

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana**

Annual Financial Statements

**As of and for the Year Ended
December 31, 2023**

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2023

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

Independent Auditor's Report

BOARD OF COMMISSIONERS
CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

Opinion

I have audited the accompanying financial statements of Consolidated Water District No. 2 of Morehouse Parish (the "District"), a component unit of Morehouse Parish, as of and for the year ended December 31, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide* issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

BOARD OF COMMISSIONERS
CONSOLIDATED WATER DISTRICT NO. 2
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Independent Auditor's Report
December 31, 2023

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

BOARD OF COMMISSIONERS
CONSOLIDATED WATER DISTRICT NO. 2
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Independent Auditor's Report
December 31, 2023

- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

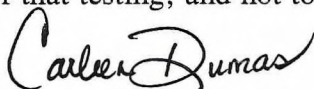
BOARD OF COMMISSIONERS
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Bastrop, Louisiana
Independent Auditor's Report
December 31, 2023

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated July 29, 2024, on my consideration of the District's internal control over financial reporting and on my tests of the District's 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 my 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report dated July 19, 2024, on the results of my statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Calhoun, Louisiana
July 29, 2024

REQUIRED SUPPLEMENTAL INFORMATION

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

Our discussion and analysis of Consolidated Water District No. 2 of Morehouse Parish's (hereafter referred to as the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the District's financial statements that begin on page 11.

BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Governmental Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

- a. Management's discussion and analysis (MD&A)
- b. Statement of net position
- c. Statement of revenues, expenses, and changes in net position
- d. Statement of cash flows
- e. Notes to the financial statements
- f. RSI other than MD&A, if applicable

The District is a special-purpose government engaged only in business-type activities.

Enterprise Fund Financial Statements

The Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position provides information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and the changes in them. Net position - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net position are an indicator of whether the District's financial position is improving or deteriorating.

CONSOLIDATED WATER DISTRICT NO. 2
 OF MOREHOUSE PARISH
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 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2023

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, non-capital financing activities, and investing activities.

**COMPARATIVE ANALYSIS OF
 FINANCIAL DATA**

The District's net position increased by \$117,667 for 2023. Operating revenue increased \$30,955 due to increase in water consumption and the sale of parts reported as other operating revenue. Operating expenses remained approximately the same as the prior year. Interest income reported as non-operating revenue increased \$7,509 due to increases in investments and interest rates. The following presents an analysis of net position and changes in net position of the District's business-type activities:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|--------------------|--------------------|
| Assets | | |
| Current assets | \$971,422 | \$966,720 |
| Restricted assets | 48,849 | 48,149 |
| Capital assets | <u>655,256</u> | <u>663,111</u> |
| Total assets | <u>1,675,527</u> | <u>1,677,980</u> |
| Liabilities | | |
| Current liabilities | <u>66,705</u> | <u>182,182</u> |
| Net Position | | |
| Net investment in capital assets | 655,256 | 663,111 |
| Unrestricted | <u>953,566</u> | <u>832,687</u> |
| Total net position | <u>\$1,608,822</u> | <u>\$1,495,798</u> |
| | <u>2023</u> | <u>2022</u> |
| Operating revenue | \$486,797 | \$455,842 |
| Operating expenses | 385,783 | 380,143 |
| Non-operating revenue | 16,653 | 9,144 |
| Change in net position | 117,667 | 84,843 |
| Net position - beginning (restated) | <u>1,491,155</u> | <u>1,410,955</u> |
| Net position - ending | <u>\$1,608,822</u> | <u>\$1,495,798</u> |

OVERALL FINANCIAL POSITION

The District's increase in net position for 2023 was \$117,667. Unrestricted net position (those assets available to finance the daily operations of the District) is \$953,566 at year end, which is an increase of \$120,879 from the prior year. At year end, the net investment in capital assets is \$655,256.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District has capital assets (net of accumulated depreciation) totaling \$655,256. Capital assets include land, the water system, and buildings and equipment with an item cost of \$1,000 or more. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

The District has no long-term debt or other long-term liabilities at year end. During 2023, the District paid the remaining principal due on its Utility Relocation Assistance Fund (URAF) liability. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

Operating revenue and expenses for 2024 are expected to be approximately the same as 2023 amounts.

