

**FOURTH WARD WATERWORKS ASSOCIATION, INC.
ALBANY, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2023



**Hebert Johnson
& Associates, Inc.**
Certified Public Accountants

A Professional Accounting Corporation

**Fourth Ward Waterworks Association, Inc.
Albany, Louisiana**

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December 31, 2023

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A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

To the Board of Directors
Fourth Ward Waterworks Association, Inc.
P.O. Box 623
Albany, Louisiana 70711

Opinion

We have audited the accompanying financial statements of Fourth Ward Waterworks Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fourth Ward Waterworks Association, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fourth Ward Waterworks Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility 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 Fourth Ward Waterworks Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with general accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 Fourth Ward Waterworks Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fourth Ward Waterworks Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 17 through 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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*, we have also issued our report dated April 8, 2024, on our consideration of Fourth Ward Waterworks Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fourth Ward Waterworks Association, Inc.'s internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fourth Ward Waterworks Association, Inc.'s internal control over financial reporting and compliance.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
April 8, 2024

Financial Statements

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Statement A

Statement of Financial Position
December 31, 2023

Assets

Current Assets:

Cash & Cash Equivalents	\$ 255,963
Investments	247,289
Accounts Receivable, Net	56,589
Accrued Billings	12,216
Inventory	37,435
Total Current Assets	<u>609,492</u>

Restricted Assets:

Restricted Cash and Cash Equivalents	<u>256,408</u>
Total Restricted Cash and Cash Equivalents	<u>256,408</u>

Property, Plant & Equipment:

Land	23,476
Construction in Progress	602,592
Capital Assets, Net	<u>1,865,082</u>
Total Property, Plant & Equipment	<u>2,491,150</u>

Total Assets \$ 3,357,050

Liabilities and Net Assets

Current Liabilities:

Accrued Payables	\$ 4,949
Payroll Liabilities	14,986
Construction Payable	809
Accrued Interest	822
Note Payable - Current Portion	<u>83,230</u>
Total Current Liabilities	<u>104,796</u>

Noncurrent Liabilities:

Members' Deposits	<u>120,825</u>
Total Noncurrent Liabilities	<u>120,825</u>
Total Liabilities	<u>225,621</u>

Net Assets:

Without Donor Restrictions	<u>3,131,429</u>
Total Net Assets	<u>3,131,429</u>
Total Liabilities and Net Assets	<u>\$ 3,357,050</u>

The accompanying notes are an integral part of this statement.

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Statement B

Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions
Operating Revenues:	
Water Sales	\$ 662,958
DHH Fees	19,282
Miscellaneous Income	50,378
Total Operating Revenues	732,618
 Operating Expenses:	
Auto Expense	6,467
Bad Debt	4,301
Billing Fees	2,104
Depreciation	121,845
Equipment Rental	60
Insurance	29,698
Licenses	180
Miscellaneous	499
Office Supplies	1,334
Outside Services	2,670
Per Diem, Board Members	6,100
Postage	10,754
Professional	13,735
Repairs & Maintenance	13,219
Retirement	3,718
Safe Drinking Water Fees	19,496
Salaries	196,671
Software	3,149
Taxes, Payroll	16,342
Telephone	6,002
Utilities	32,582
Water System Supplies	43,548
Total Operating Expenses	534,474
Operating Income	198,144

(Continued)

The accompanying notes are an integral part of this statement.

**Fourth Ward Waterworks Association, Inc.
Albany, Louisiana**

Statement B

**Statement of Activities
For the Year Ended December 31, 2023**

	<u>Without Donor Restrictions</u>
Non-Operating Revenues (Expenses)	
Interest Income	\$ 9,009
Bond Interest	<u>(10,740)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,731)</u>
 Change in Net Assets	 196,413
 Net Assets, Beginning	 <u>2,935,016</u>
Net Assets, Ending	<u>\$ 3,131,429</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Statement C

Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows From Operating Activities	
Received from Customers	\$ 737,189
Payments for Operations	(202,978)
Payments for Employees	(235,604)
Net Cash Provided by Operating Activities	<u>298,607</u>
 Cash Flows From Investing Activities	
Purchase of Property, Plant, & Equipment	(221,030)
Receipt of Interest	9,009
Increase in Investment	(4,189)
Net Cash Used by Investing Activities	<u>(216,210)</u>
 Cash Flows From Financing Activities	
Repayment of Debt Principal	(113,352)
Interest Payments	(10,234)
Net Cash Used by Financing Activities	<u>(123,586)</u>
Net Decrease in Cash	(41,189)
Cash and Cash Equivalents, Beginning of Year	<u>553,560</u>
Cash and Cash Equivalents, End of Year	<u>\$ 512,371</u>
 Reconciliation of Cash and Cash Equivalents to Statement of Financial Position:	
Cash and Cash Equivalents, Unrestricted	\$ 255,963
Cash and Cash Equivalents, Restricted	256,408
Total Cash and Cash Equivalents	<u>\$ 512,371</u>

(Continued)

The accompanying notes are an integral part of this statement.

