill Waterworks District No. 8, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report, dated January 16, 2023 on the results of my statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Certified Public Accountant
January 16, 2023

PINE HILL WATERWORKS DISTRICT NO. 8

Statement of Net Assets

July 31, 2022

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 352,698
Accounts Receivable	105,727
Prepaid Expenses	17,437
Total Current Assets	<u>475,862</u>
PROPERTY AND EQUIPMENT (NET)	<u>994,521</u>
OTHER ASSETS	
Restricted Cash	174,308
Utility Deposits	50
Total Other Assets	<u>174,358</u>
Total Assets	<u>\$ 1,644,741</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES (Payable from Current Assets)	
Accounts Payable	\$ 67,940
Accrued Compensated Absences Payable	4,064
Accrued Salaries Payable	3,083
Total Current Liabilities (Payable from Current Assets)	<u>75,087</u>
CURRENT LIABILITIES (Payable from Restricted Assets)	
Current Maturities of Long-Term Debt	115,061
Total Current Liabilities(Payable from Restricted Assets)	<u>115,061</u>
Total Current Liabilities	190,148
OTHER LIABILITIES (Payable from Restricted Assets)	
Long-Term Debt, Less Current Maturities	393,996
Customer Deposits	174,308
Total Other Liabilities	<u>568,304</u>
Total Liabilities	<u>758,452</u>
Net Assets:	
Invested in capital assets, net of related debt	485,465
Unrestricted	400,824
Total Net Assets	<u>886,289</u>
Total Liabilities and Net Assets	<u>\$ 1,644,741</u>

See accompanying notes to financial statements.

PINE HILL WATERWORKS DISTRICT NO. 8

Statement of Activities

For the Year Ended July 31, 2022

	<u>Total</u>
SALES	\$ 989,268
OPERATING EXPENSES	<u>681,809</u>
Gross Profit	<u>307,459</u>
GENERAL AND ADMINISTRATIVE EXPENSE	<u>203,357</u>
Change in Net Assets from Operations	<u>104,102</u>
OTHER INCOME (EXPENSE)	
Interest Income	37
Interest Expense	<u>(15,585)</u>
Change in Net Assets	88,554
NET ASSETS, BEGINNING OF YEAR	<u>797,735</u>
NET ASSETS, END OF YEAR	<u><u>\$ 886,289</u></u>

The accompanying notes are an integral part of these statements.

Statement of Cash Flows

For the Year Ended July 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 966,397
Cash payments to suppliers and employees	(715,853)
Net cash provided by operating activities	<u>250,544</u>
CASH FLOWS FROM OTHER SOURCES	
Interest Income	37
Net cash provided from other sources	<u>37</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:	
Interest paid on long term debt	(15,585)
Proceeds from borrowing	-
Principal payments on long term debt	(133,800)
Net cash used by capital and related financing activities	<u>(149,385)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net change in investments	-
Additions to property and equipment	(45,779)
Net cash used by investing activities	<u>(45,779)</u>
Increase (Decrease) in cash	55,417
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (including restricted cash of \$165,913)	<u>471,589</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (including restricted cash of \$174,308)	<u>\$ 527,006</u>
Reconciliation of changes in net assets to net cash provided by operating activities:	\$ 104,102
Changes in net assets before other income (expense)	
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	126,291
Changes in assets and liabilities	
Increase in accounts receivable	(22,871)
Increase in prepaid expenses	(2,211)
Increase in accounts payable	40,884
Decrease in accrued salaries payable	(151)
Decrease in compensated absences payable	(3,895)
Increase in customer deposits	8,395
Net cash provided by operating activities	<u>\$ 250,544</u>

The accompanying notes are an integral part of these statements.

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

Introduction:

Pine Hill Waterworks District No. 8 of Caddo Parish, Louisiana (the District) was created by the Caddo Parish Commission as authorized by Louisiana Revised Statute 33:3811. The purpose of the District is to provide water service to the residents of the District. The District is located north of Shreveport, Louisiana and serves approximately 1,455 customers. The District is domiciled at 4922 North Market Street, Shreveport, Louisiana. The affairs of the District are conducted and managed by a board of five (5) commissioners appointed by the Caddo Parish Commission as authorized by Louisiana Revised Statute 33:3812. The commissioners of the District serve five year terms.

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District applies all Governmental Accounting Standards Board (GASB) pronouncements. The District's proprietary fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

1. Summary of Significant Accounting Policies:

The accounting and reporting framework and the more significant accounting policies of the District are described as follows:

Reporting Entity - As the governing authority of the parish, for reporting purposes, the Caddo Parish Commission is the financial reporting entity for Caddo Parish. The financial reporting entity consists of (a) the primary government (Parish Commission), (b) organizations for which the primary government is financially responsible and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Caddo Parish Commission for financial reporting purposes. The basic criterion for including a potential component unit within a reporting entity is financial accountability.

