

**WATERWORKS DISTRICT NO. 9
OF WARD 4 OF CALCASIEU
PARISH, LOUISIANA
Sulphur, Louisiana**

**Annual Financial Report
December 31, 2021 and 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana, component unit of Calcasieu Parish Police Jury, as of and for the year ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana'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.

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted with GAAS 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, internal omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the accounts 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 Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana'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 Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, and the Schedule of Changes in Total OPEB Liability on page 31 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana's basic financial statements. The Schedule of Compensation, Benefits and Other Payments is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and 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 Schedule of Compensation, Benefits and Other Payments is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2022 on our consideration of the Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana'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 Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
April 11, 2022

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2021**

The Management’s Discussion and Analysis of the Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana’s (the District) financial performance presents a narrative overview and analysis of the District’s financial activities for the year ended December 31, 2021. This document focuses on the current year’s activities, resulting changes, and currently known facts in comparison with the prior year’s information. Please read this document in conjunction with the additional information contained in the financial statements.

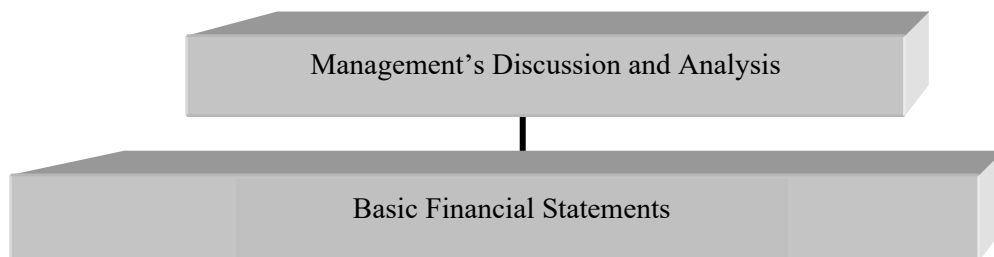
FINANCIAL HIGHLIGHTS

The District’s assets and deferred outflows of resources related to OPEB exceeded its liabilities at the close of 2021 by \$15,088,067 which represents a 4.9% increase from last fiscal year. Of this amount, \$6,895,011 (unrestricted net assets) may be used to meet the District’s ongoing obligations to its users.

The District’s operating revenue increased \$174,319 (or 8.2%) and the net results from operations increased by \$389,314.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management’s Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2021**

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position (pages 7 - 8) presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The District's assets plus deferred outflows of resources minus their liabilities and deferred inflows of resources equals the net position. The net position of the District may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Fund Net Position (page 9) presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statements (pages 10 - 11) presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

| | 2021 | 2020 | 2019 |
|------------------------------------|----------------------|----------------------|----------------------|
| Current assets | \$ 7,574,710 | \$ 6,812,087 | \$ 6,205,290 |
| Capital assets | 8,193,056 | 8,011,421 | 8,031,886 |
| Total Assets | <u>15,767,766</u> | <u>14,823,508</u> | <u>14,237,176</u> |
| Deferred outflows | -0- | 34,340 | 92,430 |
| Total assets and deferred outflows | <u>15,767,766</u> | <u>14,857,848</u> | <u>14,329,606</u> |
| Other liabilities | 252,414 | 59,954 | 40,239 |
| Long-term debt outstanding | 423,609 | 412,085 | 359,184 |
| Total Liabilities | <u>679,699</u> | <u>472,039</u> | <u>399,423</u> |
| Net position: | | | |
| Net investment in capital assets | 8,193,056 | 8,011,421 | 8,031,886 |
| Unrestricted amounts | 6,895,011 | 6,374,388 | 5,898,297 |
| Total Net Position | <u>\$ 15,088,067</u> | <u>\$ 14,385,809</u> | <u>\$ 13,930,183</u> |

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2021**

Restricted net position amounts represent those assets that are not available for spending. Conversely, unrestricted net position amounts are those that do not have any limitations for which they may be used.

Net position of the District increased by \$702,258, or 4.9%, from December 31, 2020 to December 31, 2021.

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|--------------------|--------------------|---------------------|
| Operating revenues | \$ 2,294,601 | \$ 2,120,282 | \$ 2,201,325 |
| Operating expenses | <u>(2,189,496)</u> | <u>(2,404,491)</u> | <u>(1,810,943)</u> |
| Operating income (loss) | <u>105,105</u> | <u>(284,209)</u> | <u>390,392</u> |
| Non-operating revenues (expenses) | <u>597,153</u> | <u>739,835</u> | <u>614,758</u> |
| Net increase (decrease) in net position | <u>\$ 702,258</u> | <u>\$ 455,626</u> | <u>\$ 1,005,140</u> |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2021, the District had \$8,193,056, net of accumulated depreciation, invested in a broad range of capital assets, including land, right of ways, plant and distribution system, and furniture, fixtures, and equipment. (see table below). This amount represents a net increase (including additions and deductions) of \$181,635, or 2.3%, from last year.