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Statement C

Statement of Cash Flows
For the Year Ended December 31, 2023

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ 198,144
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	121,845
(Increase) Decrease in Accounts Receivable	6,791
(Increase) Decrease in Accrued Billings	(2,070)
(Increase) Decrease in Inventory	(6,764)
Increase (Decrease) in Accrued Payables	(316)
Increase (Decrease) in Customer Deposits Payable	(150)
Increase (Decrease) in Payroll Liabilities	(18,873)
Net Cash Provided by Operating Activities	<u>\$ 298,607</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

Business Organization

Fourth Ward Waterworks Association, Inc. (The Association) is a non-profit corporation of the State of Louisiana serving the water service needs of its members. The Association was incorporated in 1969 and is supported primarily by fees paid by members for water services. The service limits for the Association are within Livingston Parish from the village limits of Albany, bounded on the north by St. Helena Parish, on the east by Tangipahoa Parish and on the west by the Tickfaw River. The Association currently serves 1,611 members.

1. Significant Accounting Policies

A. Basis of Presentation

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

B. Basis Accounting

The financial statements of Fourth Ward Waterworks Association, Inc. have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

C. Water Sales

Revenue from contracts with members for monthly water sales is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing water to its customers. Revenue is recognized as performance obligations are satisfied, which is monthly, as billed. Generally, the Association bills members on the 1st day of each month and amounts being due by the 11th of each month.

D. Cash and Cash Equivalents

Cash includes amounts in demand deposits, time deposits and money market accounts. For purposes of the statement of cash flows, the Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

E. Investments

The Association maintains investments in the Louisiana Asset Management Pool (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of Louisiana to operate as a local government investment pool. LAMP invests its assets only in securities and other obligations permissible under Louisiana law for local governments. Investments in LAMP are highly liquid and are considered to be cash equivalents. The Association also maintains an investment in a certificate of deposit with an initial maturity of more than 90 days.

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

F. Inventories

Inventories of water system supplies are stated at the lower of cost or market using the first-in, first-out (FIFO) method.

G. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. At December 31, 2023, the District had no prepaid items.

H. Property, Plant and Equipment

Property, plant, and equipment are stated at cost or fair value at date of donation. The Association has not adopted a formal capitalization policy. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 Years
Machinery and Equipment	5 - 7 Years
Water Systems	40 Years

Renewals or improvements which extend the useful lives of assets are capitalized at cost. Maintenance and repairs are included as expenses in the statement of activities.

I. Compensated Absences

At December 31, 2023, the Association did not have employees that accumulate or vest benefits.

J. Income Taxes

The Association is exempt from Federal Income Taxes under Section 501 (C) (12) of the Internal Revenue Code. The Organization's Forms 990, Return of Organization Exempt from Income Tax.

K. Use of Estimates

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

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

L. Restricted Cash

Members' deposits are classified as restricted assets. Certain resources set aside for the repayment of the note payable are classified as restricted assets because their use is limited by applicable bond covenants.

M. Concentration of Credit Risk

In the normal course of business, the Association extends unsecured credit to customers located in Livingston Parish in the State of Louisiana.

At December 31, 2023, the Association had deposits in excess of the FDIC insurance by \$63,293.

2. Financial Assets and Liquidity Resources

As of December 31, 2023, financial assets and liquidity resources available within one year for general expenditures such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

Financial Assets:

Cash & Cash Equivalents	\$ 385,047
Investments	247,289
Accounts Receivable, Net	56,589
Total Financial Assets Available within One Year	<u>688,925</u>

Total Financial Assets and Liquidity Resources

Available within One Year	<u>\$ 688,925</u>
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3. Cash and Cash Equivalents

At December 31, 2023, the Association had cash and cash equivalents totaling \$512,371 (book balances) as follows:

Demand Deposits	\$ 255,963
Money Market	256,408
Total Cash and Cash Equivalents	<u>\$ 512,371</u>

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

4. Investments

Investments held at December 31, 2023 consist of \$81,929 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. LAMP is administered by the Louisiana Asset Management Pool, Inc., a non-profit corporation organized under the laws of the State of Louisiana. The primary objective of LAMP is to provide a safe environment for the placement of 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 LA-R.S. 33:2955.