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

1. Summary of Significant Accounting Policies (Continued):

A. Reporting Entity (Continued)

These criteria include:

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

As provided by Louisiana Revised Statute 33:3811, the Caddo Parish Commission may, by ordinance, create or abolish the District in its entirety or may change or alter its boundaries. The Caddo Parish Commission appoints the commissioners of the District and the commissioners serve at the pleasure of the Caddo Parish Commission. The Pine Hill Waterworks District No. 8 of the Parish of Caddo was therefore determined to be a component unit of the Caddo Parish Commission, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Caddo Parish Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting unit.

- B. Fund Accounting - The District uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. The individual funds account for the resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

1. Summary of Significant Accounting Policies (Continued):

B. Fund Accounting (Continued)

government functions or activities.

The fund of the District is classified as a proprietary fund. Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following is the District's proprietary fund type:

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

- *Water Fund* - Accounts for the provision of water service to the residents of the District. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation -

The District has only business-type activities. These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users for goods and services. Measurement focus is a term used to describe "which" transactions are recorded within the financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The basic financial statements of the District are reported using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows.

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

1. Summary of Significant Accounting Policies (Continued):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The amounts reflected in the financial statements use the accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with District activities are reported. 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. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund equity is classified as net assets.

- D. Cash and Cash Equivalents and Investments - Cash and cash equivalents include cash on hand, amounts in demand deposits, interest bearing demand deposits, time deposits (certificates of deposit), and short term, highly liquid investments with original maturities of three months or less when purchased. Investments are interest-bearing time deposits with original maturity dates in excess of three months when purchased. Investments are stated at cost, which approximates market value.

The District's investments comply with Louisiana Revised Statutes (LSA R.S. 33:2955). Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana which operates a local government investment pool.

- E. Receivables - Customers' water charges are the District's major receivable. All receivables are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled customer water charges are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

1. **Summary of Significant Accounting Policies (Continued):**

F. Capital Assets - Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Capital assets purchased or acquired by the District are reported at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets include property, plant, equipment, and distribution systems. The District maintains the following threshold levels for capitalizing assets:

Land	\$ 1
Land Improvements	\$ 1,000
Buildings	\$ 1,000
Construction in Progress	\$ 1
Machinery and Equipment	\$ 1,000
Vehicles	\$ 1,000
Distribution System	\$ 1,000
Furniture and Fixtures	\$ 1,000
Computer Hardware and Software	\$ 1,000

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives depending upon the expected durability of the particular asset:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land	N/A
Building and Improvements	20-40 years
Equipment	5-10 years
Vehicles	5 years
Distribution System	25 years
Furniture and Fixtures	10 years
Computer Hardware and Software	5 years

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

1. Summary of Significant Accounting Policies (Continued):

- G. Prepaid Expenses - Payments made to vendors for services that will benefit periods beyond July 31, 2022 are recorded as prepaid expenses.
- H. Restricted Assets - Restricted assets include cash and cash equivalents and investments that are legally restricted as to their use. The restricted assets are related to bond covenants which require the District to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt, to purchase additional equipment and improvements, and for customers' refundable water deposits.
- I. Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.
- J. Fund Equity - Equity (the difference between assets and liabilities) is classified as net assets and is reported in three components:
- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
 - b. Restricted net assets - Consists of net assets with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
 - c. Unrestricted net assets - Consists of all other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".
- K. Risk Management - The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for the risk of loss including automobile liability, general liability, property damage, and workers compensation.

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

2. Cash and Cash Equivalents and Investments:

Cash and Cash Equivalents:

As of July 31, 2022, the District had cash and cash equivalents (book balances) totaling \$527,006 as follows:

Cash on hand	\$ 300
Demand Deposits	526,706
	<u>\$ 527,006</u>

Investments:

The District had no investments at July 31, 2022.

These deposits are stated at cost, which approximates market value. 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 District in a holding or custodial bank that is mutually acceptable to both parties.

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 that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

The cash equivalents and investments of the District are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. At year end, the District had collected bank balances totaling \$574,869 while book balances totaled \$527,006. Deposits of \$500,000 were collateralized by FDIC insurance; deposits of \$74,869 were collateralized by securities held in the name of the District.

