

Rapides Parish Sewerage District No. 1

Alexandria, Louisiana

Financial Statements

December 31, 2022

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Independent Auditors' Report

Rapides Parish Sewerage District No. 1
Alexandria, Louisiana

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Rapides Parish Sewerage District No. 1, a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the sewer district's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Rapides Parish Sewerage District No. 1, as of December 31, 2022, and the respective changes in financial position, and, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Rapides Parish Sewerage District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Rapides Parish Sewerage District

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No. 1'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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rapides Parish Sewerage District No. 1'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 the Rapides Parish Sewerage District No. 1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 7 be presented to supplement



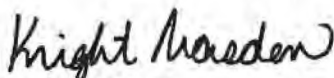
the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rapides Parish Sewerage District No. 1's basic financial statements. The accompanying Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of the management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer 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*, we have also issued our report dated June 28, 2023, on our consideration of the Rapides Parish Sewerage District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rapides Parish Sewerage District No. 1's internal control over financial reporting and compliance.



KnightMasden
Alexandria, Louisiana
June 28, 2023

Rapides Parish Sewerage District No. 1
Management Discussion & Analysis
For the Year Ended December 31, 2022

As management of the District, we offer readers of the Rapides Parish Sewerage District No. 1's financial statements, this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the District's audited financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,811,127 (*net position*).

The District had total revenue of \$806,631 in its enterprise fund, including interest income of \$213.

Expenses totaled \$893,245, including depreciation expense in the amount of \$158,545, which is a non-cash transaction.

The change in net position of the enterprise fund was \$(86,614).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The District is a special-purpose entity engaged in business-type and governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, December 31, 2004, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

Rapides Parish Sewerage District No. 1
Management Discussion & Analysis
For the Year Ended December 31, 2022

Table 1 - Balance Sheet (*Enterprise Fund*)

The following table represents a Comparative Balance Sheet as of December 31, 2022:

Assets	2021	2022	% Change
Current Assets	\$ 654,348	\$ 682,660	6.5
Restricted Assets	101,028	119,824	2.2
Capital Assets, Net	4,315,170	4,161,377	-3.7
Total Assets	5,070,546	4,963,861	-2.2
Liabilities & Net Position			
Current Liabilities	12,834	16,449	28.2
Current Liabilities Payable From Restricted Assets	57,692	58,329	2.2
Long-Term Liabilities	1,102,279	1,077,956	-2.1
Total Liabilities	1,172,805	1,152,734	-1.6
Net Position			
Net Investment in Capital Assets	3,190,090	3,060,024	-4.3
Restricted for Debt Service	76,636	94,795	12.2
Unrestricted	631,015	656,308	5.4
Total Net Position	3,897,741	3,811,127	-2.4
Total Liabilities & Net Position	\$ 5,070,546	\$ 4,963,861	-2.2

Table 2 - Changes in Net Position (*Enterprise Fund*)

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022:

	2021	2022	% Change
Revenues			
Operating Revenues	\$ 795,161	\$ 806,418	1.4
Non-Operating Revenues	6	213	3,450.0
Total Revenues	795,167	806,631	1.4
Expenses			
Operating Expenses	770,779	848,675	10.7
Non-Operating Expenses	45,455	44,570	1.6
Total Expenses	816,234	893,245	10.2
Increase (Decrease) in Net Position	(21,067)	(86,614)	-341.2
Beginning Net Position	3,918,808	3,897,741	-0.5
Ending Net Position	\$ 3,897,741	\$ 3,811,127	-2.4

Rapides Parish Sewerage District No. 1
Management Discussion & Analysis
For the Year Ended December 31, 2022

Capital Assets & Long-Term Debt

Capital Assets

At December 31, 2022, the District had \$4,315,170 invested in a broad range of capital assets, including the sewer system, leasehold improvements, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$(158,545), or -3.7 % from last year.

