EisnerAmper

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT

FINANCIAL REPORT

JUNE 30, 2023

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EisnerAmper LLP
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809
T 225.922.4600
F 225.922.4611
www.eisneramper.com

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Capital Area Groundwater Conservation District
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activity and the aggregate remaining fund information of the Capital Area Groundwater Conservation District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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 Management's Discussion and Analysis on pages 4 - 7, the Schedule of the District's Proportionate Share of the Net Pension Liability and Related Notes on page 35, the Schedule of District's Contributions to the Retirement System and Notes on page 36, the Schedule of Changes in Net OPEB liability and Ratios and Notes on page 37, and the Schedule of the District's Contributions to the OPEB Plan and Notes on page 38 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 on the information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying budgetary comparison schedule, the schedule of compensation, benefits, and other payments to the executive director, and the schedule of per diem paid to Commission members are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule, the schedule of compensation, benefits, and other payments to the executive director, and the schedule of per diem paid to Commission members are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2024, on our consideration of the District'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 solely 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 District's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
January 2, 2024

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

As management of the Capital Area Groundwater Conservation District, (hereafter referred to as the District) we offer readers of the District's financial statements this overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023 in comparison to the prior fiscal year.

Overview of the District

The Capital Area Groundwater Conservation District was created under the provisions of Louisiana Revised Statutes 38:3071-3084 to provide for the effective administration, conservation, orderly development, and supplementation of groundwater resources within the conservation district, which is composed of the parishes of Ascension, East Baton Rouge, East Feliciana, Pointe Coupee, West Baton Rouge, and West Feliciana. The District monitors the usage of groundwater within the District and provides assistance through the United States Geological Survey for the development of new sources of groundwater. The District is governed by a board of commissioners composed of eighteen members appointed by the Governor of the State of Louisiana.

The accompanying financial statements of the Capital Area Groundwater Conservation District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Highlights

- The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the District at the close of the most recent fiscal year end by $1,567,548.
- The change in net position was a surplus of $899,948 compared to a deficit of $813,334 in the prior fiscal year resulting from a pumpage fee rate increase from $20 to $65 per million gallons.

Overview of the Financial Statement Presentation

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements required by Governmental Accounting Standards Board (GASB). The District maintains two different funds: a proprietary fund (a business-type activity) and a fiduciary fund.

Proprietary Fund. The District has one type of proprietary fund, an enterprise fund, which is used to report the same functions presented as a business-type activity for the District, the fund accounts for all district activity.

The District's proprietary fund financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the statement of revenues, expenses, and changes in net position.

Overview of the Financial Statement Presentation (continued)

The statement of net position reports the District's net position. Net position, which is the difference between the District's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position. The net position is classified into three categories: investment in capital assets, restricted, and unrestricted. The District has no restricted net position recorded in its business-type activity.

Fiduciary Fund. The District has one type of fiduciary fund, an other post-employment benefits trust fund. The fiduciary fund assets is not available to finance district operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund's net position is restricted for other post-employment benefits.

Basic Financial Statements. The basic financial statements present information for the District as a whole. Statements in this section include the following:

Statement of Net Position. This statement presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities plus deferred inflows is net position, which may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Revenues, Expenses and Changes in Net Position. This statement presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on charges for services on pumpage fees.

Statement of Cash Flows. The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information and supplementary information that is deemed useful to readers of this report.

Financial Analysis of the District

Net position is an indicator of the District's financial position from year to year. A summary of net position follows.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

SUMMARY OF NET POSITION

	2023	2022	Variance
Assets			
Current Assets	$ 1,802,748	$ 768,314	$ 1,034,434
Non-current assets	1,487,438	679,132	808,306
Total Assets	3,290,186	1,447,446	1,842,740
Deferred Outflows of Resources	104,726	338,255	(233,529)
Liabilities			
Current liabilities	654,384	509,248	145,136
Non-current liabilities	1,049,888	512,219	537,669
Total Liabilities	1,704,272	1,021,467	682,805
Deferred Inflows of Resources	123,092	96,734	26,358
Net position			
Investment in capital assets	1,487,438	679,132	808,306
Unrestricted	80,110	(11,532)	91,642
	$ 1,567,548	$ 667,600	$ 899,948

SUMMARY OF CHANGES IN NET POSITION

	2023	2022	Variance
Operating Revenues	$ 3,400,671	$ 1,029,369	$ 2,371,302
Operating Expenses	(2,534,625)	(1,891,912)	(642,713)
Operating Income	866,046	(862,543)	1,728,589
Non-operating Revenues	33,902	49,209	(15,307)
Change in Net position	$ 899,948	$ (813,334)	$ 1,713,282

Operating revenues increased in the current year due to the enforcement by the District and vastly consistent review of the user-reporting base with no major additions or retirements of wells over the comparative period. In addition, there was a rate increase from $20 to $65 per million gallons which took effect during the current fiscal year. Operating expenses increased by approximately $643,000 or 34% compared to the prior year. The first full year after hiring a deputy director increased salary and related benefit costs in the current fiscal year and additional costs associated with Phase 2 of the study and engineering analysis being conducted by the Water Institute of the Gulf continued. This study is necessary to provide the District with cost-effective solutions for the preservation and protection of groundwater supply.

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets, net of accumulated depreciation, at June 30, 2023 and 2022 was $1,487,438 and $679,132, respectively. Capital assets at year-end are summarized as follows:

CAPITAL ASSETS

	2023	2022
Non-depreciable Assets		
Land	$ 11,823	$ 11,823
Improvements in progress	167,087	-
Depreciable Assets (net of accumulated depreciation and amortization)		
Connector and monitoring wells	641,274	658,207
Rights of use Asset	612,267	-
Leasehold improvements	49,138	-
Equipment, furniture, and fixtures	5,849	9,102
Total	$ 1,487,438	$ 679,132

Capital acquisitions during the year included entering into a new lease requiring recording of right of use asset. Also, construction in progress for the new office building renovations has caused capital assets to increase during the year. Depreciation expense for the year ended June 30, 2023, totaled $20,186 compared to $19,441 in the prior fiscal year. With the recognition of right to use of asset for the lease entered into during the current fiscal year for administrative office space, amortization was recognized of $10,377.

Debt Administration: Long-term debt of the District includes compensated absences at amounts of $0 and $16,975 at June 30, 2023 and 2022, respectively. There is also an actuarially determined obligation for the net post-employment benefit obligation of $24,926 on June 30, 2023, a reduction from the prior year OPEB asset of $133,303 at June 30, 2022, and net pension liability of $435,063, up from $361,941 at June 30, 2022 based on the actuarial valuations of the benefits.

Budgetary Highlights

Actual revenue and expenses remained relatively consistent with budget, as a whole. However, the District incurred considerable legal fees related to the defense of the implementation of a metering system on user wells administered by the District. Due to these expense overruns, the District was unable to initiate various third-party studies and action plans necessary to further the effort of protecting the Aquifer.

Request for Information

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Mr. Gary Beard at 3535 S. Sherwood Forest Boulevard, Suite 137, Baton Rouge, Louisiana 70816, telephone 225-293-7370.

FINANCIAL STATEMENTS

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Business-type Activity
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 910,368
Accounts receivable	875,647
Prepaid expenses	16,733
Total Current Assets	1,802,748
Non-Current Assets:	
Land, non-depreciable	11,823
Improvements in progress	167,087
Capital assets, net of accumulated depreciation and admortization	1,308,528
Total Non-Current Assets	1,487,438
Total Assets	$ 3,290,186
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	103,340
Deferred outflows related to other post-employment benefits	1,386
Total Deferred Outflows of Resources	$ 104,726
LIABILITIES	
Current Liabilities:	
Accounts payable	608,092
Lease liability, current portion	25,381
Compensated absences payable	12,582
Accrued expenses	8,329
Total Current Liabilities	654,384
Non-Current Liabilities:	
Net other post-employment benefits (OPEB) plan payable	24,926
Lease liability	589,899
Net pension liability	435,063
Total Non-Current Liabilities	1,049,888
Total Liabilities	$ 1,704,272
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	37,348
Deferred inflows related to other post-employment benefits	85,744
Total Deferred Inflows of Resources	$ 123,092
NET POSITION	
Investment in capital assets	1,487,438
Unrestricted	80,110
Total Net Position	$ 1,567,548

The accompanying notes are an integral part of these statements.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

		Business-type Activity
OPERATING REVENUES		
Pumpage fees		$ 3,400,671
	Total Operating Revenues	3,400,671
OPERATING EXPENSES		
Salaries		295,892
Employee benefits		145,130
Postage		2,327
Printing		2,041
Bank fees		6,411
Legal notices		2,082
Depreciation and amortization		30,563
Information technology		7,362
Contracts		13,586
CSRS Contract		21,345
Sustainability Partners - Metering		302,558
USGS - Data Collection		43,977
USGS - Subsidence wells		10,125
USGS - Modeling		70,000
Meetings		22,328
Office supplies		14,964
Lease expense		35,833
Field expenses		140
Field technician		6,195
Insurance		7,270
Dues and subscriptions		4,303
Travel		1,599
General & administrative expenses		3,334
Professional fees - accounting		52,140
Professional fees - legal		500,646
Parish cooperative agreements		32,910
Office Services		54,263
Outside consultant		6,646
Website & computer consultants		8,733
CPRA (The Water Institute)		580,803
The "W" Group		24,000
Pension expense		59,113
OPEB expense		165,919
Miscellaneous		87
	Total Operating Expenses	2,534,625
	Operating Income	866,046
NON-OPERATING REVENUES		
Parish cooperative agreement		32,910
Interest income		992
	Total Non-Operating Revenues	33,902
	Change in Net Position	899,948
Total Net Position, beginning of year		667,600
Total Net Position, ending		$ 1,567,548

