

**LAFAYETTE PARISH WATERWORKS**  
**DISTRICT NORTH**  
Lafayette, Louisiana

Financial Report

Years Ended December 31, 2022 and 2021

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## INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
Lafayette Parish Waterworks District North  
Lafayette, Louisiana

### Opinion

We have audited the accompanying financial statements of the business-type activities and major fund of Lafayette Parish Waterworks District North (District), a component unit of Lafayette Parish Consolidated Government, as of and for the years ended December 31, 2022 and 2021, 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 activities and major fund of Lafayette Parish Waterworks District North, as of December 31, 2022 and 2021, and the respective changes in financial position and the cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and 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 opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the schedule of number of utility customers, schedule of insurance in force, accounts receivable aging schedule, and rate schedule for residential and commercial customers but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Darnall, Sikes & Frederick***

A Corporation of Certified Public Accountants

Lafayette, Louisiana

June 15, 2023

## **BASIC FINANCIAL STATEMENTS**

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Utility Fund

Statements of Net Position  
December 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Current assets:		
Cash	\$ 820,388	\$ 676,327
Receivables (net of allowance for uncollectible accounts - \$13,430 and \$13,430, respectively)	495,309	343,332
Prepaid expenses	39,239	38,005
Total current assets	1,354,936	1,057,664
Noncurrent assets:		
Restricted assets:		
Revenue bond and interest sinking account - Interest-bearing deposits	652,886	622,279
Revenue bond reserve account - Interest-bearing deposits	782,246	781,442
Revenue bond contingency account - Interest-bearing deposits	313,031	312,725
Customer deposits - Cash	389,069	363,728
Total restricted assets	2,137,232	2,080,174
Net capital assets	6,463,296	6,756,202
Total noncurrent assets	8,600,528	8,836,376
Total assets	\$ 9,955,464	\$ 9,894,040

See independent auditor's report and notes to the financial statements.

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND NET POSITION</b>		
Liabilities:		
Current liabilities - (payable from current assets)		
Accounts payable	\$ 127,752	\$ 211,289
Accrued liabilities	126,107	87,056
Payroll liabilities	<u>8,447</u>	<u>6,789</u>
Total current liabilities - (payable from current assets)	<u>262,306</u>	<u>305,134</u>
Current liabilities - (payable from restricted assets)		
Membership deposits	186,235	178,300
Accrued interest payable	10,834	13,747
Revenue bonds payable	<u>406,000</u>	<u>395,000</u>
Total current liabilities - (payable from restricted assets)	<u>603,069</u>	<u>587,047</u>
Total current liabilities	865,375	892,181
Noncurrent liabilities -		
Revenue bonds payable	<u>1,048,662</u>	<u>1,451,643</u>
Total liabilities	<u>1,914,037</u>	<u>2,343,824</u>
Net position:		
Investment in capital assets, net of related debt	5,414,634	5,304,559
Restricted for debt service	1,331,329	1,307,699
Unrestricted	<u>1,295,464</u>	<u>937,958</u>
Total net position	<u>8,041,427</u>	<u>7,550,216</u>
Total liabilities and net position	<u>\$ 9,955,464</u>	<u>\$ 9,894,040</u>

See independent auditor's report and notes to the financial statements.



LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Utility Fund

Statements of Revenues, Expenses and Changes in Net Position  
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Charges for services -		
Water sales and fees	<u>\$ 5,363,910</u>	<u>\$ 4,530,439</u>
Operating expenses:		
Cost of water sold	2,860,330	2,594,760
Contract labor	53,683	51,900
Professional fees	335,456	288,079
Depreciation expense	434,324	434,915
Amortization expense	3,019	3,019
Director fees	5,440	4,620
Insurance expenses	250,219	240,305
Repairs and maintenance	96,162	128,665
Utilities	11,770	10,351
Salaries and related benefits	555,307	516,375
Office expenses and supplies	<u>251,278</u>	<u>256,221</u>
Total operating expenses	<u>4,856,988</u>	<u>4,529,210</u>
Net operating income	<u>506,922</u>	<u>1,229</u>
Nonoperating revenues (expenses):		
Interest and investment income	2,873	1,493
Interest expense	(52,075)	(63,462)
Miscellaneous	<u>33,491</u>	<u>8,308</u>
Total nonoperating expenses	<u>(15,711)</u>	<u>(53,661)</u>
Change in net position	491,211	(52,432)
Net position, beginning	<u>7,550,216</u>	<u>7,602,648</u>
Net position, ending	<u>\$ 8,041,427</u>	<u>\$ 7,550,216</u>

See independent auditor's report and notes to the financial statements.