Capital Assets at Year-End

	2021	2022
Sewer System, Machinery & Equipment	\$ 9,096,693	\$ 9,096,693
Accumulated Depreciation	(4,781,523)	(4,935,316)
Total Capital Assets, Net	\$ 4,315,170	\$ 4,161,377

*Land in the amount of \$28,750 is not being depreciated.

Long-term Debt

The following is a summary of payable transactions of the Rapides Sewerage District No. 1 for the year ended December 31, 2022.

	#1 USDA Loan March 2009	#2 USDA Loan December 2009	Total
Beginning - Bonds & Notes Payable	\$ 835,396	\$ 289,684	\$ 1,125,080
Additions	-0-	-0-	-0-
Reductions	(17,175)	(6,552)	(23,727)
Ending - Bonds & Notes Payable	\$ 818,221	\$ 283,132	\$ 1,101,353

Using this Annual Report

The District's annual report consists of financial statements that show information about the District's fund.

Our auditors have provided assurance in their independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditors regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Rapides Parish Sewerage District No. 1
Management Discussion & Analysis
For the Year Ended December 31, 2022

Contacting the Sewer District's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Rapides Parish Sewerage District No. 1's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Rapides Parish Sewerage District No. 1, 2826 Lee Street, Alexandria, Louisiana 71301, telephone number (318) 448-1332.

Rapides Parish Sewerage District No. 1
Statement of Net Position - Proprietary Fund
December 31, 2022

	Business-Type Activity
	Enterprise Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 635,971
Accounts receivable (Net of allowance for bad debt)	46,689
Total Current Assets	682,660
Non-Current Assets	
Restricted cash	119,824
Capital Assets (Net of accumulated depreciation)	4,161,377
Total Non-Current Assets	4,281,201
Total Assets	\$ 4,963,861
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 15,898
Payroll liabilities	551
Total Current Liabilities	16,449
Liabilities Payable from Restricted Assets	
Customer deposits	16,132
Unearned revenue	17,168
Accrued interest	1,632
Notes & bonds due within one year	23,397
Total Liabilities Payable from Restricted Assets	58,329
Non-Current Liabilities	
Notes & bonds due in more than one year	1,077,956
Total Non-Current Liabilities	1,077,956
Total Liabilities	1,152,734
Net Position	
Net Investments in Capital Assets	3,060,024
Restricted	94,795
Unrestricted	656,308
Total Net Position	3,811,127
Total Liabilities and Net Assets	\$ 4,963,861

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

Rapides Parish Sewerage District No. 1
Statement of Revenues, Expenses Changes in Net Position - Proprietary Fund
Year Ended December 31, 2022

	Business-Type <u>Activity</u> Enterprise <u>Fund</u>
Revenues	
Service charge	\$ 806,418
Total Revenues	<u>806,418</u>
Operating Expenses	
Payroll expenses	14,371
Bank fees	1,948
Contract labor	117,600
Bad debt	23,348
Dues, subscription & permits	6,830
Insurance	2,774
Laboratory fees	27,495
Professional fees	87,294
Office expenses	14,065
Refunds	1,309
Repairs and maintenance	155,471
Telephone	2,113
Utilities	239,107
Other expense	1,157
Depreciation	<u>153,793</u>
Total Operating Expenses	<u>848,675</u>
Operating Income (Loss)	(42,257)
Non-Operating Revenues (Expenses)	
Interest revenue	213
Interest expense	<u>(44,570)</u>
Total Non-Operating Revenues (Expenses)	(44,357)
Change in Net Position	(86,614)
Net Position - Beginning	<u>3,897,741</u>
Net Position - Ending	<u><u>\$ 3,811,127</u></u>

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

Rapides Parish Sewerage District No. 1
Statement of Cash Flows
Year Ended December 31, 2022