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|------------------------------------|---------------------|---------------------|---------------------|
| Land and Right of Ways | \$ 113,486 | \$ 113,486 | \$ 113,486 |
| Plant and Distribution System | 17,892,058 | 17,515,397 | 17,202,939 |
| Furniture, Fixtures, and Equipment | 302,407 | 302,407 | 343,943 |
| Construction in progress | 307,487 | 5,463 | 195,047 |
| Less Accumulated Depreciation | <u>(10,422,382)</u> | <u>(9,925,332)</u> | <u>(9,823,529)</u> |
| Totals | <u>\$ 8,193,056</u> | <u>\$ 8,011,421</u> | <u>\$ 8,031,886</u> |

This year's Major Capital additions included above were:

- Radio read meters \$ 309,118
- Waterlines and large meters \$ 41,263
- Generator \$ 26,280

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2021**

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Alice Webb, District Supervisor, Waterworks District No. 9 of Ward 4 of Calcasieu Parish.

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Net Position
As of December 31,**

| ASSETS | 2021 | 2020 |
|--|----------------------|----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 962,421 | \$ 426,179 |
| Investments | 5,399,027 | 5,033,890 |
| Restricted assets: | | |
| Investments - construction | 192,420 | 162,338 |
| Receivables - net of allowance for uncollectibles of \$70,736 for 2021 and \$62,828 for 2020: | | |
| Water accounts | 136,832 | 145,062 |
| Unbilled | 144,614 | 143,913 |
| Taxes - ad valorem - maintenance | 489,114 | 477,048 |
| Inventory | 219,392 | 399,409 |
| Prepaid expenses | 30,890 | 24,248 |
| Total Current Assets | 7,574,710 | 6,812,087 |
| PROPERTY, PLANT, AND EQUIPMENT | | |
| Furniture, fixtures, and equipment | 96,380 | 96,380 |
| Vehicles | 206,027 | 206,027 |
| Plant and distribution system | 17,892,058 | 17,515,397 |
| | 18,194,465 | 17,817,804 |
| Less: accumulated depreciation and amortization | (10,422,382) | (9,925,332) |
| | 7,772,083 | 7,892,472 |
| Construction in progress | 307,487 | 5,463 |
| Land | 113,486 | 113,486 |
| Net Property, Plant, and Equipment | 8,193,056 | 8,011,421 |
| TOTAL ASSETS | 15,767,766 | 14,823,508 |
| DEFERRED OUTFLOWS OF RESOURCES RELATED TO OPEB | - | 34,340 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 15,767,766 | \$ 14,857,848 |

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

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Net Position (Continued)
As of December 31,**

| | 2021 | 2020 |
|--|----------------------|----------------------|
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 201,274 | \$ 45,320 |
| Wages payable | 9,659 | 8,578 |
| Payroll taxes and retirement payable | 9,166 | 1,601 |
| Sales tax and other payables | 3,715 | 4,455 |
| Unearned service revenue | 28,600 | - |
| Total Current Liabilities | 252,414 | 59,954 |
| LONG-TERM LIABILITIES | | |
| OPEB payable | 423,609 | 412,085 |
| Total Long-Term Liabilities | 423,609 | 412,085 |
| TOTAL LIABILITIES | 676,023 | 472,039 |
| DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB | 3,676 | - |
| TOTAL LIABILITIES AND DEFERRED INFLOWS | 679,699 | 472,039 |
| NET POSITION | | |
| Net investment in capital assets | 8,193,056 | 8,011,421 |
| Unrestricted amounts | 6,895,011 | 6,374,388 |
| TOTAL NET POSITION | 15,088,067 | 14,385,809 |
| TOTAL LIABILITIES AND NET POSITION | \$ 15,767,766 | \$ 14,857,848 |

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

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Revenues, Expenses, and Changes in Net Position
For The Years Ended December 31,**