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Utility Fund

Statements of Cash Flows  
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 5,211,933	\$ 4,557,853
Payments to suppliers	(3,910,058)	(3,858,834)
Payments to employees	<u>(553,649)</u>	<u>(516,229)</u>
Net cash flows provided from operating activities	<u>748,226</u>	<u>182,790</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:</b>		
Principal paid on bonds	(395,000)	(383,000)
Interest paid on bonds	(54,988)	(66,287)
Acquisition and construction of capital assets	(141,418)	(295,160)
Net increase in membership deposits	7,935	10,040
Other receipts	<u>33,491</u>	<u>8,308</u>
Net cash flows used for capital and financing activities	<u>(549,980)</u>	<u>(726,099)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on cash and investments	<u>2,873</u>	<u>1,493</u>
Net cash flows provided from investing activities	<u>2,873</u>	<u>1,493</u>
Increase (decrease) in cash and cash equivalents	201,119	(541,816)
Cash and cash equivalents, beginning of period	<u>2,756,501</u>	<u>3,298,317</u>
Cash and cash equivalents, end of period	<u>\$ 2,957,620</u>	<u>\$ 2,756,501</u>

(continued)

See independent auditor's report and notes to the financial statements.

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Water Fund

Statements of Cash Flows (Continued)  
Years Ended December 31, 2022 and 2021

	2022	2021
Reconciliation of operating income to net cash provided by operating activities:		
Net operating income	\$ 506,922	\$ 1,229
Adjustments to reconcile operating income to net cash provided by operating activity:		
Depreciation	434,324	434,915
Amortization	3,019	3,019
Change in current assets and liabilities -		
Accounts receivable	(151,977)	27,414
Prepaid expenses	(1,234)	(2,222)
Accounts payable	(83,537)	(309,569)
Other liabilities	39,051	27,858
Payroll liabilities	1,658	146
Net cash provided by operating activities	\$ 748,226	\$ 182,790
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 676,327	\$ 1,270,549
Cash - restricted	2,080,174	2,027,768
Total cash and cash equivalents	2,756,501	3,298,317
Cash and cash equivalents, end of period -		
Cash - unrestricted	820,388	676,327
Cash - restricted	2,137,232	2,080,174
Total cash and cash equivalents	2,957,620	2,756,501
Net increase (decrease)	\$ 201,119	\$ (541,816)

See independent auditor's report and notes to the financial statements.

# LAFAYETTE PARISH WATERWORKS DISTRICT NORTH

## Notes to the Basic Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Lafayette Parish Waterworks District North (the District) conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the industry audit guide, Audits of State and Local Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 in accounting and reporting for its proprietary fund operations unless those pronouncements conflict with or contradict GASB pronouncements.

The following is a summary of certain significant accounting policies:

#### Financial Reporting Entity

The Lafayette Parish Waterworks District North, which is a component unit of Lafayette Parish Consolidated Government, was created under the provisions of Louisiana Revised Statutes 33:3811, for the purpose of providing potable drinking water to the rural areas of Lafayette Parish. The District is governed by a board of commissioners composed of nine members appointed by Lafayette Parish Consolidated Government. Each board of commissioner serves a four year term and cannot serve more than twelve years.

This report is comprised of a proprietary fund that is administered by the District's board of commissioners and controlled by the Lafayette Parish Consolidated Government. The accompanying financial statements present information only on the proprietary fund maintained by the District and do not present information on the Lafayette Parish Consolidated Government and the general governmental services provided by that governmental unit.

#### Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Lafayette Parish Waterworks District North does not have governmental activities. Its operation is a business-type activity.