BASIC FINANCIAL STATEMENTS

Statement A

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana**

**STATEMENT OF NET POSITION
December 31, 2023**

ASSETS

Current assets:

| | |
|---|-----------|
| Cash | \$300,836 |
| Investments - certificates of deposit | 615,639 |
| Receivables (net of allowance for uncollectible accounts) | 38,169 |
| Inventory | 16,778 |
| Total current assets | 971,422 |

Noncurrent assets:

| | |
|---|-----------|
| Restricted cash | 48,849 |
| Property, plant and equipment (net of accumulated depreciation) | 655,256 |
| Total noncurrent assets | 704,105 |
| Total assets | 1,675,527 |

LIABILITIES

Current liabilities:

| | |
|--------------------------------|-------|
| Accounts payable | 9,377 |
| Payroll withholdings payable | 4,459 |
| Sales tax payable | 270 |
| Sewer fees payable | 916 |
| Compensated absences liability | 2,901 |

Payable from restricted assets:

| | |
|---------------------------|--------|
| Customer deposits | 48,782 |
| Total current liabilities | 66,705 |

NET POSITION

| | |
|----------------------------------|-------------|
| Net investment in capital assets | 655,256 |
| Unrestricted | 953,566 |
| Total net position | \$1,608,822 |

See accompanying notes.

Statement B

**CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana**

**STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2023**

OPERATING REVENUE

| | |
|-------------------------|-----------|
| Water sales | \$459,893 |
| Penalties | 8,586 |
| Service fees | 6,940 |
| Sewer collection fee | 1,165 |
| Other operating revenue | 10,213 |
| Total operating revenue | 486,797 |

OPERATING EXPENSES

| | |
|--------------------------------|---------|
| Salaries | 174,236 |
| Commissioners per diem | 3,180 |
| Payroll tax expense | 13,331 |
| Casual/contract labor | 75 |
| Workers compensation insurance | 9,620 |
| Employees health insurance | 42,082 |
| Employee benefits | 4,717 |
| Maintenance expense | 30,655 |
| Auto fuel and maintenance | 8,331 |
| Chemicals | 2,876 |
| Office expense | 10,772 |
| Utilities and telephone | 29,332 |
| Insurance | 17,447 |
| Legal and accounting | 2,111 |
| Postage | 5,273 |
| Dues and memberships | 575 |
| Taxes, licenses, and permits | 270 |
| Travel and training | 761 |
| Bad debt expense | 1,265 |
| Depreciation | 28,874 |
| Total operating expenses | 385,783 |

OPERATING INCOME

101,014

NON-OPERATING REVENUE - interest income

16,653

INCREASE IN NET POSITION

117,667

NET POSITION - BEGINNING (Restated)

1,491,155

NET POSITION - ENDING

\$1,608,822

See accompanying notes.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

| | |
|---|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | \$481,250 |
| Customer meter deposits (net) | 696 |
| Payments to suppliers | (173,474) |
| Payments to employees and board | <u>(179,232)</u> |
| Net cash provided by operating activities | <u>129,240</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Increase in restricted cash | <u>(700)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest income | 16,653 |
| Reduction of URAF liability | (30,507) |
| Purchase of capital assets | (108,809) |
| Increase in investments | <u>(165,135)</u> |
| Net cash used by investing activities | <u>(287,798)</u> |
| NET DECREASE IN CASH | <u>(159,258)</u> |
| CASH AT BEGINNING OF YEAR | <u>460,094</u> |
| CASH AT END OF YEAR | <u><u>\$300,836</u></u> |

Reconciliation of Operating Income to Net Cash

| | |
|--|-------------------------|
| Provided by Operating Activities | |
| Operating Income | <u>\$101,014</u> |
| Adjustments: | |
| Depreciation | 28,874 |
| Bad debt expense | 1,265 |
| Increase in accounts receivable | (5,547) |
| Decrease in inventory | 814 |
| Decrease in accounts payable | (270) |
| Increase in payroll withholdings payable | (692) |
| Increase in sales tax payable | 30 |
| Increase in customer meter deposits | 696 |
| Increase in sewer fees payable | 155 |
| Increase in compensated absences liability | <u>2,901</u> |
| Total adjustments | <u>28,226</u> |
| Net cash provided by operating activities | <u><u>\$129,240</u></u> |
| See accompanying notes. | |

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2023

INTRODUCTION

Consolidated Water District No. 2 of Morehouse Parish (the "District") was created by the Morehouse Parish Police Jury as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the District. The District is governed by a five member board of commissioners appointed by the police jury. The District's commissioners receive \$60 per meeting attended. The District serves approximately 1,162 customers and has five employees.