	Enterprise <u>Fund</u>
Cash Flows from Operating Activities	
Receipts from customers & users	\$ 775,093
Payments to suppliers	(653,479)
Payment to other operating	<u>(14,440)</u>
Net Cash Provided/(Used) by Operating activities	107,174
Cash flows from Capital & Related Financing Activities	
Interest expense	(44,570)
Principal payment on long-term debt	<u>(23,727)</u>
Net Cash Provided/(Used) by Capital & Related Financing Activities	(68,297)
Cash flows from Investing Activities	
Interest revenue	<u>213</u>
Net Cash Provided/(Used) by Investing Activities	<u>213</u>
Net Increase (Decrease) in Cash and Cash equivalents	39,091
Cash and Cash Equivalents - Beginning	<u>716,663</u>
Cash and Cash Equivalents - Ending	<u>\$ 755,754</u>
Consisting of:	
Cash and cash equivalents	\$ 635,971
Restricted cash	<u>119,824</u>
Total	<u>\$ 755,795</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (42,257)
Depreciation expense	153,793
Bad debt expense	23,348
(Increase) decrease in accounts receivable	(31,325)
Increase (decrease) in accounts payable	3,684
Increase (decrease) in accounts payable	<u>(69)</u>
Total Adjustments	<u>149,431</u>
Net Cash Provided (Used) by Operating Activities	\$ 107,174

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

Rapides Parish Sewerage District No. 1
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of Sewerage District No. 1 of Rapides Parish, Louisiana, has been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are described below.

Nature of Activities

Rapides Parish Sewerage District No. 1 was created by the Rapides Parish Police Jury, as authorized by Louisiana Revised Statute 33:381 to manage and operate sewerage systems within the District not served by municipal systems. The Sewerage District is administered by a board of three commissioners who are appointed by the Rapides Parish Police Jury.

At December 31, 2022, the District had approximately 1,604 customers.

Fund Financial Statements

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self balancing set of accounts.

The District has only one fund, an enterprise fund.

An enterprise fund is 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 the costs (expenses, including depreciation) of providing goods or 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 periodic determination or revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

For financial reporting purposes the District is a component unit of the Rapides Parish Police Jury, the governing body of the parish. The accompanying financial statements present financial information only on the funds and account groups maintained by Rapides Parish Sewerage District No. 1 and do not present information on the Police Jury and the general government services provided by that governmental unit or any of its other component units.

Rapides Parish Sewerage District No. 1
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The enterprise fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

The entity reports the following major proprietary funds:

- Sewer Fund – The Enterprise Fund is the municipality’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. Principal operating revenues are utility billings. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded in accounts receivable.

Equity Classifications

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Rapides Parish Sewerage District No. 1
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

Deposits & Investments

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District’s investment policy allow the district to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the District are reported at fair value.

Inventories

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

Accounts Receivable & Allowance for Bad Debts

Receivables consist of all revenues earned at year-end and not yet received. Business-type activities report customer’s utility service receivables as the major receivable. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available.

The allowance method is used to recognize bad debts of accounts receivable. The allowance is determine based upon past history and the aging of accounts receivable as of year-end. The allowance for bad debts at December 31, 2022 is \$85,272.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The district maintains a threshold level of \$1,500 or more for capitalizing capital assets.

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

Rapides Parish Sewerage District No. 1
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$0. Of this amount, \$0 was included as part of the cost of capital assets under construction in connection with construction projects.

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

<u>Description</u>	<u>Estimated Lives</u>
Sewer System	20-45 years
Equipment/Improvements	3-20 years

Compensated Absences

The only employees of the District are its Board of Commissioners and they do not receive any vacation, sick pay or any other benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

Long-Term Obligations

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The long-term debt consists of bonds payable to USDA.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates.

Litigation

The District had no outstanding judgments or pending litigations as of December 31, 2022.

Retirement Plans

The District does not have retirement commitments or a pension plan for its employees.

Rapides Parish Sewerage District No. 1
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Risk Management

The District is exposed to risks of loss in the areas of theft, torts, property hazards, general liability, errors and omissions, and natural causes. These risks are covered by commercial insurance coverage. All previous losses have not exceeded the insurance coverage.