#### Fund Accounting

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 separate set of self-balancing 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. The minimum number of funds is maintained consistent with legal and managerial requirements.

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH

Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District maintains only one fund and it is described below:

Proprietary Fund –

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

Measurement Focus/Basis of Accounting

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

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

The government wide and proprietary fund statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

Cash and Interest-bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

Investments

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. As of December 31 2022, the District has no investments.

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH

Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items.

Bad Debts

Through the establishment of an allowance account, uncollectible amounts due from customer's utility receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

Capital Assets

Capital assets include property, equipment, and infrastructure assets. They are reported at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility System and Improvements	30-40 years
Furniture, fixtures, and equipment	7-10 years

Compensated Absences

The District allows one week paid vacation after one year as a full-time employee. In recognition of length of continuous service to the District, additional vacation time is provided to the employee based upon years of service. Vacation is normally taken in the year accrued and cannot be carried over. Employees are allowed five days annually for excused absences, including sick leave. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment.

Equity Classifications

Equity is classified as net position and displayed in three components:

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH

Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District uses unrestricted assets only when restricted assets are fully depleted.

Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Use of Estimates

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

Subsequent Events

We have evaluated events subsequent to the balance sheet date through June 15, 2023, the date the financial statements were available to be issued.

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the law of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31 2022 and 2021, the District had cash and interest-bearing deposits (book balances) totaling \$2,957,620 and \$2,756,501, respectively, as follows:

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH

Notes to the Basic Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

	<u>2022</u>	<u>2021</u>
Demand deposits	\$ 722,420	\$ 553,536
Time deposits and money market accounts	<u>2,235,200</u>	<u>2,202,965</u>
Total	<u>\$2,957,620</u>	<u>\$2,756,501</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The bank balances are categorized below to give an indication of the level of risk assumed by the District at December 31, 2022. Category 1 includes bank balances that are insured or collateralized with securities held by the entity or by its agent in the entity's name. Category 2 includes bank balances that are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. Category 3 includes bank balances that are collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name. Deposit balances (bank balances) at December 31, 2022, are secured as follows:

Bank balances	<u>\$ 3,090,195</u>
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At December 31, 2022, the deposits are secured as follows:

Federal deposit insurance	\$ 465,926
Trust assets	<u>2,624,269</u>
	<u>\$ 3,090,195</u>

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

NOTE 3 RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at December 31:

	<u>2022</u>	<u>2021</u>
Revenue bond and interest sinking account	\$ 652,886	\$ 622,279
Revenue bond reserve account	782,246	781,442
Revenue bond contingency account	313,031	312,725
Customers' deposits	<u>389,069</u>	<u>363,728</u>
Total restricted assets	<u>\$2,137,232</u>	<u>\$2,080,174</u>



LAFAYETTE PARISH WATERWORKS DISTRICT NORTH

Notes to the Basic Financial Statements

NOTE 4 CAPITAL ASSETS

A summary of changes in property and equipment follows:

	2022			
	Beginning Balance 1/1/2022	Increases	Decreases	Ending Balance 12/31/2022
	Land	\$ 60,675	\$ -	\$ -
Buildings and improvements	595,752	-	-	595,752
Furniture, fixtures and equipment	362,501	-	-	362,501
Water system	13,135,690	318,707	-	13,454,397
Easement acquisitions	20,380	-	-	20,380
Construction in progress	<u>426,007</u>	<u>141,418</u>	<u>318,707</u>	<u>248,718</u>
Total	14,601,005	460,125	318,707	14,742,423
Less: Accumulated depreciation	<u>(7,844,803)</u>	<u>(434,324)</u>	<u>-</u>	<u>(8,279,127)</u>
Net Utility Fund property, plant and equipment	<u>\$ 6,756,202</u>	<u>\$ 25,801</u>	<u>\$ 318,707</u>	<u>\$ 6,463,296</u>
	2021			
	Beginning Balance 1/1/2021	Increases	Decreases	Ending Balance 12/31/2021
Land	\$ 60,675	\$ -	\$ -	\$ 60,675
Buildings and improvements	595,752	-	-	595,752
Furniture, fixtures and equipment	362,501	-	-	362,501
Water system	13,095,978	39,712	-	13,135,690
Easement acquisitions	20,380	-	-	20,380
Construction in progress	<u>170,559</u>	<u>255,448</u>	<u>-</u>	<u>426,007</u>
Total	14,305,845	295,160	-	14,601,005
Less: Accumulated depreciation	<u>(7,409,888)</u>	<u>(434,915)</u>	<u>-</u>	<u>(7,844,803)</u>
Net Utility Fund property, plant and equipment	<u>\$ 6,895,957</u>	<u>\$ (139,755)</u>	<u>\$ -</u>	<u>\$ 6,756,202</u>