GASB Statement No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these statements, the District is considered a component unit of the Morehouse Parish Police Jury. As a component unit, the accompanying financial statements may be included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

1. Management's discussion and analysis (MD&A)
2. Statement of net position
3. Statement of revenue, expenses, and changes in net position
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

The District is a special-purpose government engaged only in business-type activities.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Notes to the Financial Statements

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Enterprise funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenue of the District is water sales, penalties, service fees, sewer collection fee, and other operating revenue. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

C. Deposits and Investments

Cash and restricted cash includes cash on hand and amounts in interest-bearing demand deposits. State law limits the District's credit risk by restricting the District's investments to collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2023, the District's investments consists of nonnegotiable certificate of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost. The District's interest rate risk is limited by the investment of funds for periods not to exceed 24 months.

D. Receivables

Accounts receivable consist of amounts due from customers for water service provided prior to year end. Receivables for water sales are shown net of an allowance for uncollectible accounts. The allowance is an estimate based on the amount of receivables that are collected in the month following the month billed and the amount of past due accounts that have been closed but that are included in the accounts receivable balance. Customer accounts are considered past due when they are not paid by the 10th of the month following the month of service. The customer's meter is locked if the amount due is not paid by the 25th of the month following the month of service. Unpaid accounts are closed when considered uncollectible by the District. Closed accounts are generally written off as bad debts two years after they have been closed.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Notes to the Financial Statements

E. Inventory

Inventory consists of parts and expendable supplies and is recorded as an expense when consumed. Inventory is valued at market, which approximates cost.

F. Restricted Assets

Certain resources set aside for the refunding of customer meter deposits are classified as restricted assets on the statement of net position because their use is limited. It is the District's policy to use restricted assets first when both unrestricted and restricted assets are available for a specific purpose.

G. Property, Plant, and Equipment

Property, plant, and equipment, which includes land, the water system, tanks, wells, buildings, and equipment is reported in the enterprise fund financial statements. Property, plant, and equipment purchased by the District is capitalized at historical cost. Donated capital assets are recorded at fair market value on the date of donation. The District maintains a threshold level of \$1,000 or more and an estimated useful life of five years or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All property, plant, and equipment, other than land is depreciated using the straight-line method over the following useful lives:

| | <u>Estimated Lives</u> |
|---------------------------------|----------------------------|
| Water systems, tanks, and wells | 11- 40 years |
| Buildings and equipment | 3-20 years |

H. Compensated Absences

After one year of employment, the District's full-time employees earn from 5 to 10 days of vacation leave each year depending upon length of service and 5 sick/personal days each year. The vacation and sick/personal days are considered earned on the employee's hire date anniversary and must be taken within twelve months from that date. Employees who voluntarily separate from service or who do not use all of their vacation leave within twelve months will be paid for any unused vacation leave. Full-time salaried employees

CONSOLIDATED WATER DISTRICT NO. 2
 OF MOREHOUSE PARISH
 Notes to the Financial Statements

earn compensatory time at 1.5 times their pay rate for hours worked in excess of 40 each week. The compensatory time earned must be taken within the following year. Employees who voluntarily separate from service will be paid for any unused compensatory time.