Note 2 – Cash and Investments

At December 31, 2022, the District has cash and investments (bank balances) totaling \$755,795. The entire amount is in demand deposits. These deposits are stated at cost, which approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit 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 Entity's name.

Deposits

It is the District's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance.

The District's deposits are categorized to give an indication of the level of risk assumed by the district at year end. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the District or by its agent in the District's name.

Rapides Parish Sewerage District No. 1
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Cash and Investments (continued)

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the District’s name.

Category 3 – Uncollateralized.

The cash and investments at December 31, 2022 are categorized as follows:

<u>Description</u>	<u>Amount</u>
FDIC (Category 1)	\$250,000
Securities (Category 2)	<u>505,795</u>
Total	<u>\$755,795</u>

For purposes of the Statement of Net Position, cash, and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of Rapides Parish Sewerage District No. 1. For the purpose of the proprietary fund Statements of Cash Flows, “Cash and Cash Equivalents” include all demand savings accounts and certificates of deposit under 90 days.

Note 3 – Restricted Assets – Proprietary Funds

At December 31, 2022, restricted assets for the proprietary fund were applicable to the following:

<u>Description</u>	<u>Amount</u>
Reserve Account	\$68,283
Depreciation and Contingency	35,409
Customer Deposits	<u>16,132</u>
Total	<u>\$119,824</u>

Note 4 – Accounts Receivable

At December 31, 2022, the receivables of \$46,689 are as follows:

<u>Description</u>	<u>Amount</u>
Accounts Receivable	\$131,961
Allowance for Bad Debt	<u>(85,272)</u>
Total	<u>\$46,689</u>

Rapides Parish Sewerage District No. 1
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Fixed Assets – Proprietary Funds

At December 31, 2022, the fixed assets of the proprietary funds consisted of:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewerage System	\$9,068,123	\$ -	\$ -	\$9,068,123
Land*	28,570	-	-	28,570
Accumulated Depreciation	<u>(4,781,523)</u>	<u>(158,545)</u>	-	<u>(4,940,068)</u>
Total	<u>\$4,315,170</u>	<u>(\$158,545)</u>	<u>\$ -</u>	<u>\$4,161,377</u>

*Land in the amount of \$28,570 is not being depreciated.

Note 6 – Long-Term Debt

At December 31, 2022, long-term debt consisted of:

#1 USDA Loan March 2009 - \$992,000 loan dated March 17, 2009; due in monthly installments of \$4,726 through December 2048; stated interest rate of 4.12%	\$818,221
#2 USDA Loan December 2009 - \$353,000 loan dated December 19, 2009; due in monthly installments of \$1,412 through September 2048; stated interest rate of 3.521%	<u>283,132</u>
Total	<u>\$1,101,353</u>

The summary of the debt transactions for the year ended December 31, 2022 were as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Ending Balance</u>
#1 USDA Loan March 2009	\$835,396	\$ -	(\$15,880)	\$818,221
#2 USDA Loan December 2009	<u>289,684</u>	-	<u>(6,215)</u>	<u>283,132</u>
Total	<u>\$1,125,080</u>	<u>\$ -</u>	<u>(\$22,095)</u>	\$1,101,353

The loans were acquired for the purpose of paying for a portion of construction and acquiring improvements and extension to the sewerage system, including appurtenant equipment, accessories and discharging Bond Anticipation Notes. The loan is secured by a pledge of income and revenues of the System, after provision had been made for payment of all reasonable and necessary expenses of operating and maintaining the System.