Depreciation expense for the years ended December 31, 2022 and 2021 totaled \$434,324 and \$434,915, respectively.

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH

Notes to the Basic Financial Statements

NOTE 5 CHANGES IN LONG-TERM DEBT

The following is a summary of utility revenue bond transactions of the District for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Long-term debt payable at January 1	\$ 1,864,000	\$ 2,247,000
Long-term debt retired and called	<u>(395,000)</u>	<u>(383,000)</u>
Long-term debt payable at December 31	<u>\$ 1,469,000</u>	<u>\$ 1,864,000</u>

Long-term debt payable at December 31 is composed of the following individual issues:

	<u>2022</u>	<u>2021</u>
Utility Revenue Bonds:		
\$5,113,316 Refunding Bonds, Series 2013, due in annual installments of \$136,000 to \$417,000 through October 1, 2027; interest at 2.95 percent	<u>\$ 1,469,000</u>	<u>\$ 1,864,000</u>
Less: Current Portion	(406,000)	(395,000)
Less: Unamortized bond issuance cost	<u>(14,338)</u>	<u>(17,357)</u>
	<u>\$ 1,048,662</u>	<u>\$ 1,451,643</u>

The annual requirements to amortize all debts outstanding at December 31, 2022 are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 406,000	\$ 43,336	\$ 449,336
2024-2027	<u>1,063,000</u>	<u>62,628</u>	<u>1,125,628</u>
	<u>\$ 1,469,000</u>	<u>\$ 105,964</u>	<u>\$ 1,574,964</u>

NOTE 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to and destruction of assets and errors and omissions for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH

Notes to the Basic Financial Statements

NOTE 7 FLOW OF FUNDS; RESTRICTIONS ON USE – UTILITY REVENUES

Under the terms of the respective bond indentures on the utility revenue bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Water Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds. Each month there will be set aside into a "Waterworks Revenue Bond and Interest Sinking Fund" an amount sufficient to accumulate the amount needed to assure the prompt payment of the principal and interest installments as they become due, and may be used only for such payment. There shall also be set aside into a "Waterworks Reserve Fund" a monthly amount equal to 25 percent of the amount to be paid into the sinking fund until the sum of \$469,262 has been accumulated. Funds will also be set aside into a "Waterworks Depreciation and Contingency Fund" of \$1,305 per month. Monies in this fund shall be used to pay the major repairs due to damage caused by unforeseen catastrophe and for replacements made necessary by the depreciation of the system. All of the revenues received in any fiscal year and not required to be paid into any of the above noted funds in such fiscal year shall be regarded as surplus and may be used for any lawful purpose. The Lafayette Parish Waterworks District North was in compliance with all significant limitations and restrictions in the bond indenture at December 31, 2022.

NOTE 8 COMPENSATION OF BOARD MEMBERS

A detail of compensation paid to the President of the Board and board members for the year ended December 31, 2022 follows:

	<u>Amount</u>
Harold Hebert, President	\$ 600
Board members:	
Bradley Racca	820
Jared Richard	440
Kenny Suire	-
Martin Mouton	380
Paul Champagne	920
Preston Bernard	1,020
Robert Marceaux	820
Toby Domingue	440
	<u>\$ 5,440</u>

NOTE 9 RELATED PARTY TRANSACTIONS

The District has an agreement with Lafayette Consolidated Government whereas, Consolidated Government installs certain services and sells water to certain District customers, collects the monthly billings from the customers, and remits the net amount collected to the District monthly after deducting charges and cost of water sold. Included in water sales and fees is \$3,006,679 billed by Lafayette Consolidated Government and included in cost of water sold is \$1,702,257 withheld by Lafayette Consolidated Government for cost of water sold and services installed.