At December 31, 2023 the Association's certificate of deposit was reported separate from cash because the original maturity was more than 90 days. The fair value of the certificate of deposit at December 31, 2023 was \$165,360. Certificates of deposit are considered a level 2 type of fair value measurement. Level 2 measurements are investments where values are based on quoted market prices that are not active or model derived valuations in which all significant inputs are observable in active markets.

5. Inventories

At December 31, 2023, the Association had inventories consisting of the following:

Water System Supplies	\$	35,410
Water Chemicals		2,025
Total	\$	<u>37,435</u>

6. Receivables

The following is a summary of receivables at December 31, 2023:

	<u>Beginning</u>	<u>Ending</u>
Accounts	\$ 67,263	\$ 60,472
Accrued Billings	10,146	12,216
Allowance for Bad Debt	<u>(3,883)</u>	<u>(3,883)</u>
Net Accounts Receivable	\$ <u>73,526</u>	\$ <u>68,805</u>

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. Uncollectible accounts are written off against accounts receivable, when determined by the manager to be uncollectible.

Estimated unbilled receivables 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. Estimated unbilled receivables at December 31, 2023 totaled \$12,216.

The Association does not require collateral from its customers. The Association requires a security

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

deposit of \$75.

7. Restricted Assets

At December 31, 2023, the Association had restricted assets as follows:

Debt Service Reserve Account	\$	129,084
Members' Deposit Account		127,324
Total Restricted Assets	\$	<u>256,408</u>

The Association is required to maintain a separate account for a reserve fund according to bond covenants. The Association shall fund the Debt Reserve Requirement of \$124,148 in quarterly installments of \$10,345.66. The Reserve fund has been fully funded as of December 31, 2023.

8. Property, Plant and Equipment

A summary of changes in capital assets during the fiscal year ending December 31, 2023, is as follows:

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Capital Assets				
Land	\$ 23,476	\$ -	\$ -	\$ 23,476
Construction In Progress	395,791	206,801	-	602,592
Building	26,328	-	-	26,328
Equipment & Furniture	106,262	4,305	-	110,567
Water Distribution System	4,219,633	9,580	-	4,229,213
Total Capital Assets	<u>4,771,490</u>	<u>220,686</u>	<u>-</u>	<u>4,992,176</u>
Less Accumulated Depreciation	(2,379,181)	(121,845)	-	(2,501,026)
Total Capital Assets, Net	<u>\$ 2,392,309</u>	<u>\$ 98,841</u>	<u>\$ -</u>	<u>\$ 2,491,150</u>

Depreciation expense for the fiscal year ending December 31, 2023, totaled \$121,845.

In 2021, the Association entered into a cooperative endeavor agreement with the Livingston Parish Government for the construction of a new water well. The Livingston Parish Government is in charge of the procurement process and will be paying approximately \$1,560,000 of the cost. The Association will be paying \$350,000 towards the cost of the new well plus engineering costs of approximately \$115,000. At December 31, 2023 total construction in progress incurred by the Association totals \$602,593. The project is expected to be complete before the end of the next fiscal year.

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2023

9. Members' Deposits

Members' deposits are paid by customers upon application for utility services and are returnable to them upon termination of services. The Association has established a separate bank account for member deposits. At December 31, 2023, the balance in this account is \$120,825.

10. Pension Plan

The Fourth Ward Waterworks Association, Inc. participates in a Simple IRA Retirement Plan. The Association contributes two (2) percent of all employees' annual income. At December 31, 2023, the association recorded retirement expense of \$3,718.

11. Notes Payable

The Association entered into a loan agreement with the Louisiana Local Government Environment Facilities and Community Development Authority. On February 25, 2011, the Association borrowed \$1,224,000 in "Revenue Bonds Series 2011." The interest rate is at 5.699% and final maturity is on November 1, 2024. The Association has \$3,600 remaining in the unamortized portion of the bond issuance cost. This amount is netted with the long-term portion of the Note Payable on the Statement of Financial Position.