Rapides Parish Sewerage District No. 1
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Long-Term Debt (continued)

The annual requirement to amortize all debt outstanding as of December 31, 2022, including interest payments are as follows:

#1 USDA Loan Dated March 2009

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 17,150	\$ 39,562	\$ 56,712
2024	18,001	38,711	56,712
2025	18,894	37,818	56,712
2026	19,831	36,881	56,712
2027	20,815	35,897	56,712
2028-2032	120,628	162,932	283,560
2033-2037	153,668	129,892	283,560
2038-2042	195,760	87,800	283,560
2043-2047	249,381	34,179	283,560
2048-2050	<u>4,093</u>	<u>55</u>	<u>5,442</u>
 Total	 \$818,221	 <u>\$603,727</u>	 <u>\$1,421,948</u>

#2 USDA Loan Dated December 2009

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 6,247	\$ 10,697	\$ 16,944
2024	7,653	9,291	16,944
2025	7,336	9,608	16,944
2026	7,605	9,339	16,944
2027	7,884	9,060	16,944
2028-2032	43,987	40,733	84,720
2033-2037	52,685	32,035	84,720
2038-2042	63,103	21,617	84,720
2043-2047	75,579	9,141	84,720
2048-2050	<u>11,053</u>	<u>270</u>	<u>11,323</u>
 Total	 \$283,132	 <u>\$151,791</u>	 <u>\$434,558</u>

Rapides Parish Sewerage District No. 1
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Flow of Funds; Restriction on Use – Enterprise Fund Revenue

There are a number of limitations and restrictions contained in the loan agreements. The following is a summary of the major restrictions in the use of funds as required by the loan agreements.

Flow of Funds: Restrictions on Use of #1 USDA Loan Funds Dated March 2009

The revenues derived from the sewerage user fees shall be allocated as follows:

- a) Each month beginning on November 1, 2009, and each successive month an amount equal to \$4,276 shall be paid to USDA in payment of principal and interest. The installments of principal and interest may be repaid at any time.
- b) Each month \$428 is required to be paid into a separate fund entitled “Debt Service Reserve Fund” until \$51,312 has been accumulated therein.
- c) Each month \$111 is required to be paid into a separate fund entitled “Depreciation and Contingency Fund”. Money in this fund may be used to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the sewer system. The monies may also be used to pay the principal and interest on the bonds if there are not sufficient funds in the reserve account.

Flow of Funds: Restrictions on Use of #2 USDA Loan Funds Dated December 2009

The revenues derived from the sewerage user fees shall be allocated as follows:

- a) Each month beginning on November 1, 2009, and each successive month an amount equal to \$1,412 shall be paid to USDA in payment of principal and interest. The installments of principal and interest may be repaid at any time.
- b) Each month \$141 is required to be paid into a separate fund entitled “Debt Service Reserve Fund” until \$16,944 has been accumulated therein.
- c) Each month \$111 is required to be paid into a separate fund entitled “Depreciation and Contingency Fund”. Money in this fund may be used to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the sewer system. The monies may also be used to pay the principal and interest on the bonds if there are not sufficient funds in the reserve account.

Note 7 – Restricted Net Position – Proprietary Fund

At December 31, 2022, the restricted net position for proprietary funds consist of the following:

<u>Description</u>	<u>Amount</u>
Total Restricted Cash	\$119,824
Accrued Interest	(1,591)
Current Notes Payable	<u>(23,397)</u>
 Total	 <u>\$ 94,795</u>

Rapides Parish Sewerage District No. 1
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Salaries of Board Members

The following is a list of board members for the December 31, 2022:

<u>Board Member</u>	<u>Phone Number</u>	<u>Term</u>	<u>Compensation</u>
Robert Wooley 1219 Hoyt Road Boyce, LA 71409 President	318-715-4852	4 Years Expires May 10, 2023	\$5,400
Ronald Welch 350 Gladys Dr Alexandria, LA 71303 Board Member	318-308-8518	4 Years Expires December 14, 2023	\$5,250
Rodney McNeal 6224 Dixie Ln Alexandria, LA 71301 Board Member		4 Years Expires October 12, 2026	\$2,700

Board members receive \$150 per board meeting.

Note 9 – Subsequent Events

Management has evaluated events and transactions subsequent to the Statement of Net Position date through, June 28, 2023, of the independent auditors' report for potential recognition or disclosure in the financial statements.