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH

Notes to the Basic Financial Statements

NOTE 10 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

	<u>Amount</u>
Harold Hebert, President	
Salary	\$ 600

**SUPPLEMENTARY INFORMATION**

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

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*

The Board of Commissioners  
Lafayette Parish Waterworks District North  
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and major fund of Lafayette Parish Waterworks District North (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 15, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

This 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Darnall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

June 15, 2023



LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2022

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Lafayette Parish Waterworks District North's financial statements as of and for the year ended December 31, 2022.

Control and Significant Deficiencies and Material Weaknesses - Financial Reporting

There were no significant deficiencies and no material weaknesses in internal control over financial reporting disclosed during the audit of the financial statements.

Material Noncompliance - Financial Reporting

We noted no instances of material noncompliance during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the year ended December 31, 2022.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

This section is not applicable for the year ended December 31, 2022.

Part III Findings and Questioned Costs Relating to the Federal Programs

Lafayette Parish Waterworks District North did not meet the requirements to have a single audit performed in accordance with the Uniform Guidance; therefore this section is not applicable.

Part IV Management Letter

The auditor did not issue a management letter this year.

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana

Summary Schedule of Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended December 31, 2022

This section is not applicable for the year ended December 31, 2022.

**OTHER SUPPLEMENTARY INFORMATION**

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Water Fund

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Water meters in service -		
Residential	10,272	10,115
Commercial	455	439

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana

Schedule of Insurance in Force  
(Unaudited)  
December 31, 2022

Description of Coverage	Expiration Dates	Coverage Amounts
Automobile	4/9/2023	\$ 1,000,000
Automobile excess liability	4/9/2023	1,000,000
Commercial general liability -	4/9/2023	
Each occurrence		1,000,000
General aggregate		3,000,000
Fire damage		1,000,000
Medical		10,000
Crime -	4/9/2023	
Varies per class		100,000 - 250,000
Excess Liability -	4/9/2023	
Each occurrence		1,000,000
Aggregate		1,000,000
Property -	4/9/2023	
Building (includes Water Treatment Plant)		1,304,552 (blanket limit)
Business personal property		Included in the blanket limit
Loss of income/extra expense		500,000/500,000
Public Officials and Management Liability	4/9/2023	
Aggregate limit		3,000,000
Each wrongful act or offense		1,000,000
Each action or injunctive relief		5,000
Workers Compensation	4/9/2023	
Each accident		500,000
Disease – each employee		500,000
Disease – policy limit		500,000
Employed Lawyer Professional Liability	4/9/2023	
Each claim		1,000,000
Aggregate		1,000,000
Intra-organization defense claims		500,000
Flood (Office/Warehouse)	10/10/2023	
Building		264,400
Contents		51,000

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Water Fund

Accounts Receivable Aging Schedule  
(Unaudited)  
December 31, 2022 and 2021

	2022	2021
Number of days -		
0-30	\$ 508,739	\$ 356,762
31-60	-	-
61-90	-	-
Over 90	-	-
Total	\$ 508,739	\$ 356,762

LAFAYETTE PARISH WATERWORKS DISTRICT NORTH  
Lafayette, Louisiana  
Proprietary Fund Type-Enterprise Fund  
Water Fund

Rate Schedule for Residential and Commercial Customers  
(Unaudited)  
December 31, 2022 and 2021

	2022	2021
First 2,000 gallons -		
Residential		
3/4" meter size	\$ 21.10	\$ 18.60
1", 1-1/2" and 2" meter size	24.10	21.60
Commercial		
3/4" and 1" meter size	24.20	21.60
1-1/2" meter size	25.40	22.80
2" meter size	34.70	32.10
Every 1,000 gallons thereafter -		
Residential	4.10	3.20
Commercial	4.30	3.40

**LAFAYETTE PARISH WATERWORKS**  
**DISTRICT NORTH**  
Lafayette, Louisiana

Statewide Agreed-Upon Procedures

Year Ended December 31, 2022



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

To the Board of Commissioners of  
Lafayette Parish Waterworks District North  
and the Louisiana Legislative Auditor

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

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

The procedures and associated findings are as follows:

### ***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.  
*Written policies and procedures were obtained and do address the functions noted above.*
  - 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.  
*Written policies and procedures were obtained and do address the functions noted above.*
  - iii. ***Disbursements***, including processing, reviewing, and approving.  
*Written policies and procedures were obtained and do address the functions noted above.*
  - 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).