The District recognizes a liability for compensated absences in the accompanying financial statements in accordance with GASB Statement No. 101, *Compensated Absences*, which requires that a liability for compensated absences be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. The liability for leave that has not been used is measured using the employee's pay rate as of the date of the financial statements. The District has reported a liability for compensated absences at December 31, 2023, in the amount of \$2,901 as follows:

| | |
|------------------------------|----------------|
| Balance at January 1, 2023 | NONE |
| Net increase in liability: | |
| Salaries | \$2,695 |
| Salary-related payments | <u>206</u> |
| Balance at December 31, 2023 | <u>\$2,901</u> |

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2023, the District has cash, restricted cash, and investments (book balances) as follows:

| | |
|---------------------------------------|----------------|
| Petty cash | \$199 |
| Interest bearing checking accounts | 237,635 |
| Savings accounts | 111,851 |
| Investments - certificates of deposit | <u>615,639</u> |

CONSOLIDATED WATER DISTRICT NO. 2
 OF MOREHOUSE PARISH
 Notes to the Financial Statements

Total \$965,324

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 (FDIC) or national credit union administration (NCUA) insurance or the pledge of securities owned by the fiscal agent bank and deposited with an unaffiliated bank. The market value of the pledged securities plus the FDIC and NCUA insurance must at all times equal the amount on deposit with the fiscal agent.

At December 31, 2023, the District has \$974,781 in deposits (collected bank balances). These deposits are secured from risk by \$789,235 of FDIC and NCUA insurance and \$277,750 of pledged securities held by an unaffiliated bank in the name of the fiscal agent bank.

3. RECEIVABLES

At December 31, 2023, the District has net receivables of \$38,169 as follows:

| | |
|--------------------------------------|-----------------|
| Water sales | \$43,933 |
| Returned checks | 143 |
| Allowance for uncollectible accounts | <u>(5,907)</u> |
| Net receivables | <u>\$38,169</u> |

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2023, is as follows:

| | Balance at January 1, 2023 | Increases | Decreases | Balance at December 31, 2023 |
|--|----------------------------------|---------------|------------------|------------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$5,000 | | | \$5,000 |
| Construction in progress | 265,874 | \$21,019 | (\$286,893) | NONE |
| Total capital assets not being depreciated | <u>270,874</u> | <u>21,019</u> | <u>(286,893)</u> | <u>5,000</u> |
| Capital assets being depreciated: | | | | |
| Water system, tanks, and wells | 1,040,659 | 275,893 | | 1,316,552 |

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Notes to the Financial Statements

| | Balance at January 1, 2023 | Increases | Decreases | Balance at December 31, 2023 |
|---|----------------------------------|-------------------------|---------------------------|------------------------------------|
| Buildings and equipment | \$159,960 | \$11,000 | (\$1,145) | \$169,815 |
| Total capital assets being depreciated | <u>1,200,619</u> | <u>286,893</u> | <u>(1,145)</u> | <u>1,486,367</u> |
| Less accumulated depreciation for: | | | | |
| Water system, tanks, and wells | 668,159 | 22,218 | | 690,377 |
| Buildings and equipment | 140,223 | 6,656 | (1,145) | 145,734 |
| Total accumulated depreciation | <u>808,382</u> | <u>28,874</u> | <u>(1,145)</u> | <u>836,111</u> |
| Total assets being depreciated, net | <u>392,237</u> | <u>258,019</u> | <u>NONE</u> | <u>650,256</u> |
| Total assets | <u><u>\$663,111</u></u> | <u><u>\$279,038</u></u> | <u><u>(\$286,893)</u></u> | <u><u>\$655,256</u></u> |

Depreciation expense of \$28,874 for the year ended December 31, 2023 was reported in the statement of revenue, expenses, and changes in net position.

5. UTILITY RELOCATION ASSISTANCE FUND LIABILITY

In August 2008, the District entered into an agreement with the State of Louisiana, Department of Transportation (DOTD) for Utility Relocation Assistance Fund (URAF) funding to relocate the District's water lines that were located within the limits of a road construction project on US Highway 425. The agreement provided for a total project cost of \$481,313. The District was to be financially responsible for \$281,108, with the remainder to be funded by the state through URAF funding. The actual cost of the project was \$539,817. During 2009 and 2011, the District was reimbursed a total of \$327,941 of the project cost through the URAF funding. Section 301(A) of Title 70 of the Louisiana Administrative Code provides that URAF funding is neither a loan nor a grant and there is no interest charged on the funds. However, the water system must eventually repay the portion of the cost it is responsible for or it will not be allowed to locate its facilities within the highway right-of-way. The agreements provide that the District may repay in partial amounts, in exchange for goods and/or services or any combination thereof. During 2013, the District received notice from DOTD that their annual minimum repayment due on January 15th of each year was calculated at either 5% of gross income or 10% of the outstanding URAF funding. The District's final payment of \$30,507 was made on February 14, 2023.