Supplementary Schedule

Rapides Parish Sewerage District No. 1
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2022

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 5,400
Reimbursement	<u>876</u>
	<u>\$ 6,276</u>

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

Reports on Internal Control, Compliance and Other Matters



KnightMasden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA

Dona C. Manuel, CPA

Stephanie R. Lemoine, CPA

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors

Rapides Parish Sewerage District No. 1

Alexandria, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Rapides Parish Sewerage District No. 1, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Rapides Parish Sewerage District No. 1's basic financial statements, and have issued our report thereon dated June 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rapides Parish Sewerage District No. 1's internal control over financial reporting (internal control) as a basis for designing 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 Rapides Parish Sewerage District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Rapides Parish Sewerage District No. 1's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

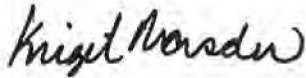
As part of obtaining reasonable assurance about whether Rapides Parish Sewerage District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain

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provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

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. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.



KnightMasden
Alexandria, Louisiana
June 28, 2023

Rapides Parish Sewerage District No. 1
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2022

A. Summary of Auditors' Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditors' report | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified no considered material weakness? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards – Not Applicable

- | | |
|--|------------------------|
| 1. Type of auditors' report issued on compliance for major programs | N/A |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | N/A |
| b. Significant deficiencies identified no considered material weakness? | N/A |
| 3. Any audit findings disclosed that are required to be reported in the accordance with 2CFR section 200.516(a)? | N/A |
| 4. Identification of major programs | |
| Federal Assistance | |
| <u>Listing Number</u> | <u>Federal Program</u> |
| N/A | |
| 5. Dollar threshold used to distinguish between type A and type B programs | N/A |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | N/A |

Rapides Parish Sewerage District No. 1
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

B. Findings – Financial Statement Audit

No findings

C. Findings – Federal Awards Program Audit

Not applicable

Rapides Parish Sewerage District No. 1
Management's Corrective Action Plan
For the Year Ended December 31, 2022

Not applicable, no findings

Rapides Parish Sewerage District No. 1
Summary of Prior Audit Findings
For the Year Ended December 31, 2022

Not applicable, No Prior Year findings.



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Rapides Parish Sewerage District No. 1 and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by The Rapides Parish Sewerage District No. 1 (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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
 - i. preparing,
Policy is present in the written policies and procedures manual.
 - ii. adopting,
Policy is present in the written policies and procedures manual.
 - iii. monitoring, and

Policy is present in the written policies and procedures manual.

- iv. amending the budget.

Policy is present in the written policies and procedures manual.

b. Purchasing, including

- i. how purchases are initiated;

Policy is present in the written policies and procedures manual.

- ii. how vendors are added to the vendor list;

Policy is present in the written policies and procedures manual.

- iii. the preparation and approval process of purchase requisitions and purchase orders;

Policy is present in the written policies and procedures manual.

- iv. controls to ensure compliance with the public bid law; and

Policy is present in the written policies and procedures manual.

- v. documentation required to be maintained for all bids and price quotes.

Policy is present in the written policies and procedures manual.

c. Disbursements, including

- i. processing,

Policy is present in the written policies and procedures manual.

- ii. reviewing, and

Policy is present in the written policies and procedures manual.

- iii. approving

Policy is present in the written policies and procedures manual.

d. Receipts/Collections, including

- i. receiving,

Policy is present in the written policies and procedures manual.

- ii. recording, and

Policy is present in the written policies and procedures manual.

- iii. preparing deposits

Policy is present in the written policies and procedures manual.

- iv. 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.

Policy is present in the written policies and procedures manual.

e. Payroll/Personnel, including

- i. payroll processing, and

Policy is present in the written policies and procedures manual.

- ii. reviewing and approving time and attendance records, including leave and overtime worked.

Policy is present in the written policies and procedures manual.

- iii. Approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Policy is present in the written policies and procedures manual.

f. Contracting, including

- i. types of services requiring written contracts,

Policy is present in the written policies and procedures manual.

- ii. standard terms and conditions,

Policy is present in the written policies and procedures manual.