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

2. Cash and Cash Equivalents and Investments (Continued):

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District's certificates of deposit have maturities of twenty-four months or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: Generally, credit risk is the risk that an issuer will not fulfill its obligation to the holder. The District's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

3. Receivables:

As of July 31, 2022, accounts receivable consist of the following:

Water sales - billed	\$ 130,842
Water sales - unbilled	<u>15,918</u>
Total	146,760
Less allowance for uncollectible	<u>(41,033)</u>
Net accounts receivable	<u><u>\$ 105,727</u></u>

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

4. Capital Assets:

Capital assets and depreciation activity as of and for the year ended July 31, 2022 for the District is as follows:

	Balance August 1, 2021	Additions	Deletions	Balance July 31, 2022
Capital assets not being depreciated:				
Land	\$ 19,535	\$ -	\$ -	\$ 19,535
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>19,535</u>	<u>-</u>	<u>-</u>	<u>19,535</u>
Capital assets being depreciated:				
Buildings and improvements	128,213	-	-	128,213
Equipment	122,708	-	-	122,708
Distribution system	3,363,011	45,779	-	3,408,790
Total capital assets being depreciated	<u>3,613,932</u>	<u>45,779</u>	<u>-</u>	<u>3,659,711</u>
Less accumulated depreciation for:				
Buildings and improvements	76,131	3,969	-	80,100
Equipment	121,280	1,429	-	122,709
Distribution system	2,361,023	120,893	-	2,481,916
Total accumulated depreciation	<u>2,558,434</u>	<u>126,291</u>	<u>-</u>	<u>2,684,725</u>
Total capital assets - net	<u>\$ 1,075,033</u>	<u>\$ (80,512)</u>	<u>\$ -</u>	<u>\$ 994,521</u>

5. Long-Term Obligations:

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

Bonds and notes payable at July 31, 2022, are comprised of the following individual issues:

	Beginning Balance	Additions	Payments	Ending Balance
Series 2007 Water Revenue Bonds	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds Series 2019	523,661	-	(89,979)	433,682
URAF Agreement 13572	35,233	-	(19,832)	15,401
URAF Agreement 14132	83,963	-	(23,989)	59,974
	<u>\$ 642,857</u>	<u>\$ -</u>	<u>\$ (133,800)</u>	<u>\$ 509,057</u>

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

5. Long-Term Obligations (Continued):

Revenue Bonds:

Revenue Refunding Bonds, Series 2019; interest 3,2% dated April 1, 2019, due in monthly installments of \$8,785 beginning May 1, 2019 through December 1, 2026; collateralized by pledge of net revenues	\$ 433,682
Utility Relocation Assistance Funding Agreement 13572 non-interest bearing	15,401
Utility Relocation Assistance Funding, Agreement 14132 non-interest bearing	<u>59,974</u>
	<u>509,057</u>
Less:	
Current portion of long-term debt	(115,061)
Total long-term debt	<u><u>\$ 393,996</u></u>

The total annual requirements to amortize bond debt outstanding as of July 31, 2022, including interest payments of \$31,762 are as follows:

	Principal	Interest	Total
Revenue Refunding Bonds Series 2019			
2023	\$ 93,150	\$ 12,282	\$ 105,432
2024	96,175	9,257	105,432
2025	99,298	6,134	105,432
2026	102,521	2,911	105,432
2027 and after	42,538	1,178	43,716
	<u>\$ 433,682</u>	<u>\$ 31,762</u>	<u>\$ 465,444</u>

The revenue bond indenture requires the District to provide Net Revenues in an amount equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on the bonds.

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

5. Long-Term Obligations (Continued):

<u>URAF Agreement</u>	<u>13572</u>	<u>14132</u>
2023	9,916	11,995
2024	5,485	11,995
2025	-	11,995
2026	-	11,995
2027 and After	-	11,994
	<u>\$ 15,401</u>	<u>\$ 59,974</u>

6. Restricted Assets:

Certain resources set aside for repayment of bonded indebtedness and customers' utility deposits are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond ordinances or deposit agreements.

Revenue refunding bonds are obligations of the District solely secured by a pledge of the net revenues of the water system. The revenue of the water system and the various special depository accounts established by the bond ordinances collateralize the bonds. The bond covenants provide that the revenue of the system is to be used first to pay operating and maintenance of the system and then to meet the funding covenants of the obligations.

The bond covenants of the revenue refunding bonds require the District to establish the following accounts:

Water System Revenue Fund - All water system revenues of every nature derived from the operation of the system are initially deposited into this account to provide for the payment of reasonable and necessary expensing of operating and maintaining the system.