The accompanying notes are an integral part of these statements.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR END JUNE 30, 2023

	Business-type Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 2,885,164
Cash paid to suppliers for goods/services	(1,748,139)
Cash paid to employees for services	(441,022)
Net Cash Provided by Operating Activities	696,003
CASH FLOWS FROM NON-CAPITAL ACTIVITIES	
Receipts from other governments	32,910
Net Cash Provided by Non-Capital Activities	32,910
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Reduction of lease liability	(7,364)
Acquisition of capital assets	(216,225)
Net Cash Used in Capital and Related Financing Activities	(223,589)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	992
Net Cash Provided by Investing Activities	992
Net increase in Cash and Cash Equivalents	506,316
Cash and Cash Equivalents, beginning of year	404,052
Cash and Cash Equivalents, end of year	$ 910,368

(continued)

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
FOR THEY YEAR END JUNE 30, 2023

	Business-type Activities
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	$ 866,046
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	30,563
(Increase) decrease in assets:	
Accounts receivable	(515,507)
Prepaid expenses	(12,611)
Net other post-employment benefits asset	116,686
(Increase) decrease in deferred outflows of resources	233,529
Increase (decrease) in liabilities:	
Accounts payable	104,002
Accrued expenses	2,871
Compensated absences payable	(4,393)
Net other post-employment benefits liability	(225,063)
Net pension liability	73,122
(Increase) decrease in deferred inflows of resources	26,758
Net Cash Provided by Operating Activities	$ 696,003
	(concluded)

The accompanying notes are an integral part of these statements.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

ASSETS		
Cash and cash equivalents	$	34,667
Investments		145,935
Total Assets		180,602
LIABILITIES		
Liabilities		-
Total Liabilities		-
NET POSITION		
Restricted for Other Post Employmnet Benefits		180,602
Total Net Position	$	180,602

The accompanying notes are an integral part of these statements.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

ADDITIONS	
Contributions	11,154
Change in market value	1,166
Interest Income	3,356
Total Addtiions	15,676
DEDUCTIONS	
Administrative fees	3,000
Benefit payments	20,309
Total Deductions	23,309
Change in Net Position	(7,633)
Net Position - Beginning of Year	188,235
Net Position - End of Year	$ 180,602

The accompanying notes are an integral part of these statements.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

INTRODUCTION

The Capital Area Groundwater Conservation District (the District) was created under the provisions of Louisiana Revised Statutes 38:3071-3084 to provide for the effective administration, conservation, orderly development, and supplementation of groundwater resources within the conservation district, which is composed of the parishes of Ascension, East Baton Rouge, East Feliciana, Pointe Coupee, West Baton Rouge, and West Feliciana. The District monitors the usage of groundwater within the District and provides assistance through the United States Geological Survey for the development of new sources of groundwater. The District is governed by an eighteen member board of commissioners appointed by the governor.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental and accounting and financial reporting principles.

The financial statements present the financial position, results of operations, and cash flows of the District as of and for the year ended June 30, 2023.

Financial Reporting Entity:

GASB Codification Section 2100, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criteria are as follows:

1. Legal status of the potential component unit
2. Financial accountability:

   a) The primary government appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
   b) The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.
   c) The primary government is financially accountable for a legally separate organization if the primary government’s holding of a majority equity interest in that organization does not meet the definition of an investment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Misleading to exclude: Paragraph 111 of Section 2100 covers other potential component units for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Based on the previous criteria, the District is not a component unit of any other government. As required by GASB Codification Section 2100, the District is considered a related organization of the State of Louisiana. The accompanying financial statements present only the transactions of the District.

Based on the previous criteria, the District's management has included the Funded Retiree Health Benefits for the Employees' of the Capital Area Ground Water Conservation Commission Trust (OPEB Trust) as a blended component unit within the financial statements of the District. The OPEB Trust exists for the benefit of current and former District employees who are members of the Plan. The Trust is governed by the Commissioners of the District and assets are used to fund retiree health benefits through the Office of Group Benefits of the State of Louisiana.

Basis of Presentation and Accounting:

The District's financial statements consist of the Proprietary Fund and the Fiduciary Fund, and the related notes to the financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Government Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*.

The Proprietary Fund and the Fiduciary Fund financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Funds are maintained consistent with legal and managerial requirements. Funds can be classified into two categories: enterprise and fiduciary. The District has no governmental activity type funds. A further explanation of the funds and their reporting classifications follows:

Proprietary Fund

Enterprise Fund - Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation and amortization) 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 of revenue earned, expenses incurred, and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses of proprietary funds include the costs of services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund
The Other Post-Employment Benefits Trust Fund (OPEB Trust) is used to account for the accumulation of contributions for a defined benefit, single-employer other post-employment pension plan providing retirement health benefits to qualified employees.

The OPEB Trust Fund's financial statements are prepared on the accrual basis of accounting. Contributions from the District and its employees are recognized as revenue in the period in which employees provide service to the District. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Governmental accounting standards requires the classification of net position into three components – investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Investment in Capital Assets: This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced, if applicable, by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws and regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net position consists of net position that does not meet the definition of restricted, or invested in capital assets, net of related debt.

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

Budgets and Budgetary Accounting: Subject to the Louisiana Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342, the District adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The Commission must approve any revisions that alter the total expenditures. Although budget amounts lapse at year end, the District retains its unexpended fund balances to fund expenditures in the succeeding year.

Cash and Cash Equivalents: Cash and cash equivalents include amounts in interest-bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. Investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

The District's policy is tailored after Louisiana Revised Statute 49:327 and prohibits investments with maturities extending beyond twelve months. The policy also requires that three quotes be obtained from allowable financial institutions as to interest rates and that the amounts of the investment not exceed an amount insured by FDIC and pledged collateral at any one institution.

Inventory: Inventory of the District includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Receivables: Uncollectible amounts due for customer receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the inability to collect the receivable. Management has determined that all amounts are collectible as of June 30, 2023.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets: Capital assets are recorded at historical cost. Depreciation is recorded using the straight-line method over the useful lives of the assets. Generally, the District includes all capital acquisitions with a cost of $1,000 in its fixed asset inventory. However, certain items at a cost below that amount may be capitalized if benefits of the item will extend beyond one year and/or the District wants to monitor the item. Useful lives for right to use asset and leasehold improvements are over the term of the lease currently 10 years. Furniture and Office Equipment varies from 5 to 10 years. Monitoring wells estimated useful lives are 50 years.

Compensated Absences: Employees of the District earn and accumulate vacation and sick leave at varying rates depending on their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, however, employees or their heirs are compensated for only up to 300 hours of unused vacation leave. This is computed at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave more than 300 hours plus unused sick leave is used to compute retirement benefits in accordance with GASB Codification Section C60.150.

Deferred Outflows/Inflows of Resources: The statement of Financial Position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, have been determined on the same basis as reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan (DRBP) and additions to/deductions from District's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the DRBP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The following is a summary of the District's cash balances of deposits in financial institutions at June 30, 2023:

	Proprietary Enterprise Fund	Fiduciary Other Post-Employment Pension Trust Fund	Total
Cash in banks	$ 585,841	$ -	$ 585,841
Money market accounts	324,527	34,667	359,194
Total Cash and Cash Eq	$ 910,368	$ 34,667	$ 945,035

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the District's deposits may not be returned. To guard against this risk, under state law, deposits 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 or exceed the amount on deposit with the fiscal agent. The District had no custodial credit risk as of June 30, 2023. Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities.

The District is authorized by LRS 39:1211-1245 and 33:2955 to invest temporarily idle monies in various risk-averse instruments including U.S. Government direct and agency obligations, certificates of deposit of qualified financial institutions, certain debt mutual funds, the Louisiana Asset Management Pool (LAMP) and other investments. The proprietary fund of the District had no investments as of June 30, 2023.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments

Investments held by the Other Post-Employment Benefits Pension Trust Fund (OPEB Trust) can invested in marketable equity, fixed income and/or real estate securities in accordance with the Trust documents and state law. As of June 30, 2023, assets classified as investments existed only in the OPEB Trust. As of June 30, 2023, the maturities of the OPEB Trust Fund's investments in fixed income debt securities were as follows:

		Investment Maturities (in Years)		
	Fair Value	Less than 1	1 - 5	Moody's Credit Rating
U.S. Treasury Agency Notes	$ 145,935	$ -	$ 145,935	Aaa

Interest Rate Risk. There is no formal investment policy over interest rate risk.

Credit Risk. The Trust Fund limits investments to those permitted for political subdivisions of the State of Louisiana under Revised Statute Section 33:2955.

Concentration of Credit Risk. The Trust Fund limits its investments in mutual funds to 25% of funds available to be invested. There is no formal investment policy over concentration of credit risk.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Trust Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty, or by the counterparty's trust department or agent, but not in the Trust Fund's name. As of June 30, 2023, all of the Trust Fund's investments were held by an agent in the name of the Trust Fund.