- iii. legal review,

Policy is present in the written policies and procedures manual.

- iv. approval process, and

Policy is present in the written policies and procedures manual.

- v. monitoring process

Policy is present in the written policies and procedures manual.

- g. Travel and expense reimbursement, including

- i. allowable expenses,

Policy is present in the written policies and procedures manual.

- ii. dollar thresholds by category of expense,

Policy is present in the written policies and procedures manual.

- iii. documentation requirements, and

Policy is present in the written policies and procedures manual.

- iv. required approvers.

Policy is present in the written policies and procedures manual.

- h. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including

- i. how cards are to be controlled,

Policy is present in the written policies and procedures manual.

- ii. allowable business uses,

Policy is present in the written policies and procedures manual.

- iii. documentation requirements,

Policy is present in the written policies and procedures manual.

- iv. required approvers of statements, and

Policy is present in the written policies and procedures manual.

- v. monitoring card usage.

Policy is present in the written policies and procedures manual.

- i. Ethics, including

- i. the prohibitions as defined in Louisiana Revised Statute 42:1111-1121,

Policy is present in the written policies and procedures manual.

- ii. actions to be taken if an ethics violation takes place,

Policy is present in the written policies and procedures manual.

- iii. system to monitor possible ethics violations, and

Policy is present in the written policies and procedures manual.

- iv. requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Policy is present in the written policies and procedures manual.

- j. Debt Service, including

- i. debt issuance approval,

Policy is present in the written policies and procedures manual.

- ii. continuing disclosure/EMMA reporting requirements,

Policy is present in the written policies and procedures manual.

- iii. debt reserve requirements, and

Policy is present in the written policies and procedures manual.

- iv. debt service requirements.

Policy is present in the written policies and procedures manual.

- k. Information Technology Disaster Recovery/Business Continuity, including

- i. identification of critical data and frequency of data backups,

Policy is present in the written policies and procedures manual.

- ii. storage of backups in a separate physical location isolated from the network,

Policy is present in the written policies and procedures manual.

- iii. periodic testing/verification that backups can be restored,

Policy is present in the written policies and procedures manual.

- iv. use of antivirus software on all systems,

Policy is present in the written policies and procedures manual.

- v. Timely application of all available system and software patches/updates, and

Policy is present in the written policies and procedures manual.

- vi. Identification of personnel, processes, and tools needed to recover operations after a critical event.

Policy is present in the written policies and procedures manual.

- l. Sexual Harassment, including R.S. 42:342-344 requirements for

- i. agency responsibilities and prohibitions,

Policy is present in the written policies and procedures manual.

- ii. annual employee training,

Policy is present in the written policies and procedures manual.

- iii. annual reporting.

Policy is present in the written policies and procedures manual.

Management's Response to Section Findings: No findings

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.

The board met with a quorum monthly.

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

Board meetings include discussions of financial data.

- 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.

Only business-type funds.

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

No prior year finding.

Management's Response to Section Findings: No findings

Bank Reconciliations

3. Obtain a listing of client 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:

List was obtained, and client represented that it was complete.

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

All reconciliations were prepared within 2 months of related statement closing date.

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

The bank reconciliations do include evidence that a person who is not involved in the cash receipts or cash disbursements process has reviewed the reconciliation.

- 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.

Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Management's Response to Section Findings: No findings

Collections

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).

List was obtained, and client represented that it was complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties

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

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

No employees are responsible for cash collections.

- 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 to the deposit.

No employees are responsible for cash collections.

- 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 employees are responsible for cash collections.

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

No employees are responsible for cash collections.

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

No employees are responsible for cash collections.

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.

The receipts were not sequentially pre-numbered, but client has controls in place.

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

Not applicable as the receipts were not sequentially pre-numbered.

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

For all deposits tested, the total deposit slip equaled the total deposit per the bank statement.

- 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).

For all deposits tested, deposit was made within 1 business day.