7. Simplified Employee Pension Plan:

The District offers a simplified employee pension plan to provide retirement benefits for its employees. Under this plan, the District provides discretionary annual contributions to the individual employee's retirement account (IRA). Participants must be reasonably expected to receive at least \$5,000 in gross salary for the calendar year. The District's contributions to each employee are based on an equal percentage applied to their gross annual earnings. Amounts contributed to the plan for the year ended July 31, 2022 by the District totaled \$3,578.

PINE HILL WATERWORKS DISTRICT NO. 8

Notes to the Financial Statements

July 31, 2022

8. Contingencies and Concentrations:

Lawsuits

The District is not currently named as defendant in any current or pending litigation.

Concentrations

The District's primary source of water to supply its customers is through a contract with the Town of Blanchard, Louisiana, whereby water is provided by the Town to the District. The loss of this water source or a significant reduction in the availability of water could have a material adverse effect on the District. The District believes that its relationship with the Town of Blanchard is satisfactory.

9. Operating Leases:

The District has entered into a month to month operating lease for a plot of land for the production of water. Rental expense under this lease for the year ended July 31, 2022 totaled \$31,376.

10. Subsequent Events:

Management has evaluated subsequent events through January 16, 2023, the date the financial statements were available to be issued, and determined that no additional disclosures are warranted.

PINE HILL WATERWORKS DISTRICT NO. 8

Schedule of Operating Expense

Year Ended July 31, 2022

Water Costs	\$239,684
Repair & Maintenance	98,925
Salaries and Related Expenses	123,412
Well Site Rental	31,376
Utilities	43,058
Truck & Travel	7,926
Cell Phones	2,722
Operating Supplies	12,163
Depreciation	122,322
Miscellaneous	<u>221</u>
Total	<u>\$681,809</u>

PINE HILL WATERWORKS DISTRICT NO. 8

Schedule of Administrative Expense

Year Ended July 31, 2022

Office Salaries and Related Expenses	\$ 90,078
Insurance	32,730
Utilities and Telephone	14,139
Legal and Accounting	17,718
Postage	3,586
Travel	-
Security	824
Meetings - Per Diem	2,340
Bank Charges	3,895
Contract Labor	612
Computer Expense	17,706
Credit Card Fees	5,401
Dues & Memberships	1,156
Office Supplies and Expenses	4,585
Office Repair & Maintenance	2,107
Depreciation	3,969
Miscellaneous	<u>2,511</u>
Total	<u>\$203,357</u>

PINE HILL WATERWORKS DISTRICT NO. 8

Schedule of Compensation Paid to Commissioners and to
Agency Head

For the Year Ended July 31, 2022

Anthony Starks, President	\$	780
Shirley Hamilton		780
Homer Norris		780
		<hr/>
Total	\$	<u>2,340</u>

PINE HILL WATERWORKS DISTRICT NO. 8

Schedule of Compensation, Reimbursements, Benefits, and Other Payments
to Agency Head

For the Year Ended July 31, 2022

Agency Head: Anthony Starks, President

\$ 780



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

Board of Directors
Pine Hill Waterworks District No. 8
Shreveport, Louisiana

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 Pine Hill Waterworks District No. 8 (the District) as of July 31, 2022, and related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 16, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Pine Hill Waterworks District No. 8's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion 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 the District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses.

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 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.

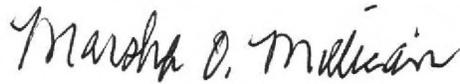
A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings to be a material weakness and is reported as Finding #2022-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pine Hill Waterworks District No. 8's financial statements are free of 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is reported in the accompanying Schedule of Findings as Finding #2022-2.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

January 16, 2023

PINE HILL WATERWORKS DISTRICT NO. 8

Schedule of Findings

Year Ended July 31, 2022

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. One deficiency, which is considered to be a material weakness, is reported in the 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*.
3. One instance of noncompliance material to the financial statements was disclosed during the audit.

FINDING #2022-1:

Criteria: Effective internal control requires segregation of duties.

Condition: The segregation of duties is inadequate to provide effective internal control. Employees perform interrelated duties.

Cause: The condition is due to economic and space limitations.

Effect: Unknown.

Recommendation: Whether or not it would be cost effective to correct a deficiency is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies reported under accounting standards generally accepted in the United States of America. In this case, both management and the auditor do not believe that correcting the material weakness described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary.

Management's Response: We concur with the finding. We will make every effort to segregate duties as allowed by space and economic limitations.

FINDING #2022-2:

Criteria: The covenant of the Revenue Refunding Bonds, Series 2019 requires the District to provide Net Revenues in an amount equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on the Bonds.

Condition: For the year ended July 31, 2022, the District did not provide Net Revenues in an amount equal to one hundred twenty-five percent of Maximum Annual Debt Service on the Bonds.