CONSOLIDATED WATER DISTRICT NO. 2
 OF MOREHOUSE PARISH
 Notes to the Financial Statements

The following is a summary of the URAF liability transactions for the year ended December 31, 2023:

| | |
|-------------------------------------|-----------------|
| URAF liability at January 1, 2023 | \$30,507 |
| Additions | NONE |
| Reductions | <u>(30,507)</u> |
| URAF liability at December 31, 2023 | <u>NONE</u> |

6. RESTATEMENT OF BEGINNING NET POSITION

Net position at the beginning of the year was restated as follows:

| | |
|--|--------------------|
| Net position at December 31, 2022, as previously reported | \$1,495,798 |
| Adjustment for correction of an error - allowance for uncollectible accounts understated | <u>(4,643)</u> |
| Net position at January 1, 2023, restated | <u>\$1,491,155</u> |

The error in the amount recorded for the allowance for uncollectible accounts in the prior period resulted in the increase in net position for the year ended December 31, 2022, to be overstated by \$4,643.

7. RISK MANAGEMENT

The District purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

8. SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 29, 2024, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION SCHEDULES

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2023

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
AND BOARD OF COMMISSIONERS**

The schedule of compensation, benefits, and other payments to agency head and board of commissioners is presented in compliance with Louisiana Revised Statute 24:513 A (3) and House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:3819, Consolidated Water District No. 2 of Morehouse Parish commissioners receive \$60 per meeting attended.

SCHEDULE OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 2.

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD AND BOARD OF COMMISSIONERS
For the Year Ended December 31, 2023

BOARD COMPENSATION

| | |
|--|----------------|
| Agency Head - Steve Sistrunk - President | \$660 |
| Jackie Courson | 660 |
| Bud Morrison | 660 |
| Doyle Murphy | 600 |
| Hubert Williams | <u>600</u> |
| Total | <u>\$3,180</u> |

Schedule 2

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2023

| <u>Reference Number</u> | <u>Fiscal Year Finding Initially Occurred</u> | <u>Description of Finding</u> | <u>Status of Finding</u> |
|-----------------------------|---|---|--------------------------|
| 2022-001 | 2009 | Inadequate Segregation of Accounting Duties | Resolved. |

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**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
CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor, the financial statements of Consolidated Water District No. 2 of Morehouse Parish (the "District"), a component unit of Morehouse Parish, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated July 29, 2024.

Report on Internal Control Over Financial Reporting

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

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.

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Independent Auditor's Report on
Internal Control Over Financial
Reporting and on Compliance
and Other Matters, etc.
December 31, 2023

My 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 my audit, I did not identify any deficiencies in internal control that I 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 from material misstatement, I performed tests of the District's 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and the *Louisiana Governmental Audit Guide* and which is described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action as item 2023-001.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in my audit and described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

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


Calhoun, Louisiana
July 29, 2024

CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana

Schedule of Current Year Findings and
Management's Planned Corrective Action
For the Year Ended December 31, 2023

Section I - Summary of Auditor's Reports

Financial Statements

1. Type of auditor's report issued - Unmodified.
2. Internal control over financial reporting:

Material weakness(es) identified? - No
3. Noncompliance material to financial statements noted? - Yes

Section II - Financial Statement Findings

2023-001. Failure to Submit Annual Financial Statements to Louisiana Legislative Auditor within Six Months of the Close of the Fiscal Year

Criteria: Louisiana Revised Statute 24:513 requires the District to submit its financial statements to the Louisiana Legislative Auditor (LLA) within six months of the close of its fiscal year.

Condition: The District did not submit its financial statements to the LLA by June 30, 2024.

Cause: The District contracted with a certified public accountant to have its financial statements audited for the year ended December 31, 2023. Due to the accountant's workload, the audit could not be completed and submitted to the LLA before June 30, 2024.

Effect: Non-compliance with Louisiana Revised Statute 24:513.

Recommendation: None.

Management's Planned Corrective Action: None.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

BOARD OF COMMISSIONERS
CONSOLIDATED WATER DISTRICT NO. 2
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the LOUISIANA LEGISLATIVE AUDITOR:

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period January 1, 2023 through December 31, 2023. Consolidated Water District No. 2 of Morehouse Parish's (the "District") management is responsible for those C/C areas identified in the SAUPs.