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

For all deposits tested, the deposit per bank statement equaled the deposit per the general ledger.

Management's Response to Section Findings: No findings

Non-Payroll Disbursements

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).

A list was obtained. Client represented that it was complete.

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

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

Two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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

Two employees are involved in processing and approving payments to vendors.

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

Employee responsible for processing payments does add and/or modify vendor files, and no other employee is responsible for periodically reviewing changes to vendor files.

- 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.

Office responsible for signing checks does not mail the payment or give the signed check to an individual to mail who is not responsible for processing payments.

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

Client does not use electronic disbursements.

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

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

The disbursements tested matched the related original invoice/billing statement.

- b. Observe whether the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

The disbursements tested included evidence of segregation of duties.

11. Using the entity's main operating account and the month selected under #8, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was:

- a. Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and

Client does not use electronic disbursements.

- b. Approved by the required number of authorized signers per the entity's policy.

Client does not use electronic disbursements.

Management's Response to Section Findings: Exceptions noted on #9(c) and #9(d) are not able to be overcome with the size of the organization.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

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

Client does not utilize any type of credit or debit card.

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

- a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

Client does not utilize any type of credit or debit card.

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

Client does not utilize any type of credit or debit card.

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions. For each transaction, observe that it is supported by

- a. an original itemized receipt that identifies precisely what was purchased,

Client does not utilize any type of credit or debit card.

- b. written documentation of the business/public purpose, and

Client does not utilize any type of credit or debit card.

- c. documentation of the individuals participating in meals (for meal charges only).

Client does not utilize any type of credit or debit card.

Management's Response to Section Findings: No findings

Travel and Travel-Related Expense Reimbursements

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

No travel reimbursements were processed during the year.

- a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No travel reimbursements were processed during the year.

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

No travel reimbursements were processed during the year.

- 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 travel reimbursements were processed during the year.

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

No travel reimbursements were processed during the year.

Management's Response to Section Findings: No findings

Contracts

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

A list was obtained. Client represented that it was complete.

- 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 contracts were subject to the Louisiana Bid Law.

- b. Observe that the contract was approved by the governing body/board, if required by policy or law.

No contracts required approval by governing board.

- c. If the contract was amended, observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

No contracts were amended.

- 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.

All transactions tested had supporting invoice and agreed to terms of the contract.

Management's Response to Section Findings: No findings

Payroll and Personnel

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

A list was obtained. Client represented that it was complete.

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

- a. Observe that all selected employees/officials documented their daily attendance and leave.

Only employees are board members paid per board meeting attended.

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

Only employees are board members paid per board meeting attended.

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

Only employees are board members paid per board meeting attended.

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

Only employees are board members paid per board meeting attended.

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

No termination payments were made during the year.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Representation that payments and forms have been filed and paid by required deadlines.

Management's Response to Section Findings: No findings

Ethics

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

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

Documentation was present that demonstrates each employee/official completed ethics training.

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

No changes to ethics policy was made during the year.

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

Agency has not appointed an ethics designee.

Management's Response to Section Findings: Agency will appoint ethics designee to overcome exception note on #22.

Debt Service

23. 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 bonds/notes or other debt instruments issued during the year.

24. 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.

List was obtained, and all debt covenants are met.

Management's Response to Section Findings: No findings

Fraud Notice

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

No misappropriation of public funds in current year.

26. Observe that 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.

Entity has notice posted.

Management's Response to Section Findings: No findings

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures,

- 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, observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

26. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure 19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

Management's Response to Section Findings: No findings.

Prevention of Sexual Harassment

27. 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.

Sexual harassment training was documented for the year.

28. 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).

Client has sexual harassment policy posted.

29. 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:

Report obtained.

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

None reported

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

None reported

c) Number of complaints which resulted in a finding that sexual harassment occurred;

None reported

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

None reported

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

None reported

Management's Response to Section Findings: All public servants will complete the training in 2023.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is 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.



KnightMasden
Alexandria, Louisiana
June 28, 2023