| | 2021 | 2020 |
|--|---------------|---------------|
| OPERATING REVENUES | | |
| Water sales and fees | \$ 2,294,601 | \$ 2,120,282 |
| OPERATING EXPENSES | | |
| Wages | 567,557 | 820,305 |
| Payroll tax and employee benefits | 245,420 | 308,915 |
| Commissioner fees | 7,400 | 5,400 |
| Depreciation expense | 497,050 | 492,292 |
| Insurance | 103,503 | 71,844 |
| Accounting and legal expenses | 20,950 | 20,820 |
| DHH fees | 40,481 | 53,862 |
| Miscellaneous | 23,511 | 46,973 |
| Office supplies | 30,942 | 33,003 |
| Plant supplies | 103,594 | 124,777 |
| Repairs and maintenance | 340,945 | 146,198 |
| Telephone | 21,491 | 21,192 |
| Utilities | 98,731 | 81,678 |
| Vehicle expense | 38,251 | 22,468 |
| Contract labor | 41,762 | 124,648 |
| Bad debt expense | 7,908 | 30,116 |
| Total Operating Expenses | 2,189,496 | 2,404,491 |
| INCOME FROM OPERATIONS | 105,105 | (284,209) |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Ad valorem taxes - maintenance | 497,001 | 474,948 |
| Investment income | 2,518 | 31,044 |
| Loss on sale of fixed assets | - | (6,053) |
| Joint service income | 13,311 | 14,342 |
| State fees | 43,278 | 56,703 |
| Insurance and FEMA recoveries | 56,162 | 166,306 |
| Miscellaneous | 4,508 | 15,639 |
| Revenue sharing | 4,720 | 4,700 |
| Bank charges and processing fees | (24,345) | (17,794) |
| Total Non-Operating Revenues | 597,153 | 739,835 |
| CHANGE IN NET POSITION | 702,258 | 455,626 |
| NET POSITION - BEGINNING OF YEAR | 14,385,809 | 13,930,183 |
| NET POSITION - END OF YEAR | \$ 15,088,067 | \$ 14,385,809 |

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

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Cash Flows
For The Years Ended December 31,**

| | 2021 | 2020 |
|--|--------------|--------------|
| Cash Flows From Operating Activities: | | |
| Receipts from customers and users | \$ 2,330,730 | \$ 2,114,342 |
| Payments to suppliers | (690,595) | (799,853) |
| Payments to employees and benefits | (773,715) | (945,290) |
| Other | (17,076) | 205 |
| Net Cash Provided (Used) by Operating Activities | 849,344 | 369,404 |
| Cash Flows From Investing Activities: | | |
| Investment income | 2,518 | 31,044 |
| Cash received (paid) for certificates of deposit | - | (361) |
| Cash received (paid) for Investments in LAMP and mutual funds, net | (365,137) | (631,594) |
| Net Cash Provided (Used) by Investing Activities | (362,619) | (600,911) |
| Cash Flows From Capital and Related Financing Activities: | | |
| Capital expenditures for plant and equipment | (533,052) | (477,880) |
| Cash received for ad valorem taxes | 484,935 | 449,891 |
| Insurance and FEMA recoveries | 56,162 | 166,306 |
| Intergovernmental - revenue sharing and joint service | 18,031 | 19,042 |
| State fees | 43,278 | 56,703 |
| Bank charges and processing fees | (24,345) | (17,794) |
| Miscellaneous | 4,508 | 15,639 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 49,517 | 211,907 |
| Net Increase (Decrease) in Cash | 536,242 | (19,600) |
| Cash and Cash Equivalents - Beginning of Year | 426,179 | 445,779 |
| Cash and Cash Equivalents - End of Year | \$ 962,421 | \$ 426,179 |
| Cash and Cash Equivalents: | | |
| Cash - unrestricted | \$ 962,421 | \$ 426,179 |
| | \$ 962,421 | \$ 426,179 |

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

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Cash Flows (Continued)
For The Years Ended December 31,**

| | 2021 | 2020 |
|--|----------------|----------------|
| Reconciliation of Operating Income to Net Cash | | |
| Provided (Used) by Operating Activities: | | |
| Operating income (loss) | \$ 105,105 | \$ (284,209) |
| Adjustments to reconcile net operating income to net cash provided by operating activities: | | |
| Depreciation | 497,050 | 492,292 |
| Provisions for bad debts | 7,908 | 883 |
| (Increase) decrease in receivables | 7,529 | 1,978 |
| (Increase) decrease in prepaid insurance | (6,642) | 1,025 |
| (Increase) decrease in inventory | 180,017 | (204,004) |
| (Increase) decrease in deferred outflows OPEB | 34,340 | (92,430) |
| Increase (decrease) in deferred outflows OPEB | 3,676 | |
| Increase (decrease) in accounts payable and other accrued expenses | 8,837 | (33,533) |
| Increase (decrease) in accrued OPEB payable | 11,524 | 109,370 |
| Total Adjustments | 744,239 | 275,581 |
| Net Cash Provided (Used) by Operating Activities | \$ 849,344 | \$ (8,628) |

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

Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Net Position - Fiduciary Funds
As of December 31, 2021

ASSETS

| | |
|-------------|-------------------|
| Investments | <u>\$ 793,691</u> |
|-------------|-------------------|

LIABILITIES

| | |
|--------------------------------|-------------------|
| Deferred compensation benefits | <u>\$ 793,691</u> |
|--------------------------------|-------------------|

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended December 31, 2021**

ADDITIONS

| | | |
|---|----|---------|
| Employee and employer contributions | \$ | 46,330 |
| Net appreciation in fair value of investments | | 93,751 |
| Dividend earnings | | - |
| Total additions | | 140,081 |

DEDUCTIONS

| | | |
|---|--|--------|
| Withdrawals | | 45,923 |
| Fund transfers | | - |
| Fees | | - |
| Net depreciation in fair value of investments | | - |
| Total deductions | | 45,923 |

Change in net position 94,158

Net position held in agency funds :

| | | |
|-------------------|----|---------|
| Beginning of year | | 699,533 |
| End of year | \$ | 793,691 |

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements
December 31, 2021 and 2020**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Commissioners. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, the Waterworks District No. 9 has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of the Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana. The district is a component unit of the Calcasieu Parish Police Jury.