Written policies and procedures were obtained and do address the functions noted above.

- 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.

Written policies and procedures were obtained and do address the functions noted above.

- 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.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- 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).

Written policies and procedures were obtained and do address the functions noted above.

- 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.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- 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.

Written policies and procedures were obtained and do address the functions noted above.

- 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.

Written policies and procedures were obtained and do address the functions noted above.

## 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 that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.  
*No exceptions 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.*  
*No exceptions noted.*
  - 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.*
  - 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.  
*Obtained the prior year audit report and observed that there were no audit findings.*

## 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:
- Obtained listing of bank accounts from management and management's representation that the listing is complete.*
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);  
*No exceptions noted.*
  - 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  
*No exceptions noted.*

- 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.

No exceptions noted.

#### **4) Collections (excluding electronic funds transfers)**

---

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

Obtained listing of deposit sites and management's representation that the listing is complete.

- 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

Obtained listing of collection locations from management and management's representation that the listing is complete.

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

No exceptions noted.

- 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;

No exceptions noted.

- 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

No exceptions noted.

- 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/official verifies the reconciliation.

No exceptions noted.

- 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.

No exceptions noted.

- 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:

- i. Observe that receipts are sequentially pre-numbered.  
*No exceptions noted.*
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.  
*No exceptions noted.*
- iii. Trace the deposit slip total to the actual deposit per the bank statement.  
*No exceptions noted.*
- 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 exceptions noted.*
- v. Trace the actual deposit per the bank statement to the general ledger.  
*No exceptions 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).  
*Listing of locations that process payments and management's representation that the listing is complete was obtained.*
- B. For each location selected under procedure #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
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;  
*No exceptions noted.*
  - ii. At least two employees are involved in processing and approving payments to vendors;  
*No exceptions 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;  
*No exceptions noted.*
  - 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  
*No exceptions noted.*
  - 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.  
*No exceptions noted.*

- C. For each location selected under procedure #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
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and 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.  
*No exceptions noted.*
- 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.  
*No exceptions noted.*

#### **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.  
*Listing of active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards, and management's representation that the listing is complete was obtained.*
- 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
- 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  
*No exceptions noted.*
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.  
*No exceptions 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.

No exceptions noted.

## **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:

No travel reimbursements in the current year per management.

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

Not applicable.

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

Not applicable.

- 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

Not applicable.

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

Not applicable.

## **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

Listing of all contracts in effect and management’s representation that the listing is complete was obtained.

- 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 exceptions 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 exceptions 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 exceptions 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 exceptions noted.

**9) Payroll and Personnel**

---

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

Listing of employees and management's representation that the listing is complete was obtained. Authorized salaries/pay rates traced to personnel files without exception.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions 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.

No exceptions noted.

- 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**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A 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

No exceptions noted.

- 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.

Not applicable.

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

No exceptions noted.

## **11) Debt Service**

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

No exceptions noted.

## 12) Fraud Notice

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- 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.

*No misappropriations of public funds or assets noted.*

- 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.

*No exceptions noted.*

## 13) Information Technology Disaster Recovery/Business Continuity

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

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

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

- 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 evidence that the selected terminated employees have been removed or disabled from the network.

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

## 14) Prevention of Sexual Harassment

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- 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.

The five employees selected for testing did have documentation to demonstrate that the required sexual harassment training was completed.

- 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).

No exceptions noted.

- 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:

Obtained the Entity's annual sexual harassment report for the current fiscal period, observed that it was dated prior to February 1, and that it included all requirements as followed below.

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

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

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

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

***Darnall, Sikes & Frederick***

A Corporation of Certified Public Accountants

Lafayette, Louisiana

June 15, 2023