Fair Value of Investments

The System's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 - Investments reflect prices quoted in active markets.
- Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - Investments reflect prices based upon unobservable sources.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2023:

	June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)
U.S. Treasury Agency Notes	$ 145,935	$ 145,935
Total Investments at Fair Value	$ 145,935	$ 145,935

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital Assets, not being depreciated:				
Land	$ 11,823	$ -	$ -	$ 11,823
Leasehold Improvements -in-progress	-	167,087	-	167,087
Total capital assets not being depreciated	11,823	167,087	-	178,910
Capital Assets, being depreciated:				
Monitoring wells	846,635	-	-	846,635
Less: accumulated depreciation	(188,428)	(16,933)	-	(205,361)
Net Monitoring wells	658,206	(16,933)	-	641,274
Equipment, furniture and fixtures	35,638	-	-	35,638
Less: accumulated depreciation	(26,536)	(3,253)	-	(29,789)
Net Equipment, etc.	9,102	(3,253)	-	5,849
Right-of-use leased building	-	622,644	-	622,644
Less: accumulated amortization	-	(10,377)	-	(10,377)
Net Right-of-use, etc.	-	612,267	-	612,267
Leasehold improvements	-	49,138	-	49,138
Less: accumulated depreciation	-	-	-	-
Net leasehold improvements, etc.	-	49,138	-	49,138
On-line bill payment system	5,000	-	-	5,000
Less: accumulated depreciation	(5,000)	-	-	(5,000)
Net On-line system	-	-	-	-
Net Capital Assets, being depreciated	667,309	641,219	-	1,308,528
Net Capital Assets	679,132	808,306	-	1,487,438

4. RECEIVABLES

The following is a summary of receivables at June 30, 2023:

Pumpage fees	$ 875,647
Total	$ 875,647

5. ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables as of June 30, 2023:

Class of Payables	
Trade accounts	$ 600,734
Credit Card Payable	7,358
Total	$ 608,092

6. LEAVE

Annual and Sick Leave. The District's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service and are credited at the end of each month of regular service. Accumulated leave is carried forward to succeeding years without limitation. Requests for leave must be made to the employee's immediate supervisor and approved by the Executive Director or his/her designee. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statement of net position, the amount unpaid at June 30, 2023 being $12,582.

Compensatory Leave. Non-exempt employees, according to the guidelines contained in the Fair Labor Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. Compensatory leave was not accrued at June 30, 2023.

7. DEFINED BENEFIT PENSION PLAN

The Capital Area Groundwater Conservation District (the District) is a participating employer in one cost-sharing defined benefit pension plan. The plan is administered by one public employee retirement system, the Louisiana State Employees' Retirement System (LASERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan to the State Legislature. The system is administered by a separate board of trustees and is a component units of the State of Louisiana.

7. DEFINED BENEFIT PENSION PLAN (continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing, calling or downloading the reports as follows:

LASERS:
8401 United Plaza Blvd.
P. O. Box 44213
Baton Rouge, Louisiana 70804-4213
(225) 925-0185
www.lasersonline.org

Plan Descriptions:

Louisiana State Employees' Retirement System (LASERS) administers a cost-sharing defined benefit pension plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in LRS 11:411-414. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member's hire date, employer and job classification.

A brief summary of eligibility and benefits of the plans are provided in the following table:

LASERS
Highest 36 or 60 months [1]
30 years any age 25 years age 55 20 years any age[2] 5-10 yearsage 60[6] 5 years age 62[7]
2.5% to 3.5%[3]

[1] Employees hired after a certain date use the revised benefit calculation based on the highest 60 months of service

[2] With actuarial reduced benefits

[3] Members in regular plan 2.5%, hazardous duty plan 3.33%, and judges 3.5%

[4] Benefit percent varies depending on when hired

[5] For school food service workers, hired on or before 6/30/15, 30 years at age 55

[6] Five to ten years of creditable service at age 60 depending upon the plan or when hired

[7] Hired on or after 7/1/15, age eligibility is 5 years at age 62

Cost of Living Adjustments

The pension plan in which the District participates has the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. COLAs may be granted to the system, (LASERS) if approved with a two-thirds vote of both houses of the Legislature, provided the plan meets certain statutory criteria related to funded status and interest earnings.

7. DEFINED BENEFIT PENSION PLANS (continued)

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Contributions to the plan are required and determined by State statute (which may be amended) and is expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2023, for the District and covered employees were as follows:

	District	Employees
State Employees' Retirement System	40.40%	7.50% - 8.00%[1]

[1] Varies by employee

The contributions made to the System for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	2023	1899	1899
State Employees' Retirement System	$ 59,201	$ 29,133	$ 55,670

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the Districts' proportionate share of the Net Pension Liability allocated by the pension plan based on the June 30, 1899 measurement date. The District uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2023 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 1899 along with the change compared to the June 30, 1899 rate. The District's proportion of the Net Pension Liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 1899	Allocation Rate at June 30, 1899	Increase (Decrease) to June 30, 1899 Rate
LASERS	$ 435,063	0.0058%	(0.0008%)

7. DEFINED BENEFIT PENSION PLANS (continued)

The following schedule list each pension plan's proportionate share of recognized pension expense for the District for the year ended June 30, 2023:

State Employees' Retirement System	$ 59,113

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to each pension plan and total from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,186	$ -
Changes of assumptions	7,910	-
Net difference between projected and actual earnings on pension plan investments	35,043	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	(27,288)
Differences between contributions and proportionate share of contributions	-	(10,060)
Employer contributions subsequent to the measurement date	59,201	-
Total	$ 103,340	$ (37,348)

The District reported a total of $59,201 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 1899 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	LASERS
2023	$ (15,611)
2024	7,241
2025	(8,861)
2026	24,022
	$ 6,791

7. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan as of June 30, 1899 are as follows:

	LASERS
Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	2 years
Investment Rate of Return	7.25% net of investment expenses; prior year 7.40%
Inflation Rate	2.3% per annum
Mortality	Non-disabled members - The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members for 2019.
Salary Increases	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:

		LASERS	
	Member Type	Lower Range	Upper Range
Regular	3.0%	12.8%	
Judges	2.6%	5.1%	
Corrections	3.6%	13.8%	
Hazardous Duty	3.6%	13.8%	13.8%
Wildlife	3.6%	13.8%	13.8%

7. DEFINED BENEFIT PENSION PLANS (continued)

Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The following describes the method used by the retirement system in determining the long-term rate of return on pension plan investments:

LASERS
The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.34% for 2022.

7. DEFINED BENEFIT PENSION PLANS (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in the Retirement System target asset allocations as of June 30, 1899:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.39%
Domestic equity	31.00%	4.57%
International equity	23.00%	5.76%
Domestic fixed income	3.00%	1.48%
International fixed income	14.00%	5.04%
Emerging Market Debt	3.00%	-
Alternatives	26.00%	8.30%
Total	100.00%	
Inflation		
Expected Arithmetic Nominal Return		

n/a - amount not provided by Retirement System

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net positions was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for d LASERS was 7.25%, for the year ended June 30, 1899. The discount rates for LASERS decreased by 0.30% since the prior measurement date, respectively.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the Net Pension Liability (NPL) using the discount rate of the Retirement System as well as what the District's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement System:

	1.0% Decrease	Current Discount Rate	1.0% Increase
LASERS			
Rates	6.25%	7.25%	8.25%
District Share of NPL	$ 547,436	$ 435,063	$ 332,595

7. DEFINED BENEFIT PENSION PLANS (continued)

Payables to the Pension Plan

The District recorded accrued liabilities to the Retirement System for the year ended June 30, 2023 mainly due to the accrual for payroll at the end of each of the fiscal years. The amount due is included in liabilities under the amounts reported as accounts, salaries and other payables. There were no payments due to the retirement system at June 30, 2023.

8. OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description –Capital Area Groundwater Conservation District (the District) provides certain continuing health care and life insurance benefits for its retired employees. The District's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the District. Assets have been accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P50 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region. The OGB plan is a fully insured arrangement in which the District is a participating employer. The OPEB plan in this valuation is a Defined Benefit Single Employer Plan for financial reporting purposes. Medical benefits are provided to employees upon actual retirement or the end of the D.R.O.P., if applicable.

Life insurance coverage under the OGB program is available to retirees by election and the blended rate (active and retired) is used. The employer pays 50% of the cost of the retiree life insurance based on that blended rate. Insurance coverage amounts are reduced by 25% at age 65 and by an additional 25% at age 70 according to the OGB plan provisions.

Employees covered by benefit terms – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	2
	3

8. OTHER POSTEMPLOYMENT BENEFITS (continued)

Net OPEB Liability

The District's total OPEB liability is $205,528 as of the measurement date June 30, 2023, the end of the fiscal year. The components of net OPEB liability are as follows:

Total OPEB Liability	$ 205,528
OPEB Plan Fiduciary Net Position	(180,602)
Net OPEB Liability	$ 24,926

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	July 1, 2022
Actuarial Valuation Date	July 1, 2022
Actuarial Cost Method	Entry Age Normal, level dollar
Inflation	2.0% based on consumer price index
Salary increases	Consistent with the pension plan in which the employee participates. The LASERS regular member rates were assumed for employees who do not participate in one of four state retirement systems.
Discount rate	3.65% (increased from 2.18% in 2022)
Healthcare cost trend rates	Getzen Model, with initial trend of 5.5%
Mortality	RP-2014 table projected with the MP-2018 table

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2008 to June 30, 2023.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Corporate Bonds	4.0%
Agency Bonds	2.2%
Stocks	5.5%
Cash	0.0%

8. OTHER POSTEMPLOYMENT BENEFITS (continued)

Discount Rate – Although this plan is a defined benefit OPEB plan which meets the requirements of paragraph 4 of GASB Statement No. 75, the funded ratio is only 1.1% and the total actual and deemed employer contributions are well below the actuarially determined contribution. We have therefore used a discount rate which would be applicable had the requirements of paragraph 4 not been met. That discount rate is 3.65%, which is the value of the Bond Buyers' 20 Year General obligation municipal bond index as of June 30, 2023, the end of the applicable measurement period.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2022	$ 321,538	$ 188,235	$ 133,303
Changes for the year:			
Service costs	7,411	-	7,411
Interest	11,213	-	11,213
Differences between expected and actual experience	-	-	-
Changes in assumptions	(114,325)	-	(114,325)
Net investment income	-	3,356	(3,356)
Change in market value	-	1,166	(1,166)
Contributions	-	11,154	(11,154)
Benefit payments	(20,309)	(20,309)	-
Administrative expense	-	(3,000)	3,000
Net changes:	(116,010)	(7,633)	(108,377)
Balance at June 30, 2023	$ 205,528	$ 180,602	$ 24,926