Fund Accounting

The accounts of the district are organized on the basis of a proprietary fund, which is considered a separate accounting entity or enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) 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.

Basis of Accounting

The District has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments".

The district uses the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Accounts Receivable

Accounts receivable are stated at cost less an allowance for doubtful accounts. Accounts are considered delinquent when 30 days past due (based on days since last payment). The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past user history, any adverse situations that might affect the user's ability to repay, and current economic conditions. The need for an adjustment to the allowance is considered at year end. Amounts charged-off that are subsequently recovered are recorded as income.

Estimates

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

Budgets and Budgetary Accounting

The District adopts a budget annually for operating expenses. The budget is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, revenues, non-operating income and certain non-operating expense items are not considered. The budget for the District is not presented in these statements.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 1 - Summary of Significant Accounting Policies (Continued)

Property, Plant, and Equipment and Long-Term Liabilities

The proprietary fund is accounted for on a cost of services or capital maintenance measurement focus, and all assets and liabilities (whether current or non-current) associated with its activity are included in the statement of net position.

Depreciation of all exhaustible fixed assets is charged as an expense against the operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | |
|------------------------------------|---------------|
| Furniture, fixtures, and equipment | 3 - 40 years |
| Vehicles | 5 years |
| Plant and distribution system | 15 - 40 years |

All fixed assets are stated at historical cost. All property and equipment in excess of \$1,000 are capitalized. Depreciation amounted to \$497,050 for the year ended December 31, 2021 and \$492,292 for the year ended December 31, 2020.

Cash and Cash Equivalents

The District considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

Note 2 - Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1st of the following year.

For the year ended December 31, 2021, taxes of 2.4 mills were levied on property with assessed valuations, net of homestead exemption. Total taxes levied were \$495,003. Taxes receivable at December 31, 2021 and 2020 were \$489,114 and \$477,048,, respectively, all of which were considered collectible. The 2.4 mills were dedicated to the maintenance fund.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 3 - Accumulated Unpaid Vacation and Sick Pay

There was no liability for accumulated unpaid vacation and sick pay at December 31, 2021 and 2020.

Note 4 - Board of Commissioners' Fees

Members of the Board of Commissioners are paid a per diem allowance for attending board meetings. The total expenses for meetings attended during the year are as follows:

| | 2021 | 2020 |
|-------------------|----------|----------|
| Larry Mouton | \$ 1,400 | \$ 900 |
| Byron Chamblee | -0- | 1,000 |
| David K. Chamblee | 1,500 | -0- |
| Vito Tramonte | 1,500 | 1,100 |
| Richard Boenig | 1,500 | 1,200 |
| Theresa Bell | 1,500 | 1,200 |
| Total | \$ 7,400 | \$ 5,400 |

Note 5 - Cash, Cash Equivalents, and Investments

At December 31, 2021 and 2020, the District had cash and certificates of deposit (book balances) as follows:

| | 2021 | 2020 |
|------------------------|------------|------------|
| Demand deposits | \$ 961,821 | \$ 425,579 |
| Cash on hand | 600 | 600 |
| Certificate of deposit | -0- | 48,547 |
| Total | \$ 962,421 | \$ 493,965 |

A reconciliation of cash and certificates of deposit follows:

| | 2021 | 2020 |
|---|------------|------------|
| Cash on hand | \$ 600 | \$ 600 |
| Carrying amount of deposits | 961,821 | 474,126 |
| Total | \$ 962,421 | \$ 474,726 |
| Cash and cash equivalents | \$ 962,421 | \$ 426,179 |
| Certificates of deposit (non-cash equivalents) | -0- | 48,547 |
| Total | \$ 962,421 | \$ 474,726 |

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 5 - Cash, Cash Equivalents, and Investments (Continued)

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. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held by the pledging financial institution's trust department or agent, in the District's name.

Custodial Credit Risk is the risk that in the event of bank failure, the District's deposits may not be returned.

At December 31, 2020, the District had \$923,625 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$828,969 of pledged securities held in a custodial bank in the District's name.

At December 31, 2020, the District had \$435,956 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$549,107 of pledged securities held in a custodial bank in the District's name.

The District deposits its cash with high quality financial institutions, and management believes the District is not exposed to significant credit risk on those amounts.