	Balance December 31, 2022	Payments	Balance December 31, 2023	Due Within One Year
Series 2011	\$ 200,182	\$ 113,352	\$ 86,830	\$ 86,830

The debt service requirements to maturity for the Revenue Bonds Series 2011 are as follows:

Year Ending December 31	Principle	Interest	Total
2024	86,830	3,657	90,487
	\$ 86,830	\$ 3,657	\$ 90,487

The Association must maintain user fees sufficient to provide an amount equal to at least one hundred twenty-five percent of the principal and interest maturing on the note for each Fiscal Year after paying the necessary expenses of operating and maintaining the water system. The Association is in compliance with this covenant.

12. Subsequent Event

Management has evaluated subsequent events through April 8, 2024, the date which the financial statements were available to be issued and determined that no events require disclosure.

Supplementary Information

**Fourth Ward Waterworks Association, Inc.
Albany, Louisiana**

**Schedule of Entity Officials
December 31, 2023**

<u>Board of Directors</u>	<u>Per Diem Payments</u>	<u>Salary Payments</u>	<u>Total Payments</u>	<u>Term Expires</u>
Jody Purvis, President 27831 Horseshoe Rd N. Independence, LA 70443 Phone: 985-507-3300	\$ 1,200	\$ 58,166	\$ 59,366	12/31/24
Eddie Wagner, Vice-President 32290 Pea Ridge Rd Albany, LA 70711 Phone: 985-981-8212	\$ 300	\$ -	\$ 300	12/31/23
Stephanie Bankston, Secretary 35040 Arthur Bankston Lane Albany, LA 70711 Phone: 985-551-1950	\$ 1,200	\$ -	\$ 1,200	12/31/25
John Smith, Board Member 29750 Wagner Rd Albany, LA 70711 Phone: 985-320-3518	\$ 1,000	\$ -	\$ 1,000	12/31/25
Kenneth Purvis, Board Member 27944 Purvis Rd Independence, LA 70443 Phone: 985-974-0145	\$ 1,200	\$ 51,280	\$ 52,480	12/31/23

See Independent Auditor's Report.

**Fourth Ward Waterworks Association, Inc.
Albany, Louisiana**

**Schedule of Water Rates and Water Customers
December 31, 2023**

	<u>Usage</u>	<u>Rate</u>
Residential Water Rates:	0 - 2,000 gallons	\$18.00 flat rate
	Over 2,000 gallons	\$3.50 per 1,000 gallons \$1.00 DHH Fee
Residential Customers:	1590 customers	
Non-residential Customers:	21 customers	

See Independent Auditor's Report.

**Fourth Ward Waterworks Association, Inc.
Albany, Louisiana**

**Schedule of Insurance
December 31, 2023**

<u>Insurance Company</u>	<u>Coverage</u>	<u>Limit of Insurance</u>
Glatfelter Insurance Group		
Policy No. GPNUPF000078203	Property	
Policy Period: 01/01/24-01/01/25	Real Property and Personal Property	\$1,676,285 Blanket Limit
	Commercial Crime Coverage	
	Employee Theft	\$100,000 Per Loss
	Forgery or Alteration	\$100,000 Per Occurrence
	Inside the Premises - Theft of Money & Securities	\$100,000 Per Occurrence
	Inside the Premises - Robbery/ Safe Burglary	\$100,000 Per Occurrence
	Outside the Premises	\$100,000 Per Occurrence
	Computers and Funds Transfer Fraud	\$100,000 Per Occurrence
	Money Orders	\$100,000 Per Occurrence
	Fraudulent Impersonation	\$100,000 Per Occurrence
	Inland Marine Coverage	
	Blanket Tools and Equipment	\$25,000 Limit \$10,000 Per Item
	2011 Kubota KX91-352 Excavator	\$35,000 Limit
	General Liability	
	General Liability	\$1,000,000
	Damage to Premises Rented to You	\$1,000,000
	Medical Expense	\$10,000
	Personal and Advertising Injury	\$1,000,000
	General Aggregate	\$3,000,000
	Products - Completed Operations Aggregate	\$3,000,000

(Continued)
See Independent Auditor's Report.