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	**Current Discount Rate (3.65%)**	**1% Increase (4.65%)**
Net OPEB Liability	$52,623	$24,926	$2,420

8. OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	1% Decrease	**Current Trend**	**1% Increase**
	4.5% decreasing to	5.5% decreasing to	6.5% decreasing to
Pre-65 Rates	3.14%	4.14%	5.14%
Net OPEB Liability	$1,343	$24,926	$53,467

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $165,919. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	$ -	$ (85,744)
Differences between projected and actual earnings on OPEB investments	1,386	-
Total	$ 1,386	$ (85,744)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2024	$ (28,234)
2025	(28,234)
2026	(28,235)
2027	345
2028	-
	$ 84,358

9. LEASES

The District is a lessee for a noncancellable lease agreement for office space used for administrative purposes. The lease term includes the noncancelable period of the lease and the optional renewal period if applicable. The lease payments are fixed payments. In accordance with GASB Statement 87, *Leases*, a liability has been recorded for the present value of the lease payments over the lease term of the agreement. The lease agreement has a non-appropriation clause that allows lease cancelation if the District does not make an appropriation for its continuation during any future fiscal period. However, this clause was disregarded in determining the term of the lease for the purpose of measuring the lease assets and liabilities. In determining the present value, the lessor did not provide a discount rate. The District estimated the incremental borrowing rate as the discount rate of 8.19%. As of June 30, 2023, the value of the lease liabilities was $615,280.

The future principal and interest lease payments as of June 30, 2023, were as follows:

	Business-Type Activities		
Year Ended June 30,	Principal	Interest	Total
2024	$ 25,381	$ 49,558	$ 74,939
2025	37,124	46,774	83,898
2026	49,654	43,128	92,782
2027	54,223	38,874	93,097
2028	60,545	34,236	94,781
2029-2033	388,353	81,541	469,894
	$ 615,280	$ 294,111	$ 909,391

10. DEFERRED COMPENSATION/OTHER RETIREMENT ACCOUNT

Certain employees of the District are eligible to participate in the State of Louisiana deferred compensation plan adopted under the provisions of the Internal Revenue Service Code Section 457. Employees may contribute up to 100% of their salary, not to exceed $20,500 a year, to the plan on a pre-tax basis. The Executive Director also established a separate individual retirement account under the provisions of Internal Revenue Service Code Section 401(k). The contributions to this account are fully vested immediately and are remitted to a third-party administrator each pay period where they are deposited to an account in the employee’s name. The District does not assume any liability for these funds and does not have control over the funds once they are remitted to the third-party administrators. During the year ended June 30, 2023, the District contributed $6,500 to the deferred compensation plan and $63,549 to the retirement account established.

11. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences	$ 16,975	$ 20,938	($ 25,331)	$ 12,582	$ 12,582

12. RELATED PARTY TRANSACTIONS

Louisiana Revised Statute 38:3074 specifies that of the eighteen members of the Board of Commissioners of the District, three are appointed from nominations by the industrial users of the District and that another three are appointed from nominations by privately or publicly owned entities that furnish water for rural or municipal use. As a result, several members of the Board of Commissioners are employees of those entities, which are regulated by the Commission.

13. LEGAL MATTERS

The District passed rules pursuant to its enabling legislation to ensure metering and reporting of all water wells within the District. Baton Rouge Water Works Company and West Baton Rouge Parish Council have filed suit in the 19th District Cour to block the implementation of the rules, objecting to the metering of their wells by the District. Breazeale, Sachse & Wilson, LLP has filed numerous exceptions challenging the propriety of the lawsuit and have filed a reconventional demand seeking to compel compliance by the Plaintiffs with the promulgated rule. A supplemental petition for reconventional demand has also been filed by the District and Capital Area Groundwater Conservation Commission.

Exceptions of No Cause of Action previously filed by the District were sustained by the district court. The court granted to Baton Rouge Water Works Company 20 days within which to file an amended petition in an attempt to cure the deficiencies complained of in the Exceptions. Two amended petitions have been filed. Additional exceptions to the two revised petitions are expected to be filed. With the court's ruling on the Exceptions to No Cause Action, the District filed a Motion for Partial Summary Judgement in an attempt to have the court issue a mandatory injunction allowing installation of meters and monitoring equipment as previously requested. No date has been set for hearing on that Motion for Partial Judgement.

Baton Rouge Water Works Company has also filed a claim with the Louisiana Board of Tax Appeals challenging the fees instituted by the Capital Area Groundwater Conservation District pursuant to its rulemaking authority, claiming that the fees are excessive and are therefore an unlawful tax. An exception has been filed on behalf of the District, seeking to have the claim dismissed. The matter is in discovery and no trial date has been set.

14. CONCENTRATIONS

There are two customers that represent approximately 55% of pumpage fees.

15. ADOPTION OF NEW ACCOUNTING STANDARD

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription Based Information Technology Arrangements* (SBITA). Under this Statement, SBITA, as defined, are financings of the right to use an underlying asset. SBITA liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the lease term if reasonably certain to be exercised. The right to use asset may also include certain implementation phase costs. The implementation of GASB 96 did not require the District to report SBITA assets or liabilities as no contracts met the definition of a SBITA during the current fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND NOTES
YEAR ENDED JUNE 30, 2023 (*)

Pension Plan	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
Louisiana State Employees Retirement System (LASERS)						
	2023	0.0058%	$ 435,063	$ 55,797	13%	63.70%
	2022	0.0066%	361,941	77,000	21%	72.80%
	2021	0.0038%	315,443	73,507	23%	58.00%
	2020	0.0037%	267,700	67,852	25%	62.90%
	2019	0.0036%	246,677	68,245	28%	64.30%
	2018	0.0037%	257,621	68,250	26%	65.00%
	2017	0.0035%	271,463	62,005	23%	57.70%
	2016	0.0033%	222,205	57,741	26%	62.70%
	2015	0.0031%	195,966	50,951	26%	65.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(*) The amounts presented have a measurement date of the previous calendar year as the measurement date.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO THE RETIREMENT SYSTEM AND NOTES
YEAR ENDED JUNE 30, 2023

Pension Plan	Year	Contractually Required Contribution[1]	Contributions in Relation to Contractually Required Contribution[2]	Contribution Deficiency (Excess)	Employer's Covered Payroll[3]	Contributions as a % of Covered Payroll
Louisiana State Employees Retirement System (LASERS)						
	2023	$ 49,456	$ 59,201	$ (9,745)	$ 122,316	48.40%
	2022	29,132	29,132	-	55,797	52.21%
	2021	32,576	55,670	(23,094)	77,000	72.30%
	2020	29,917	31,733	(1,816)	73,507	43.17%
	2019	26,385	25,716	669	67,852	37.90%
	2018	24,726	24,509	217	68,245	35.91%
	2017	24,509	24,509	-	68,250	35.91%
	2016	23,006	24,055	(1,049)	62,005	38.80%
	2015	21,480	22,148	(668)	57,741	38.36%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For reference only:

[1] *Employer contribution rate multiplied by employer's covered payroll*

[2] *Actual employer contributions remitted to Retirement Systems*

[3] *Employer's covered payroll amount for each of the fiscal year ended June 30.*

Notes to Schedule:

Change in Benefit Terms:

2015 - A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session

2015 - Improved benefits for certain members emplyed by the Office of Adult and Parole within the Department of Public Safety and Corrections per Act 852 of 2014

2017 - A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session

2017 - Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effecive 7/1/2015

2019 - In the 2018 Louisiana Regular Legislative Session, Act 224 and 595 charged benefits to members killed in active duty in an intentional act of violence and to provide for survivors of these members; and, also changed the benefits of members permanently injured in the line of duty.

Changes in assumptions:

Discount rate:

Fiscal Year	Rate	Change
2023	7.25%	-0.30%
2022	7.40%	-0.15%
2021	7.55%	-0.05%
2020	7.60%	-0.05%
2019	7.65%	-0.05%
2018	7.70%	-0.05%
2015-2017	7.75%	

Inflation rate:

Fiscal Year	Rate	Change
2022-2023	2.30%	0.00%
2021	2.30%	-0.20%
2020	2.50%	-0.25%
2018-2019	2.75%	-0.25%
2015-2017	3.00%	0.00%

Salary Increases:

2021-2023	2.60% to 13.80% for various member types
2020	2.80% to 14.00% for various member types
2018-2019	2.80% to 14.00% for various member types
2015-2017	3.00% to 14.50% for various member types

Termination and Disability Table:

2020-2023	Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study.
2015-2019	Termination, disability, and retirement assumptions were projected based on a five year (2009-2013) experience study.