Under Louisiana Revised Statutes 33:2955, the District may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having principal offices in Louisiana. Additionally, Louisiana statutes allow the District to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, highly rated investment grade commercial paper, and mutual or trust funds registered with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP). The carrying amount of the District's investment in LAMP was \$5,591,447 as of December 31, 2021 and \$5,196,228 as of December 31, 2020.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 5 - Cash, Cash Equivalents, and Investments (Continued)

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM by Standard & Poor's. The District does not have credit risk policies for investments.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 47 days as of December 31, 2021. The District does not have interest rate risk policies for investments.

Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 6 - Other Information

The District had 4,713 and 4,692 active metered customers at December 31, 2021 and 2020, respectively.

Note 7 - Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|-------------------|-----------------|---------------------|
| Land | \$ 113,486 | \$ -0- | \$ -0- | \$ 113,486 |
| Construction in Progress | 5,463 | 307,487 | 5,463 | 307,487 |
| Capital Assets Being Depreciated: | | | | |
| Plant and Distribution System | 17,515,397 | 376,661 | -0- | 17,892,058 |
| Furniture, Fixtures, & Equipment | 302,407 | -0- | -0- | 302,407 |
| Total Capital Assets being Depreciated | 17,817,804 | 376,661 | -0- | 18,194,465 |
| Less Accumulated Depreciation | 9,925,332 | 497,050 | -0- | 10,422,382 |
| Total Capital Assets Being Depreciated, Net of Depreciation | 7,892,472 | (120,389) | -0- | 7,772,083 |
| Total Capital Assets, Net | <u>\$ 8,031,886</u> | <u>\$ 187,098</u> | <u>\$ 5,463</u> | <u>\$ 8,193,056</u> |

Capital asset activity for the year ended December 31, 2020, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|-------------------|-------------------|---------------------|
| Land | \$ 113,486 | \$ -0- | \$ -0- | \$ 113,486 |
| Construction in Progress | 195,047 | 10,946 | 200,530 | 5,463 |
| Capital Assets Being Depreciated: | | | | |
| Plant and Distribution System | 17,202,939 | 667,464 | 355,006 | 17,515,397 |
| Furniture, Fixtures, & Equipment | 343,943 | -0- | 41,536 | 302,407 |
| Total Capital Assets being Depreciated | 17,546,882 | 667,464 | 396,542 | 17,817,804 |
| Less Accumulated Depreciation | 9,823,529 | 492,289 | 390,486 | 9,925,332 |
| Total Capital Assets Being Depreciated, Net of Depreciation | 7,723,353 | 175,175 | 6,056 | 7,892,472 |
| Total Capital Assets, Net | <u>\$ 8,031,886</u> | <u>\$ 186,121</u> | <u>\$ 206,586</u> | <u>\$ 8,011,421</u> |

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 8 -Deferred Compensation Plan

The District offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 457. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. All District employees are permitted to contribute a portion of their salary to the plan. Contributions to the plan by employees equaled \$30,473 for the year ended December 31, 2021, and \$43,516 for the year ended December 31, 2020. The District makes a matching contribution to the plan up to 5% of the employee's compensation. Pension expense for 2021 and 2020 paid by the District was \$36,503 and \$40,776, respectively. This plan is administered by Empower Retirement Services.

Note 9 -Fiduciary Activities

Investments reported at fair value on the District's Statement of Net Position – Fiduciary Funds consist of investments held by the District's 457 plan, described in Note 8, on behalf of its employees. The investments are not included on the District's basic financial statements and instead are shown on its fiduciary statements. The investments consist entirely of mutual funds which are traded on active markets and are considered level 1 investments. The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Agency has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available.

The fair value of investments as of December 31, 2021:

| | |
|--|-----------|
| Asset Allocation /Balanced /Bond Funds | \$793,691 |
| Total Investments | \$793,691 |

Note 10 - Prior Year Balances

Certain prior year amounts may have been reclassified to conform to current year presentation.

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 12 - Restricted Assets

Restricted assets consist of cash, investments and tax receivables restricted for the retirement of the District's revenue bonds and construction. Restricted assets consisted of the following as of December 31:

| | 2021 | 2020 |
|---------------------|------------|------------|
| Construction | \$ 192,420 | \$ 162,338 |
| Debt Services Funds | -0- | -0- |
| | \$ 192,420 | \$ 162,338 |

Note 13 – Other Postemployment Benefits (OPEB)

In 2018, the Calcasieu Parish Police Jury (Parish) implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). This Statement addresses the fact that certain postemployment benefits other than pensions, which for the Parish consist of healthcare benefits only, are related to employee services and salaries received presently but that will benefit the employee in the future – upon retirement – and whose costs will be borne by the Parish in the future. The Statement also attempts to quantify the future “retirement” costs that have been earned by the employee during his/her active years of employment. The Parish will finance the postemployment benefits on a “pay-as-you-go” basis. GASB Statement 75 requires that the liability be recognized in the financial statements for the actuarial determined portion of the projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service. The notes to the financial statements contain other required disclosure information from GASB Statement 75.