**Fourth Ward Waterworks Association, Inc.
Albany, Louisiana**

**Schedule of Insurance
December 31, 2023**

<u>Insurance Company</u>	<u>Coverage</u>	<u>Limit of Insurance</u>
	Workers Compensation	Statutory Limits
Louisiana Workers Compensation Corp. Policy # 7678 - B Policy Period: 01/04/24-01/04/25	Bodily Injury by Accident Bodily Injury by Disease Bodily Injury by Disease	\$1,000,000 Each Accident \$1,000,000 Each Employee \$1,000,000 Policy Limit
Travelers Policy # 105527815 Policy Period: 01/01/22-01/01/25	Non-Profit Organization Directors' and Officer's Liability Employment Practices Liability	\$1,000,000 For All Claims \$1,000,000 For All Claims

(Concluded)
See Independent Auditor's Report.

**Fourth Ward Waterworks Association, Inc.
Albany, Louisiana**

**Schedule of Compensation, Benefits and Other
Payments to Agency Head
December 31, 2023**

Agency Head: Dustin Cunningham

Purpose	Amount
Salary	\$ 66,560
Per Diem - Board Meetings	1,200
Retirement Benefits	1,331
Travel	100
Total Payments	\$ 69,191

See Independent Auditor's Report.

CHARLES P. HEBERT, CPA

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MEMBER

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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
Fourth Ward Waterworks Association, Inc.
P.O. Box 623
Albany, Louisiana 70711

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Fourth Ward Waterworks Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 8, 2024.

Internal Control Over Financial Reporting

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

Fourth Ward Waterworks Association, Inc.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Year Audit Findings and Responses as item 2023-1 that we consider to be a material weakness.

Compliance and Other Matters

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

Fourth Ward Waterworks Association's Response to Findings

Fourth Ward Waterworks Association's response to the findings identified in our audit is described in the accompanying Schedule of Current Year Audit Findings and Responses. Fourth Ward Waterworks Association's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Board of Directors, and the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
April 8, 2024

**Fourth Ward Waterworks Association, Inc.
Albany, Louisiana**

**Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2023**

Section I Internal Control and Compliance Material to the Financial Statements

2022-1 Segregation of Duties

Condition:

The Association currently does not have adequate segregation of duties. Currently, the manager has the capability to create utility billings, make adjustments in the utility software, and collect payments.

Recommendation:

As a compensating control, the accounts receivable balance in the utility billing system must be reconciled to the general ledger monthly.

Resolved:

See Finding 2023-1

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Schedule of Current Year Audit Findings and Responses
December 31, 2023

We have audited the basic financial statements of Fourth Ward Waterworks Association, Inc. as of and for the year ended December 31, 2023, and have issued our report thereon dated April 8, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2023, resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

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

Internal Control

Material Weaknesses, Yes Significant Deficiencies, No

Compliance

Compliance Material to Financial Statements, No

b. Federal Awards

Not applicable

Was a management letter issued? No

Internal Control

2023-1 Segregation of Duties

Condition:

The Association currently does not have adequate segregation of duties. Currently, the manager has the capability to create utility billings, make adjustments in the utility software, and collect payments.

We also noted some credit card payments were made over the phone. The supporting documentation such as the credit card statement and receipts were not turned in to the board for approval.

Criteria:

Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions, and maintaining custody of related assets.

Cause:

The Association's staff is not sufficient size to allow for proper and appropriate segregation of duties to maintain an effective system of internal controls.

Fourth Ward Waterworks Association, Inc.
Albany, Louisiana

Schedule of Current Year Audit Findings and Responses
December 31, 2023

Effect:

Without segregation of incompatible duties, the Association is exposed to many risks including, but not limited to, the risk of improper or unauthorized transactions, misappropriation of assets, and incomplete, inaccurate, or fraudulent financial reporting. The lack of segregation of incompatible duties represents a material weakness in the design of the internal controls over financial reporting.

Recommendation:

We recommend the Association continue to perform the following:

- Review of the unopened monthly bank statements and related bank reconciliations (including all cancelled checks) by a board member and require that person to document their review and approval of the items clearing the bank statement by initialing and dating the face of the statement.
- Review the Association's monthly financial statements.
- The Board should continue to approve credit and debit memos.
- The Board should continue to approve the write off of bad debts.
- External CPA should continue to reconcile utility billing receivable to general ledger.
- Board member should continue to initial invoices
- Board members should review all supporting documentation such as invoices and credit card receipts made through bank draft or ACH.

Management's Response:

Management acknowledges the condition as described above. Responsible Party is Jody Purvis, Board President.