Mortality Table:

2023	Non-diasabled members - RP 2014 Blue Collar (males/females) and White Collar (females) Healthy Annuit Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018. Disabled Member - RP 2000 Disabled Retiree Mortality Table, with no projections for improvement.
2020-2022	General retiree/inactive members (males) - RP-2014 Blue Collar Healthy Annuitant table, adjusted by 1.280. General retiree/inactive members (females) - RP-2014 White Collar Healthy Annuitant table, adjusted by 1.417. Mortality assumptions for non-disabled members include improvement projected using the MP-2018 Mortaility Improvement Scale, applied on a gullye generational basis. Disabled Member - RP 2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, with no projections for improvement.
2015-2019	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Talbe, with no projection for mortality improvement.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

SCHEDULE OF CHANGES IN NET OTHER POST-EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS AND NOTES
YEAR ENDED JUNE 30, 2023

Financial statement reporting date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement date	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017
Total OPEB liability						
Service cost	7,411	$ 676	$ 811	$ 1,621	$ 1,473	$ 1,645
Interest	11,213	2,649	2,910	3,473	3,422	3,057
Difference between actual and expected experience	-	208,140	(4,553)	2,735	6,251	-
Changes of assumptions or other inputs	(114,325)	13,976	(968)	(19,287)	(3,850)	(7,590)
Benefit payments	(20,309)	(5,577)	-	-	(413)	(413)
Net change in total OPEB liability	(116,010)	219,864	(1,800)	(11,458)	6,883	(3,301)
Total OPEB liability - beginning	321,538	101,674	103,474	114,932	108,049	111,350
Total OPEB liability - ending (a)	$ 205,528	$ 321,538	$ 101,674	$ 103,474	$ 114,932	$ 108,049
Plan fiduciary net position						
Contributions - employer	$ 11,154	$ -	$ -	$ 23,461	$ 16,745	$ 21,991
Net investment income	3,356	237	517	3,075	5,737	2,429
Change in market value	1,166	-	-	-	-	-
Benefit payments	(20,309)	(22,865)	-	-	-	-
Administrative expense	(3,000)	(3,608)	(326)	-	-	-
Net change in fiduciary net position	(7,633)	(26,236)	191	26,536	22,482	24,420
Plan fiduciary net position - beginning	188,235	214,471	218,169	191,633	169,151	144,731
Plan fiduciary net position - ending (b)	$ 180,602	$ 188,235	$ 218,360	$ 218,169	$ 191,633	$ 169,151
District's net OPEB liability (asset) - ending (a) - (b)	$ 24,926	$ 133,303	$ (116,686)	$ (114,695)	$ (76,701)	$ (61,102)
Plan fiduciary net position as a percentage of the total OPEB liability	82.45%	58.54%	214.76%	210.84%	166.74%	156.55%
Covered employee payroll	293,405	$ 170,000	$ 73,507	$ 73,507	$ 67,852	$ 68,250
Net OPEB liability as a percentage of covered payroll	8.50%	78.41%	-158.74%	-156.03%	-113.04%	-89.53%

Notes to Schedule:
This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of Assumptions
The changes in assumptions balance was a result of changes in the discount rate, and change in the assured commenced of benefits. The following are the discount rates and healthcare cost trend rates used for in each measurement of total OPEB liability:

Measurement Date	Rate	Change	Healthcare Cost Trends: Pre-65 Rates	Healthcare Cost Trends: Post-65 Rates
7/1/2022	3.65%	1.47%	5.50%	5.50%
7/1/2021	2.18%	-0.48%	7.0% to 4.5%	5.5% to 4.5%
7/1/2020	2.66%	-0.13%	6.75% to 4.5%	5.25% to 4.5%
7/1/2019	2.79%	-0.19%	7.0% to 4.5%	5.5% to 4.5%
7/1/2018	2.98%	-0.15%	7.0% to 4.5%	5.5% to 4.5%
7/1/2017	3.13%	0.42%	7.0% to 4.5%	5.5% to 4.5%
7/1/2016	2.71%			

Other Changes in Assumptions for measurment 7/1/2018:
The baseline per capita costs were adjusted to reflect 2018 claims and enrollment, retiree contributions were update based on 2019 premiums, and the impact of the High Cost Excise Tax was revisted, reflecting updated plan premiums. The percentage of future retirees assumed to elect medical coverage was adjusted based on plan experience.

Other Changes in Assumptions for measurment 7/1/2019:
The estiate of future EGWP savings was increased, based on analysis of recent experience; Baseline per capita costs wer updated to reflect 2019 claims and enrollment and retiree contributions were updated based on 2020 premiums; Life insurance contributions were updated based on updated schedules for 2020 monthly premium rates; The impact of the High Cost Excise Tax was removed. The High Cost Excise Tax was replaced in December 2019; Demographic assumptions were revised for the LASERS Retirement Sytem to reflect the recent experience study.

Other Changes in Assumptions for measurment 7/1/2020:
Baseline per capita costs wer updated to reflect 2020 claims and enrollment and retiree contributions were updated based on 2021 permiums. 2020 medical claims and enrollment experience were reviewed but not included in the projection of expected 2021 plan costs; Due to COVID-19 pandemic, this experience is not reflective of what we can expect in future years; The salary scale assumptions were revised; Medical participation rates, life participation rates, the age differences between future retirees and their spouses, Medical eligibility rates, and percentage of future retirees were assumed to be Medicare eligible upon reaching the age of 65 was decreased from 100% to 99% and the percentage of current retirees under age 65 at June 30, 2017, assumed to be eligible was changed from 95% to rates ranging from 90% to 99% based on the date the retiree turns 65.

Other Changes in Assumptions for measurment 7/1/2021:
Baseline per capita costs were updated to reflect the 2021 claims and enrollment; Medical plan election percentages were updated based on the coverage elections of recent retirees.

Other Changes in Assumptions for measurment 7/1/2022:
None

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO OPEB PLAN AND NOTES
YEAR ENDED JUNE 30, 2023

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Actuarial determined contributions	$ 43,999	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	11,154	5,577	-	23,461	17,158	22,404
Contribution deficiency (excess)	$ 32,845	$ (5,577)	$ -	$ (23,461)	$ (17,158)	$ (22,404)
Covered-employee payroll	$ 293,405	$ 170,000	$ 73,507	$ 73,507	$ 67,852	$ 68,250
Contributions as a percentage of covered-employee payroll	3.80%	3.28%	0.00%	31.92%	25.29%	32.83%

Notes to Schedule:
This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

No actuarial valuation of contributions has been made since the plan's inception and contributions have been voluntarilly made by the District.

SUPPLEMENTARY INFORMATION

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
YEAR END JUNE 30, 2023

	Budgeted Original	Budgeted Final	Actual	Variance Favorable (Unfavorable)
REVENUES				
Pumpage fees	$ 3,315,000	$ 3,315,000	$ 3,400,671	$ 85,671
Interest income	500	500	992	492
EBR - Saltwater (USGS model)	18,000	18,000	-	(18,000)
Other	-	-	-	-
Parish cooperative agreements	57,820	57,820	32,910	(24,910)
Total Revenues	$ 3,391,320	$ 3,391,320	$ 3,434,573	$ 43,253
EXPENDITURES				
Salaries	$ 364,440	$ 364,440	$ 295,892	$ 68,548
Benefits	183,576	183,576	145,130	38,446
Postage	5,000	2,300	2,327	(27)
Printing	20,000	2,700	2,041	659
Bank Fees	500	6,500	6,411	89
Legal notices	3,000	3,000	2,082	918
Depreciation	-	-	30,563	(30,563)
Information technology	10,500	7,700	7,362	338
USGS - Data Collection	56,820	56,820	43,977	12,843
USGS - Subsidence wells	13,500	13,500	10,125	3,375
USGS - Phase II	-	-	-	-
USGS - Modeling	383,013	220,013	70,000	150,013
Meetings	5,000	22,000	22,328	(328)
Office supplies	3,000	8,800	14,964	(6,164)
Rent	88,000	92,000	35,833	56,167
Meeting Space	-	-	-	-
Field expenses	3,000	1,000	140	860
Field equipment	3,000	1,000	-	1,000
Field technician	20,000	10,000	6,195	3,805
Insurance	15,000	13,000	7,270	5,730
Office Equipment	33,000	40,500	-	40,500
Office Systems	-	50,000	-	50,000
Dues and subscriptions	2,000	4,500	4,303	197
Travel	10,000	2,000	1,599	401
General & Administrative Expenses	-	-	3,334	(3,334)
Professional fees - Accounting	27,000	60,000	52,140	7,860
Professional fees - Legal	501,000	501,000	500,646	354
Parish Cooperative Agreements	-	-	32,910	(32,910)
Well Sampling	5,000	5,000	-	5,000
Public Outreach	18,000	3,000	-	3,000
Outside Consultant	35,000	30,000	6,646	23,354
Computer Consultant	7,000	9,000	-	9,000
Website & IT Consultants	47,557	59,000	8,733	50,267
CPRA (The Water Institute)	536,081	586,081	580,803	5,278
The "W" Group	24,000	25,000	24,000	1,000
Technical- Architecture/engineering	10,000	-	-	-
Match for Capital Outlay	133,333	534,000	-	534,000
CSRS Contracts	-	21,333	21,345	(12)
Contracts	-	-	13,586	(13,586)
Office Services	36,000	55,000	54,263	737
Pension Expense	-	-	59,113	(59,113)
OPEB Expense	-	-	165,919	(165,919)
Metering Program	725,000	309,557	302,558	6,999
Paul Rainwater	28,000	8,000	-	8,000
Go Media	-	50,000	-	50,000
Miscellaneous	36,000	30,000	87	29,913
Total Expenditures	$ 3,391,320	$ 3,391,320	$ 2,534,625	$ 856,695
Change in Net Position	$ -	$ -	$ 899,948	$ 899,948
Net Assets, beginning	$ 667,600	$ 667,600	$ 667,600	$ -
Net Assets, ending	$ 667,600	$ 667,600	$ 1,567,548	$ 899,948

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS
YEAR ENDED JUNE 30, 2023

In compliance with House Concurrent Reslution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem/compensation paid to Commission members is presented for the year ended June 30, 2023.