The Parish contracted with a third-party consultant to perform the actuarial valuation required by GASB Statement No. 75 as of January 1, 2020 with a measurement date of December 31, 2020. For the Parish plan, the actuarial valuation is required every other year, therefore, the actuarial valuation prepared will be utilized for the two-year periods of 2020 and 2021 with the inclusion of the appropriate second year adjustments. The 2020 valuation included a change in assumption for a decrease in the discount rate (described in the table below).

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

Plan Description: The Parish OPEB Plan is a single employer defined benefit “substantive” plan as understood by the employer and its employees. All of the employees of the Parish primary government and the following discretely presented component units may at their option participate in the employee’s group health, dental, and life insurance programs sponsored and administered by the Parish in conjunction with its third-party insurance providers and administrative agents:

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 13 – Other Postemployment Benefits (OPEB) (Continued)

| | |
|--|---|
| 14 th Judicial District Attorney | Gravity Drainage Dist. No. 2 of Ward 7 |
| Calcasieu Parish Coroner | Gravity Drainage Dist. No. 8 of Ward 1 |
| Community and Playground District No. 4 of Ward 1 | Gravity Drainage Dist. No. 6 of Wards 5 & 6 |
| Sulphur Parks and Recreation | Gravity Drainage Dist. No. 9 of Ward 2 |
| Airport Authority Dist. No. 1 | Recreation District No. 5 of Ward 4 |
| Fire Protection Dist. No. 1 of Ward 1 | Recreation District No. 7 of Ward 8 |
| Fire Protection Dist. No. 2 of Ward 4 | Waterworks Dist. No. 1 of Ward 3 |
| Fire Protection Dist. No. 1 of Ward 6 | Waterworks Dist. No. 1 of Ward 4 |
| Fire Protection Dist. No. 2 of Ward 8 | Waterworks Dist. No. 10 of Ward 7 |
| Calcasieu Parish Communications District | Waterworks Dist. No. 9 of Ward 4 |
| 14 th Judicial District Criminal Court Fund | Waterworks Dist. No. 7 of Wards 6 & 4 |
| Consolidated Gravity Drainage District #1 (West) | Waterworks Dist. No. 14 of Ward 5 |
| Consolidated Gravity Drainage District #2 (East) | Waterworks Dist. No. 11 of Wards 4 & 7 |
| Gravity Drainage Dist. No. 4 of Ward 3 | West Calcasieu Community Center |

While there is no specific written plan for the Parish OPEB plan alone and therefore no separate annual report is issued, the Parish has reported this plan information based on communications to plan members via the written health plan maintained by the Parish. Any amendments to the general health plan as related to types of benefits offered are required to be approved by Parish management before being distributed to Plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided: The Parish OPEB Plan provides health (medical and prescription), dental and life insurance programs for retirees and their dependents. Medical coverage, including prescription drugs as part of the medical plan, is offered to pre-65 and post-65 retirees on a self-insured basis. Benefits are subsidized by the Parish. Dental and life insurance coverage are available to retirees, but these coverages are not subsidized by the Parish. The Parish does not reimburse for Medicare Part B or Part D premium for Medicare eligible retirees and dependents.

Employees Covered: Employees who have twenty (20) years of cumulative service at retirement will be eligible for the above referenced retiree benefits if hired after January 1, 2007. Employees hired prior to January 1, 2007 must have ten (10) years of cumulative service to be eligible for any retiree benefits. Retirees are required to contribute one hundred percent (100%) of the monthly retiree premium for benefits elected.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 13 – Other Postemployment Benefits (OPEB) (Continued)

At December 31, 2021, the following employees were covered by the benefit terms:

| | <u>Parish</u> | <u>District</u> |
|---|---------------|-----------------|
| Active Employees | 1,095 | 11 |
| Inactive Employees or Beneficiaries Currently Receiving Benefit Payments | 149 | -0- |
| Inactive Employees Entitled to But Not Yet Receiving Benefit Payments | -0- | -0- |
| Total Covered Employees | 1,244 | 11 |

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability for the January 1, 2021 actuarial valuation, with a measurement date of December 31, 2021, was determined using the following actuarial assumptions and other inputs, unless otherwise specified:

| | |
|---|--|
| Inflation Rate | Not utilized by the actuary – see discount rate information. |
| Discount Rate | 2.05% using an average of following three 20-year bond indices and rounded to the nearest 0.1%: (a) Bond Byer 20 Bond GO – 2.06%, (b) S&P Municipal Bond 20 Year High Grade Rate Index – 2.25%, and (c) Fidelity GA AA 20 Years – 1.84%. The discount rate of 2.05% was increased from 2.02% utilized in 2020. |
| Healthcare Cost Trend Rates | 8% for pre-65 and post 65 retirees decreasing .25% per year to an ultimate rate of 4.5% in 2032 and later. The healthcare rate of 8% increased from 7% in 2019 |
| Salary Increases | 3.5% |
| Cost of Living Increases | Not applicable |
| Mortality Rate Table Used for Current Valuation | The RP 2014 Healthy Male and Female Tables based on the Employee and Healthy Annuitant Tables for both pre and post retirement with mortality improvement using the most current Society of Actuaries Mortality Improvement Scale MP-2019. |