The District 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, 2023 through December 31, 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 and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, 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.

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- iii. **Disbursements**, including processing, reviewing, and approving.
- 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).
- v. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- 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.
- vii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, P-cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (determining the reasonableness of fuel card purchases).
- 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 that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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

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of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

- 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.

Results of procedure: The District has no written policies over any of the categories, except payroll/personnel. The written payroll/personnel policy does not include subcategories for payroll processing or reviewing and approving time and attendance records, including leave and overtime worked.

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.
 - 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.
 - 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.
 - 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.

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Results of procedure: Monthly financial statements were presented for the enterprise fund but quarterly budget-to-actual comparisons were not presented. The District does not adopt an annual budget.

No other exceptions were found as a result of this procedure.

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 bank reconciliation for each selected account, and observe that:
- 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);
 - ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within one month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results of procedure: The selected bank reconciliations contained no evidence of a review by a member of management/board member who does not handle cash, post ledgers, or issue checks.

One of the selected bank reconciliations had four checks that had been outstanding for more than 12 months from the statement closing date. There was no documentation that there was any research performed on the outstanding checks.

No other exceptions were found as a result of this procedure.

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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).
- 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- i. Employees responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.
 - 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.
- 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.
- 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). Obtain supporting documentation for each of the 10 deposits and:

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- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual bank deposit per bank statement.
- 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).
- v. Trace the actual deposit per the bank statement to the general ledger.

Results of procedure: The two employees responsible for cash collections share a cash drawer; however, one of the employees only collects cash in the other employee's absence.

Two of the selected deposits were not made within one business day of the posting date of the receipt.

No other exceptions were found as a result of this procedure.

5. Non-Payroll Disbursements (excluding credit 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).
- 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 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.

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- ii. At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - iv. Either the employee/official responsible for signing checks mails the payments or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - 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.
- 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
 - ii. Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- 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.

Results of procedure: The employee responsible for processing payments is also responsible for adding/modifying vendor files.

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The employee responsible for processing payments is also responsible for mailing the checks to vendors.

One selected disbursement lacked documentation that deliverables were received.

No other exceptions were found as a result of this procedure.

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.
- 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
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to 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

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and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results of procedure: No exceptions were found as a result of this procedure.

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:
- 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).
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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)).
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Results of procedure: One reimbursement for a meal was not supported by an itemized receipt that identified precisely what was purchased.

One reimbursement for a meal did not include documentation of the names of the four individuals participating in the meal.

No other exceptions were found as a result of this procedure.

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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. 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:
- 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.
 - 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).
 - 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).
 - 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.

Results of procedure: No exceptions were found as a result of this procedure.

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.
- 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).

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- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv. Observe that the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or official's personnel files, and agree the termination payment to entity policy.
- 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.

Results of procedure: No exceptions were found as a result of this procedure.

10) Ethics

- 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 each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - 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.

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

Results of procedure: None of the five selected employees completed one hour of ethics training during the year.

The District has no written ethics policy.

The District has not appointed an ethics designee.

11) Debt Service

- 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.
- 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 the debt covenants (including contingency funds, short-lived asset funds, or other funds required by debt covenants).

Results of procedure: No exceptions were found as a result of this procedure.

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.
- 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.

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Results of procedure: The notice required by R.S. 24:523.1 has not been posted at the District's office. The District does not have a website.

No other exceptions were found as a result of this procedure.

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 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.
 - 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.
 - 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A above, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the entity's information technology assets have completed cybersecurity training as required by R. S. 42:1267: The requirements are as follows:

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- Hired before June 9, 2020 - completed the training
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results of procedure: I performed the procedure and discussed the results with management.

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.
- 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).
- 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;
 - 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.

Results of procedure: None of the selected employees/officials completed one hour of sexual harassment training during the year.

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The District has no written prevention of sexual harassment policy.

No annual sexual harassment report was prepared for 2023.

Management's Response We will consider the results of the statewide agreed-upon procedures report and take action as deemed necessary and feasible.

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

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

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



Calhoun, Louisiana
July 19, 2024