Name	Amount
Nolan R. Brown, III.	$ -
Kenneth R. Dawson	-
Patrick J. Engemann	-
John "Lane" Ewing, Jr.	-
Karen K. Gautreaux	-
Patrick J. Hobbins	-
D. Gregory Phares	-
Rachael Y. Lambert	-
Johnathan S. Leo	-
Angela R. Machen	-
Camille Manning-Broome	-
Jesse Means III	-
James M. Reonas	-
Ron J. Savoy	-
Lauren Field	
Thomas P. Seagraves	-
Cyril E. Vetter	-
Total	$ -

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE EXECUTIVE DIRECTOR
YEAR ENDED JUNE 30, 2023

AGENCY HEAD NAME: Gary J. Beard, Executive Director

Purpose	Amount
Salary	$ 174,584
Benefits-insurance	9,934
Benefits-retirement	63,549
Benefits-other	6,500
Total	$ 254,567

EisnerAmper LLP
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809
T 225.922.4600
F 225.922.4611
www.eisneramper.com

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 Commissioners
Capital Area Groundwater Conservation District
Baton Rouge, 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 activity and the aggregate remaining fund information (the fiduciary fund) of Capital Area Groundwater Conservation District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Capital Area Groundwater Conservation District's basic financial statements and have issued our report thereon dated January 2, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Capital Area Groundwater Conservation District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capital Area Groundwater Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Capital Area Groundwater Conservation District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capital Area Groundwater Conservation District'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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2023-004.

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
January 2, 2024

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

• Material weakness(es) identified?	__x__ yes	_______ no
• Significant deficiencies identified that are not considered to be material weaknesses? reported	__x__ yes	_______ none
Noncompliance material to financial statements noted?	__x__ yes	_______no

2023-001 Internal Controls over Pumpage Fee Revenue

Criteria: To establish sound financial management practices and accountability over funds received from customers proper controls and policies should be established by management.

Condition: Customers of the District self-report water usage quarterly through a separate portal which documents the water usage and calculates the rate applied per gallon reported. To complete the filing, customers must submit the calculated fee through an ACH transaction which is deposited into the District's bank account. During our audit, we noted that the District did not maintain documentation of reconciliations of customers self-reported pumpage fee revenue reports to bank deposits or to amounts recorded into the general ledger. In addition, the District was not monitoring the filing of reports by customers to ensure all amounts due to the District are recorded in the general ledger. **This is a repeat finding from the prior year.**

Given the self-reporting nature of the water usage and collection of fee revenue, the District may not be receiving all of the resources to which it may be entitled.

Cause: A small operating environment with limited staffing to provide resources to complete the reconciliation processes and accounting records which have historically been recorded on a cash basis have contributed to the lack of accountability over fee revenue. The District is also unable, in some instances, to read meters of its customers on a regular basis to ensure the accuracy of the information being reported through the portal.

Effect: The District may not be collecting all of the revenue to which it is entitled given the structure of how fees are reported and paid. Revenues recorded may not reflect all of the amounts due to the District in the correct period.

2023-001 **Internal Controls over Pumpage Fee Revenue** (continued)

Recommendation: Management should determine a method to validate self-reported amounts. Also, procedures should be developed to ensure complete and proper documentation of quarterly reconciliations and review of all customers reporting requirements.

View of Responsible Official and Planned Corrective Action:

Due to pending litigation, the project approved by the Commission to install remote metering and monitoring system on the wells within the district and have that information automatically reported directly to the District has been delayed. Alterations to the new system to account for the volumes to be both self-reported and remotely reported are being implemented, which should allow the software to be implemented by the end of fiscal year ending June 30, 2024. The invoices created by the software will be downloaded directly into accounting software to allow for seamless reconciliation of the payments and deposits.

2023-002 **Segregation of Duties**

Criteria: An effective internal control system includes the segregation of duties. The separation of functions assists in the prevention of fraud and error. Access to programs and data should be appropriately controlled to prevent unauthorized use, disclosure, modification, damage, or loss of data. User access should be limited to the appropriate roles of the individual. Adequate internal controls require the segregation of responsibilities for check writing and mailing the checks.

Condition(s): While our testing did not identify any misappropriations of assets, proper segregation of duties does not exist. The Executive Director's accounting software access is not limited to his role. He has the ability to enter vendors, print checks, and is a check signor. We also noted that the individual responsible for preparing checks is also responsible for mailing the same checks. We also noted during testing that there was a signature stamp available to be used for the Executive Director. **This is a repeat finding from the prior year.**

Cause: Due to the limited number of individuals employed by the District it makes it impractical to achieve optimum segregation of duties.

Effect: There is a potential for misappropriation without detection given the inability to segregate the duties within the District.

Recommendation: The District should review user access to accounting system and limit access based on user needs. In addition, separate the duties of the mailing of checks from processing the payments. Internal controls would be significantly strengthened if checks were mailed by someone other than the preparer to provide control on whether the check written was in fact sent.

2023-002 **Segregation of Duties** (continued)

View of Responsible Official and Planned Corrective Action:

The District hired a new administrative assistant. The new employee offers segregation of duties that was previously unavailable. The new administrative assistant will create checks for approved expenses to be signed by the Executive Director, the Secretary/Treasurer, or the Deputy Director. The signature stamp is no longer needed for checks. The checks will be mailed by someone other than the payment processor.

2023-003 **Credit Card Documentation of Business Purpose and Credit Limits Available**

Criteria: Internal controls over credit card purchases should include documentation of management approval and the business purpose of each transaction and a limit established of the credit available to amounts necessary for business operations.

Condition: We noted there was no documentation of management's review of credit card statements. There is no established procedure to document the business purpose of the use of a District credit card. In addition, limits of available credit have not been reviewed to determine if necessary for normal business operations. **This is a repeat finding from the prior year.**

Cause: Due to the small operating environment, the use of credit cards has made District purchases easier but extends the risk of the misappropriation of assets.

Effect: The intentional or unintentional misappropriation of District assets can occur without proper internal controls.

Recommendation: The District should evaluate its current policies and procedures and consider the inclusion of the documentation of the business purpose as part of management's approval process as well as establishing the maximum credit limits which should be made available to card holders.

View of Responsible Official and Planned Corrective Action:

The District hired a new administrative assistant, who is responsible for ensuring the documentation of the business purpose for all credit card purchases. Credit card purchases are reconciled monthly at which time an internal audit of the proper documentation will be conducted. The District still maintains that the credit card limits are necessary to allow for booking of business travel and related expenses.

SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

2023-004 Local Government Budget Act

Criteria: Louisiana Revised Statute 39:1305 provides that the budget should include a budget message, signed by the budget preparer with a summary of proposed budget plan, explaining the most important features and estimates. Also, the budget should be submitted and made available for public inspection, not later than fifteen days prior to the beginning of the fiscal year end.

Condition: The District did not include a budget message as defined in the statue and did not advertise the budget in the official publication.

Cause: Turnover in key personnel contributed to delays in budget prior to year-end allowing for the budget to include all required conditions.

Effect: The District is not compliant with the local government budget act.

Recommendation: The District should ensure budget includes required elements of the budget as described in Statue 39:1305 and ensure the budget is made available for public viewing.

View of Responsible Official and Planned Corrective Action:

The District accepts the finding and will work to ensure compliance with the statute going forward.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

2022-001 Internal Controls over Pumpage Fee Revenue

Criteria: To establish sound financial management practices and accountability over funds received from customers proper controls and policies should be established by management.

Condition: Customers of the District self-report water usage quarterly through a separate portal which documents the water usage and calculates the rate applied per gallon reported. To complete the filing, customers must submit the calculated fee through an ACH transaction which is deposited into the District's bank account. During our audit, we noted that the District did not maintain documentation of reconciliations of customers self-reported pumpage fee revenue reports to bank deposits or to amounts recorded into the general ledger. In addition, the District was not monitoring the filing of reports by customers to ensure all amounts due to the District are recorded in the general ledger.

Given the self-reporting nature of the water usage and collection of fee revenue, the District may not be receiving all of the resources to which it may be entitled.

Cause: A small operating environment with limited staffing to provide resources to complete the reconciliation processes and accounting records which have historically been recorded on a cash basis have contributed to the lack of accountability over fee revenue. The District is also unable, in some instances, to read meters of its customers on a regular basis to ensure the accuracy of the information being reported through the portal.

Effect: The District may not be collecting all of the revenue to which it is entitled given the structure of how fees are reported and paid. Revenues recorded may not reflect all of the amounts due to the District in the correct period.

Recommendation: Management should determine a method to validate self-reported amounts. Also, procedures should be developed to ensure complete and proper documentation of quarterly reconciliations and review of all customers reporting requirements.

Updated Status: Repeat Finding – See 2023-001.

2022-002 Timely Reconciliation of Bank Statements and Documentation of Review of Bank Reconciliations

Criteria: Cash is the most liquid of assets and has the highest risk for theft and misappropriation in any organization. As such the establishment of policies and the documented performance of procedures over bank reconciliations are key to properly designed internal control system over cash.

2022-002 **Timely Reconciliation of Bank Statements and Documentation of Review of Bank Reconciliations** (continued)

Condition(s): During our audit testing, we noted there is no formal documentation of the review or approval of monthly bank reconciliations to evidence these procedures are occurring. The June 30, 2022 bank reconciliation was not prepared until five months after the fiscal year end.

Cause: A formal policy establishing procedures that require the monthly preparation and documentation of the review of monthly reconciliations has not been implemented.

Effect: The lack of monthly reconciliations could result in management not timely detecting any misappropriation that occur when a good system of internal controls is not in place.

Recommendation: Bank reconciliations should be performed within two months of month end and the preparation and review should be documented with an initial by each to evidence that the procedure was performed and the review did occur.

Updated Status: Resolved. However, while the monthly bank reconciliation are being performed no written evidence of this formal review exists. A letter to management will include recommendations to document this process in writing.

2022-003 **Segregation of Duties**

Criteria: An effective internal control system includes the segregation of duties. The separation of functions assists in the prevention of fraud and error. Access to programs and data should be appropriately controlled to prevent unauthorized use, disclosure, modification, damage, or loss of data. User access should be limited to the appropriate roles of the individual. Adequate internal controls require the segregation of responsibilities for check writing and mailing the checks.