Cause: Unknown.

Effect: The District was not in compliance with the covenant of the Revenue Refunding Bonds, Series 2019.

PINE HILL WATERWORKS DISTRICT NO. 8

Schedule of Findings (Continued)

Year Ended July 31, 2022

FINDING #2022-2 (Continued)

Recommendation: I recommend the District comply with the covenant of the Revenue Refunding Bonds, Series 2019.

Management's Response and Corrective Action Taken: We agree with the finding. We will strive to comply with the covenant of the Revenue Refunding Bonds, Series 2019.

FINDING #2022-3:

Criteria: State law requires each employee/official to complete one hour of ethics training.

Condition: For the year ended July 31, 2022, the Commissioners did not complete the required ethics training.

Cause: Unknown.

Effect: The District was not in compliance with state law.

Recommendation: I recommend the District comply with state law.

Management's Response and Corrective Action Taken: We agree with the finding. Each employee/commissioner will complete one hour of ethics training in the future.

PINE HILL WATERWORKS DISTRICT NO. 8

Corrective Action Taken on Prior Year Findings

For the Year Ended July 31, 2022

FINDING #2021-1: The segregation of duties is inadequate to provide effective internal control.

STATUS: No action was suggested and none was taken.

FINDING #2021-2: The District was not in compliance with the covenant of the Revenue Refunding Bonds, Series 2019.

STATUS: Unresolved.

FINDING #2021-3: The District did not make the required payments to DOTD on advances used to make improvements to the water system.

STATUS: Resolved.



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

To the Board of Directors
Pine Hill Water Works District No. 8
Shreveport, Louisiana

I 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 August 1, 2021 through July 31, 2022. Management of Pine Hill Water Works District No. 8. (the District) is responsible for those C/C areas identified in the SAUPS.

The Board of Directors of Pine Hill Water Works District No. 8 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 the LLA's SAUPs for the fiscal period August 1, 2021 through July 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 that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) ***Payroll/Personnel***, including (1) payroll processing, (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.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) ***Travel and expense reimbursements***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) ***Ethics***, including (1) the prohibition as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from a network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedure Results: The entity had no written policies and procedures during the fiscal year.

Management's Response: Subsequent to year end, we have adopted policies and procedures that adequately address each of the categories listed above.

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 were noted as a result of this procedure.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to the public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions were noted as a result of 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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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).

The District's only deposit site is at 4922 North Market Street, Shreveport, Louisiana 71107.

- 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:

The District's only collection site is at 4922 North Market Street, Shreveport, Louisiana 71107.

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

No exceptions were noted as a result of 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 exceptions were noted as a result of 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 exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of 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 that the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions were noted as a result of 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.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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.)

All payments are processed at the District's office at 4922 North Market Street, Shreveport, Louisiana 71107.

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.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure.

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

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

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

11. Obtain from management a listing of all 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.

A list of all credit, debit, fuel and other cards was obtained with management's assertion that the list is complete.

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

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

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

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

Contracts

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

- a) Observe that 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 were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

Payroll and Personnel

- 16. Obtain a list 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 salaries and personnel files, and agree paid salaries to authorized salaries/ pay rates in the personnel files.

No exceptions were noted as a result of this procedure.

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

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Procedure Results: All of the entity's employees/officials did not complete ethics training.

Management's Response: Employees/officials will complete ethics training in the future.

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

The entity reported no changes in ethics policy during the fiscal year.

Debt Service

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

No new debt was incurred during the fiscal year.

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

No exceptions were noted as a result of this procedure.

Fraud Notice

23. Obtain a listing of misappropriation 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 to the district attorney of the parish in which the entity is domiciled.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

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

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

I performed the procedures 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 procedures and discussed the results with management.

Sexual Harassment

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

Procedure Results: Employees/officials did not have sexual harassment training

Management's Response: Employees/officials will complete sexual harassment training in the future.

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

Procedure Results: Sexual harassment policy is not posted on the entity's website.

Management's Response: We will post sexual harassment policy on our website.

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

Procedure Results: Annual sexual harassment report was not filed.

Management's Response: We will file annual sexual harassment report in the future.

- a) Number and percentage of public servants in the agency who have completed the training requirements.;

See response above.

- b) Number of sexual harassment complaints received by the agency;

There were no sexual harassment complaints during the fiscal year.

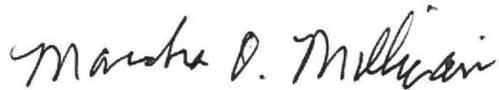
- e) Amount of time it took to resolve each complaint.

See response above.

I was engaged by the District to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my 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.



Certified Public Accountant
January 16, 2023