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 13 – Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability: The following table shows the components of the Parish's total OPEB liability for the current year:

| | Governmental Activities | Total Primary Government | Parish Plan Component Units | Total OPEB Plan |
|--|----------------------------|-----------------------------|--------------------------------|---------------------|
| Total OPEB Liability at Beginning of Year | \$40,672,414 | \$40,672,414 | \$17,065,971 | \$57,738,385 |
| Current Period Changes: | | | | |
| Service Cost | 353,300 | 353,300 | 208,252 | 561,552 |
| Interest on Total OPEB Liability | 820,835 | 820,835 | 345,843 | 1,166,678 |
| Differences Between Expected and Actual Experience | - | - | - | - |
| Changes in Assumptions** | (264,340) | (264,340) | (129,895) | (394,235) |
| Benefit Payments | <u>(1,263,205)</u> | <u>(1,263,205)</u> | <u>(391,326)</u> | <u>(1,654,531)</u> |
| Net Change in Total OPEB Liability | (353,410) | (353,410) | 32,874 | (320,536) |
| Total OPEB Obligation at End of Year – Measurement Date | <u>\$40,319,004</u> | <u>\$40,319,004</u> | <u>\$17,098,845</u> | <u>\$57,417,849</u> |

** Changes in assumptions reflect a increase of .03% in the discount rate from 2.02% for 2020 to 2.05% for 2021

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.05%) or one percentage point higher (3.05%) than the current discount rate of 2.02%:

| | 1% Decrease (1.05%) | Discount Rate (2.05%) | 1% Increase (3.05%) |
|-------------------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability Parish | \$72,549,448 | \$57,417,849 | \$46,795,112 |
| Total OPEB Liability District | \$535,245 | \$423,609 | \$345,238 |

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 13 – Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6%) or one percentage point higher (8%) than the current healthcare cost trend rate of 7%:

| | 1% Decrease (6%) | Healthcare Cost Trend Rate (7%) | 1% Increase (8%) |
|-------------------------------|------------------|---------------------------------|------------------|
| Total OPEB Liability Parish | \$46,443,522 | \$57,417,849 | \$73,953,959 |
| Total OPEB Liability District | \$342,644 | \$423,609 | \$545,607 |

Changes to the Total OPEB Liability: The following table shows the components of the District's total OPEB liability for the current year:

| | |
|---|-------------------|
| Net OPEB Obligation at December 31, 2020 | \$ 412,085 |
| Current Period Changes: | |
| Service Cost | 7,582 |
| Interest on Total OPEB Liability | 8,444 |
| Changes in assumptions | (4,140) |
| Benefit Payments | (362) |
| Net Change in Total OPEB Liability | 11,524 |
| Net OPEB Obligation at December 31, 2021 | <u>\$ 423,609</u> |
| District's Proportionate Percentage of Total Parish OPEB Obligation | 0.71% |
| Change in District's OPEB Obligation Since the Prior Measurement Date | <u>14.7%</u> |

Summary of Deferred Inflows and Outflows

| | Deferred Outflows | Deferred Inflows |
|---|-------------------|------------------|
| Difference between actual and expected experience | \$ - | \$ - |
| Net difference between expected and actual earnings | - | - |
| Impact due to changes in assumptions | - | <u>3,676</u> |
| Total | <u>\$ -</u> | <u>\$ 3,676</u> |

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2021 and 2020**

Note 13 – Other Postemployment Benefits (OPEB) (Continued)

Amortization of impact due to changes in assumptions is over 10 years or (\$368) per year.

Note 14 – Subsequent Events

The District evaluated its December 31, 2021 financial statements for subsequent events through the date of the financial statements were available to be issued. The District is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

STEVEN M. DEROUEN & ASSOCIATES, LLC

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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
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

We have audited 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, the financial statements of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's basic financial statements, and have issued our report thereon dated April 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting (internal control) to determine the 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 Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana'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 may exist that have not been identified.

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's Response to Findings

Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Responses. Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
April 11, 2022

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Schedule of Findings and Responses
December 31, 2021**

A. Summary of Independent Auditor's Results:

1. Unmodified opinion on financial statements.
2. No material weaknesses or significant deficiencies in internal control noted.
3. No instances of non-compliance noted.