Condition(s): While our testing did not identify any misappropriations of assets, proper segregation of duties does not exist. The Executive Director's accounting software access is not limited to his role. He has the ability to enter vendors, print checks, and is a check signor. We also noted that the individual responsible for preparing checks is also responsible for mailing the same checks.

Cause: Due to the limited number of individuals employed by the District it makes it impractical to achieve optimum segregation of duties.

Effect: There is a potential for misappropriation without detection given the inability to segregate the duties within the District.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

2022-003 **Segregation of Duties** (continued)

Recommendation: The District should review user access to accounting system and limit access based on user needs. In addition, separate the duties of the mailing of checks from processing the payments. Internal controls would be significantly strengthened if checks were mailed by someone other than the preparer to provide control on whether the check written was in fact sent.

Updated Status: Repeat Finding – See 2023-002.

2022 – 004 **Other Post-Employment Benefits Trust Agreement and Funding Requirements**

Criteria: The District established an irrevocable trust for the funding of the health benefits of its retirees and the other post-employment benefit (OPEB) liability. Under the terms of the trust agreement, the OPEB Plan should be funded by the employer on behalf of the covered employees. The following amounts should be contributed to the trust:

a) All employer contributions established as required contribution levels by the Plan, as determined from reasonable estimation of plan liabilities and accrued benefits; and

b) An initial deposit from the Employer's reserve account for the Plan.

These health benefits are provided through the Office of Group Benefits (OGB). An annual actuarial valuation and financial statement audit of the OGB plan is made available to the District on the OPEB liabilities associated with these benefits.

Condition(s): The District was not reporting the trust in accordance with Governmental Accounting Standards which requires a separate fiduciary fund to be established. Since the initial deposit was made to the Plan in 2015, there have been no actuarial determined contributions made to the trust. Additionally, the valuation and audit provided by OGB of the OPEB defined benefit plan does not accurately reflect the future liability of the District's plan since OGB is not provided the information on the assets available in the trust available to fund these benefits.

Cause: The District has experienced a significant amount of turnover over the past several years. The new members of the District's management were unaware of the terms of the trust agreement. In addition, very few governments have established a trust to fund these types of benefits and OPEB liabilities, as such, management is unfamiliar with the Governmental Accounting Standards rules governing OPEB liabilities funded through a trust.

2022 – 004 **Other Post-Employment Benefits Trust Agreement and Funding Requirements** (continued)

Effect: The trust was established with the intention of fully funding the future benefits of its employee's other post-employment liabilities. Currently assets available in the trust fund these benefit payments. However, without the District obtaining a valuation of the contributions necessary to fund future benefits, the future liabilities will not be funded and require the District to pay as they go for these benefits from general operations. Since the valuation performed does not include all the information regarding the assets in the trust, the current net OPEB liability calculation may not be accurate. In addition, the creation of the fiduciary fund for the trust, resulted in a restatement of net position of the District's enterprise fund.

Recommendation: We recommend the District review the terms of the trust agreement and take the necessary steps to establish internal controls over obtaining an annual actuarial valuation of the required annual contributions to fund these benefits and obtain its own actuarial valuation in accordance with applicable accounting standards of the future liabilities associated with these benefits to more accurately represent the net OPEB liability reported in the financial statements.

Updated Status: Resolved.

2022-005 **Credit Card Documentation of Business Purpose and Credit Limits Available**

Criteria: Internal controls over credit card purchases should include documentation of management approval and the business purpose of each transaction and a limit established of the credit available to amounts necessary for business operations.

Condition: We noted there was no documentation of management's review of credit card statements. There is no established procedure to document the business purpose of the use of a District credit card. In addition, limits of available credit have not been reviewed to determine if necessary for normal business operations.

Cause: Due to the small operating environment, the use of credit cards has made District purchases easier but extends the risk of the misappropriation of assets.

Effect: The intentional or unintentional misappropriation of District assets can occur without proper internal controls.

Recommendation: The District should evaluate its current policies and procedures and consider the inclusion of the documentation of the business purpose as part of management's approval process as well as establishing the maximum credit limits which should be made available to card holders.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

2022-005 **Credit Card Documentation of Business Purpose and Credit Limits Available** (continued)

Updated Status: Repeat finding. See 2023-003.

2022-006 **Compliance with Louisiana Audit Law**

Criteria: Louisiana Revised Statute 24:513 provides an annual audit of a government that receives in excess of $500,000 in public funds be submitted to the Louisiana Legislative Auditor within six months of the close of the entity's fiscal year.

Condition: The District did not meet the original filing deadline of December 31, 2022 for its fiscal year ended June 30, 2022. The District was provided a three-month non-emergency extension to file with the Legislative Auditor.

Cause: Turnover in key personnel contributed to delays in year end close out procedures, switching of payroll providers in the middle of the fiscal year, and notification of the retirement of the District's external auditor which delayed the hiring of a new auditor.

Effect: The District is not compliant with the audit law and non-compliance may result in the loss of funding or penalties for failure to file.

Recommendation: The District should ensure future filing deadlines with the Louisiana Legislative Auditor are met.

Updated Status: Resolved.

EisnerAmper LLP
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809
T 225.922.4600
F 225.922.4611
www.eisneramper.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To: *Commissioners of Capital Area Groundwater Conservation District* and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of the *Capital Area Groundwater Conservation District for* the fiscal period July 1, 2022 through June 30, 2023. *Capital Area Groundwater Conservation District*'s management is responsible for those C/C areas identified in the SAUPs.

The *Capital Area Groundwater Conservation District has* agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by *Capital Area Groundwater Conservation District to* perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 of the *Capital Area Groundwater Conservation District for* the fiscal period July 1, 2022 through June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
January 2, 2024

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted" or for step 13 "we performed the procedure and discussed the results with management".* If not, then a description of the exception ensues.

1) Written Policies and Procedures

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

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

The Entity has a written policy for Budgeting however the policy does not address monitoring the budget. The policy does address preparing, adopting and amending the budget.

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

No exception noted.

iii. ***Disbursements***, including processing, reviewing, and approving

No exception noted.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The Entity does have a written policy for Receipts however the policy does not address he receiving and recording of receipts.

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exception noted.

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

No exception noted.

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

No exception noted.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exception noted.

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

The Entity has written policies for Ethics, however, the policy does not specifically address he actions to be taken if an ethics violation takes place (2) above or a system to monitor possibly ethic violations according to attribute (3)above and no requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy (4) above.

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

Not applicable to the entity as the Entity does not have debt.

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

The Entity does not have written policies for Information Technology Disaster Recovery/Business Continuity.

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

The Entity does have written policies for Sexual Harassment and includes the attributes above with the exception of not addressing the annual reporting requirements.

2) Board or Finance Committee

A. 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:

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

No exception noted.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit 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.*

Minutes did not mention of review budget to actual at the quarterly meetings that reached quorum.

iii. 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.

Not applicable as prior year general fund did not have negative ending unassigned fund balance.

iv. 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.

There were no written updates of progress of resolving audit findings according to management's corrective action plan noted in review of the board minutes.

3) Bank Reconciliations

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

A listing of bank accounts was provided and included a total of 3 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 3 bank accounts (1 main operating and 2 randomly) and obtained the bank reconciliations for the month ending January 30, 2023, resulting in x bank reconciliations obtained and subjected to the below procedures.

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

1 of the 3 bank reconciliations was not prepared within 2 months.

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

All 3 of the bank reconciliations did not have written evidence of review noted on the bank reconciliations.

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

This procedure is not applicable as no items noted which were outstanding more than 12 months.

4) Collections (excluding electronic funds transfers)

A. Obtain a listing of <u>deposit sites</u> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure. This one site was selected for testing.

B. 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 (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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 listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 1 collection locations. No exceptions were noted as a result of performing this procedure.

We selected the one collection location for the deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

i. Employees responsible for cash collections do not share cash drawers/registers;

Not applicable as the entity does accept cash and does not have a cash drawer or register as cash is not kept on location.

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

Not applicable as the entity does accept cash and does not have a cash drawer or register as cash is not kept on location.

iii. Each employee responsible for collecting cash is not also 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; and

Not applicable as the entity does accept cash and does not have a cash drawer or register as cash is not kept on location.

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

Not applicable as the entity does accept cash and does not have a cash drawer or register as cash is not kept on location.

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

Not applicable as the entity does accept cash and therefore no employee has access to cash that would require a copy of the bond or insurance policy for covering theft.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:

   We randomly selected 2 deposit dates for the 1 bank accounts selected in procedure #3A. We obtained supporting documentation for each of the 2 deposits and performed the procedures below.

   i. Observe that receipts are sequentially pre-numbered.

      Not applicable – deposit selected was an ACH transfer.

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

      Not applicable – deposit selected was an ACH transfer.

   iii. Trace the deposit slip total to the actual deposit per the bank statement.

      Not applicable – deposit selected was an ACH transfer.

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

      No exception was noted – deposit was an ACH transfer.

   v. Trace the actual deposit per the bank statement to the general ledger.

      No exception noted.

5) Non-payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

A. 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).

   The listing of location that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

   From the listing provided, we randomly selected the only location and performed the procedures below.

B. For each location selected under #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure # was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

For the one location selected for our procedures, a single employee initiates purchase requests, approves purchases and is responsible for placing/making purchases.

ii. At least two employees are involved in processing and approving payments to vendors;

No exception noted.

iii. 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;

For the one location the employee responsible for writing the checks has authority to add vendors as the process is done manually.

iv. 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; and

For the one location selected the responsibility of the individual who writes the check is given the check back to mail.

v. 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.