B. GAGAS Findings:

None

C. Prior Year Findings:

2020-1 Compliance with Public Bid Law

Condition: The District failed to follow Louisiana's Public Bid Law.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana**

**Schedule of Compensation, Benefits and Other
Payments to the President of the Board of Commissioners**

Year Ended December 31, 2021

Agency Head: Larry Mouton, Board President

| Purpose | Amount |
|--|---------------|
| Commissioner Fees | \$ 1,400.00 |
| Benefits-insurance | 0.00 |
| Benefits-retirement | 0.00 |
| Benefits-Other | 0.00 |
| Car allowance | 0.00 |
| Vehicle provided by government | 0.00 |
| Per diem | 0.00 |
| Reimbursements | 0.00 |
| Travel | 0.00 |
| Registration fees | 0.00 |
| Conference travel | 0.00 |
| Continuing professional education fees | 0.00 |
| Housing | 0.00 |
| Unvouchered expenses | 0.00 |
| Special meals | 0.00 |

Note: This schedule is included as supplementary information.

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Schedule of Changes to Total OPEB Liability
and Related Ratios
For The Year Ended December 31, 2021**

| Total OPEB Liability | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------------|-------------------|-------------------|-------------------|------|
| Service Cost | \$ 6,227 | \$ 7,455 | \$ 7,345 | \$ 7,582 | |
| Interest | \$ 9,152 | \$ 9,919 | \$ 7,252 | \$ 8,444 | |
| Changes in benefit terms | \$ - | \$ - | \$ - | \$ - | |
| Differences between expected and actual | \$ - | \$ - | \$ - | \$ - | |
| Changes in assumptions or other inputs | \$ - | \$ 92,430 | \$ 38,676 | \$ (4,140) | |
| Benefit payments | \$ (446) | \$ (434) | \$ (372) | (362) | |
| Net Change in Total OPEB Liability | <u>\$ 14,933</u> | <u>\$ 109,370</u> | <u>\$ 52,901</u> | <u>\$ 11,524</u> | |
| Total OPEB Liability - beginning | <u>\$ 234,881</u> | <u>\$ 249,814</u> | <u>\$ 359,184</u> | <u>\$ 412,085</u> | |
| Total OPEB Liability - ending | <u>\$ 249,814</u> | <u>\$ 359,184</u> | <u>\$ 412,085</u> | <u>\$ 423,609</u> | |
| Covered Employee Payroll | \$ 409,437 | \$ 421,802 | \$ 492,604 | \$ 491,046 | |
| Total OPEB Liability as a percentage of covered employee payroll | 61.01% | 85.15% | 83.65% | 86.27% | |

Notes to Schedule:

Changes in Benefit Terms

None

Changes in Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

| | |
|------|-------|
| 2018 | 3.90% |
| 2019 | 2.90% |
| 2020 | 2.02% |
| 2021 | 2.05% |

This schedule is intended to report information for 10 years. Data for the full ten year period is not available but will be reported as the additional years become available.

STEVEN M. DEROUEN & ASSOCIATES, LLC

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Member Louisiana Society of
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners 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, 2021 through December 31, 2021. Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana 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, 2021 through December 31, 2021. 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:

Written Policies and Procedures

1. 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:

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

No exceptions noted.

b) **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.

Policy does not include item 2; how vendors are added to vendor list.

- c) **Disbursements**, including processing, reviewing, and approving.

No exceptions noted.

- d) **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).

No exceptions noted.

- e) **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(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

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

No exceptions noted.

- g) **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 (e.g., determining the reasonableness of fuel card purchases).

No exceptions noted.

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

No exceptions noted.

- i) **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.

No exceptions noted.

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

No exceptions noted.

- k) **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.

No exceptions noted.

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

Policy does not address items 2 and 3 regarding annual employee training and annual reporting.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

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

No exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

N/A budget not required.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the

entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) 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.

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

No exceptions noted.

- c) 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.

Collections (excluding electronic funds transfers)

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

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:

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

No exceptions noted.

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

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- 6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe 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.

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

No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

No exceptions noted.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
No exceptions noted.
 - b) At least two employees are involved in processing and approving payments to vendors.
No exceptions noted.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
No exceptions noted.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
No exceptions noted.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
No exceptions noted.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
No exceptions noted.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or

combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe 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.

No exceptions noted.

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

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 note 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.

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

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

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

No exceptions noted.

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

Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

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

No exceptions noted.

Contracts

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

- a) 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.

- b) 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.

- c) If the contract was amended (e.g., change order), observe 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, was approval documented).

No amendments.

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

No exceptions noted.

Payroll and Personnel

16. 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.

No exceptions noted.

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

Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

- a) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

18. 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, 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 officials' personnel files, and agree the termination payment to entity policy.

No exceptions noted.

19. 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.

Ethics

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

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

No exceptions noted.

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

No exceptions noted.

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.

No debt not applicable.

22. 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 debt not applicable.

Fraud Notice

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

No exceptions noted.

24. Observe 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.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Sexual Harassment

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted.

- 27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions noted.

- 28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements; 100%
- b) Number of sexual harassment complaints received by the agency; none
- c) Number of complaints which resulted in a finding that sexual harassment occurred; none
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and not applicable
- e) Amount of time it took to resolve each complaint. Not applicable

We were engaged by Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana 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 Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana 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.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana

April 11 2022