For the one location selected the responsibility of the individual who writes the check is given the check back to mail.

C. For each location selected under #5A 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 listing of non-payroll disbursements for each payment processing location selected in procedures #5A was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

For the 5 disbursements selected for our procedures, a single employee initiated the purchase request, approved the purchase, and made the purchase.

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

There were no approvals in place to authorize disburse funds electronically.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

B. 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

From the listing provided, we randomly selected all 2 credit cards used in the fiscal period. We randomly selected one monthly statement for each of the 2 cards selected and performed the procedures noted below.

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

For the 2 credit cards tested, the monthly statement provided did not contain evidence of review by someone other than the card holder. Supporting documentation was provided for each individual transaction listed on the monthly statement.

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

No exception noted.

C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

We randomly selected all transactions from each statement and obtained supporting documentation for the transactions. For each transaction, observed that it was supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). The written documentation of the business/public purpose was not identified on 8 of the 11 transactions.

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

A. 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 and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected all reimbursements and performed the procedures below.

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

No exception noted.

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

On the one reimbursement tested the location of the mileage was not specified on the reimbursement form.

iii. 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 Policies and Procedures", procedure #1A(vii); and

No exception noted.

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

No exception noted.

8) *Contracts*

A. 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. *Alternatively, 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

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

9) Payroll and Personnel

A. 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 listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 3 (all) employees/officials and performed the specified procedures.

B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 3 employees/officials selected in procedure #16.

i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exception noted.

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exception noted.

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

No exception noted.

iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exception noted.

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

There were no terminations during fiscal year 2023.

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

No exceptions noted.

10) *Ethics*

A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

1 of the 3 employees did not complete one hour of ethics training.

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

The entity did not have any changes to the ethics policy, so this step is not applicable.

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

No exception noted.

11) Debt Service

A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable.

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

Not applicable.

12) Fraud Notice

A. 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 as required by R.S. 24:523.

Management asserts that there were no misappropriations of public funds or assets during the fiscal period.

B. 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.

The entity did not have posted on its premises a copy of the notice.

13) Information Technology Disaster Recovery/Business Continuity

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

i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We were unable to perform this procedure as documentation was not provided.

ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then 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 were unable to perform this procedure as documentation was not provided.

iii. 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 were unable to perform this procedure as documentation was not provided.

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

There were no terminated employees during the fiscal year.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

There was one employee of the 3 that did not have documentation of at least one hour of sexual harassment training during the year.

B. Observe that 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).

The notice was not posted on the Entity's website however was in a conspicuous location on the Entity's premises.

C. 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 that the report includes the applicable requirements of R.S. 42:344:

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

The entity's annual sexual harassment report was not completed.

ii. Number of sexual harassment complaints received by the agency;

The entity's annual sexual harassment report was not completed.

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

The entity's annual sexual harassment report was not completed.

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

The entity's annual sexual harassment report was not completed.

v. Amount of time it took to resolve each complaint.

The entity's annual sexual harassment report was not completed.

Schedule B

Management's Response and Corrective Action

We have reviewed these findings and will take corrective actions. We will review our current policies and procedures to ensure compliance with the Legislative Auditor's requirements as deemed applicable to our agency. Matters identified over banking and segregation of duties have been addressed in our responses to findings included in our Schedule of Findings and Responses for the year ended June 30, 2023.

EisnerAmper LLP
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809
T 225.922.4600
F 225.922.4611
www.eisneramper.com

Board of Commissioners
Capital Area Groundwater Conservation District
Baton Rouge, Louisiana

We have audited the financial statements of the Capital Area Groundwater Conservation District (the District), for the year ended June 30, 2023, and have issued our report thereon. As part of our audit, we considered the District's internal control over financial reporting as well as compliance with the terms of applicable laws and regulations, contracts, and grant agreements that could have a material effect on the financial statements. The purpose of our consideration of internal control and compliance was to establish a basis for designing our auditing procedures, and to determine the effects of compliance on the financial statements. Our consideration was not for the purpose of expressing an opinion on the effectiveness of the District's internal control or expressing an opinion on compliance.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal controls should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

Also, in accordance with *Government Auditing Standards*, we considered 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, during the course of our audit, we became aware of certain matters that are opportunities for strengthening internal controls or operating efficiencies or instances of immaterial non-compliance. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated January 2, 2024, on the financial statements of the District's internal control over financial reporting.

A. Budget Planning, Review, and Amendments

Condition:

The District is a political subdivision as defined in R.S. 39:1302 of the State of Louisiana. The District reports as a proprietary fund under generally accepted accounting principles. The adoption, review and amendment of an annual budget is part of the District's policy and necessary for the appropriate level of fiscal management of the Board of Commissioners. A budget is prepared and adopted on an annual basis. However, the budget does not include capital projects since the budget is prepared on a full accrual basis of accounting. In reviewing the summary of minutes of the Board of Commissioners meetings, we also noted there was no formal documentation of the Board of Commissioners acknowledging their review of the budget to actual statements prepared by management throughout the fiscal year.

Recommendation:

We suggest that management prepare and adopt a separate capital project budget to ensure consideration and approval of all resources used by the District are documented and have the formal approval of governance. The District should also ensure that minutes of the Board of Commissioners include the review of the budget to actual reports presented at each of the meetings held throughout the fiscal year.

Management's Response:

Management prepares a budget annually. This draft, itemized budget goes through committee for a line by line review and revision prior to being put before the full board for approval. Once a budget is approved, if the total of a category changes, the modification is presented to the full board in a public meeting for approval.

Management will ensure that review of budget to actuals is adequately recorded in the minutes.

B. Payroll User Controls for Payroll HR System

Condition:

The District utilizes a third party company for processing its payroll. The company's controls relating to the system cover only a portion of the overall internal control structure of each user entity of the Company's system. It is not feasible for the control objectives to be solely achieved by the Company. Therefore, each user entity's internal control over financial reporting must be evaluated in conjunction with the Company's controls and related testing detailed in the Company's SOC 1 Type 2 Report. The report identified the complimentary user controls of the District that were assumed with the design of the Company's controls. These included procedures to ensure the appropriate personnel are authorized to approve and modify data entered into the system. During our audit procedures, we noted that there was no documentation of review of the payroll runs each pay period to evidence that the output was accurate and no documented review of the data input into the system for accuracy of pay rates.

Recommendation:

We recommend that management implement additional procedures to document that all payroll runs are approved by an individual other than the individual responsible for submitting the payroll information to the payroll company.

Management's Response:
Management notes the same finding from prior year audit. The delay in added office personnel added headwinds to implementing this procedure properly. Going forward, with the addition of the new administrative assistant, Management anticipates having this process implemented by February 2024.

C. Information Technology (IT) Policies and Procedures

Condition:

The District does not have written policies and procedures over its IT environment including user access, back of financial data, or disaster recovery procedures.

Recommendation:

We recommend that management work to develop written policies and procedures over its IT environment and may consider the following:

- A process for adding user access to the network and key applications.
- Procedures to back up financial data on a regular and recurring basis.
- Use of virus protection software and timely updates.
- Physical security of the server; and
- Development of a disaster recovery plan including but not limited to location of, access to, off-site storage, a listing of data files what would have to be obtained from off-site storage, identification of a backup location, and the responsibilities of various personnel in an emergency.

C. <u>Information Technology (IT) Policies and Procedures</u> (continued)

<u>Management's Response:</u>

The District developed a written policy to address various information technology procedures. This document, Written Information Security Policy, will be reviewed for compliance with the itemized list provided herein.

D. <u>Documentation of Review of Bank Reconciliations</u>

<u>Condition:</u>

The District does not have formal documentation of the review or approval of monthly bank reconciliations to evidence these procedures are occurring.

<u>Recommendation:</u>

We recommend that management work to develop written policies and procedures that require documentation of the review of monthly reconciliation. The review should be documented with an initial by each individual to evidence that the procedure was performed and the review did occur. Also, any items that require investigation should be documented.

<u>Management's Response:</u>

While the bank reconciliation are being completed and discussed verbally with management, we have not yet formalized a written procedure. Attracct has assigned more accountants to service the District starting in the Fall of 2023. With the addition of the District's full-time administrative assistant and the added support from Attracct, Management will develop written policies and procedures and will implement these by February 2024.

E. <u>System Access by Former Contractor</u>

<u>Condition:</u>

A former contractor is receiving invoices and payment receipts to their email address from the pump pay system utilized by the District for the collection of pumpage fees. When contracted with the District, the former contractor was responsible for modifications and updates to the pump pay system. Updates were done through the writing of codes. With the turnover in personnel, the District was unaware that copies of invoices and payment receipts were being emailed to this former contractor. The District must ensure that access to any and all systems is disabled for any individuals with system access.

E. System Access by Former Contractor (continued)

Recommendation:

We recommend that management obtain assistance to ensure the pump pay system is modified to ensure invoices and payment receipts are not being sent to the former contractor's email address. All system user access to all District systems should be reviewed and disabled as needed.

Management's Response:

The contractor does not have access to the PumpPay database but inserted an email address into the actual code of the database. When the contractor quit abruptly without notice, the District hired another company to implement the adjustments for the pending quarter to allow reporting and invoicing to continue uninterrupted. This database utilizes dozens of pages; each coded as a different .asp file. Although the District hired new company to maintain PumpPay, to develop a new system to replace this antiquated code and remove the contractor's email address from much of the code, apparently, the email address was imbedded deep into multiple files. The new programmers have been informed of the embedded commands and are working to locate and remove them.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with management and personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. We would also like to thank the District staff for their patience and cooperation with us during the performance of the audit.

This communication is intended solely for the information and use of the Board of Commissioners and management of the District and should not be used by anyone other than these specified parties or any other purpose.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
January 2, 2024