

**Kolin-Ruby Wise Waterworks District
No. 11A of Rapides Parish, Louisiana
(A Component Unit of the Rapides
Parish Police Jury)
Annual Financial Report
December 31, 2022**

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Introduction

Kolin-Ruby Wise Waterworks District No. 11A of Rapides Parish, Louisiana (the Waterworks District) is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments (hereinafter referred to as GASB 34), and related standards. GASB 34 provides financial statement users a more detailed and comprehensive analysis of the financial performance of the Waterworks District. Please read the following in conjunction with the Waterworks District's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets and deferred outflows for the years ended 2021 and 2022 were \$4,631,420 and \$4,602,164 and exceeded liabilities and deferred inflows in the amount of \$3,234,535 and 3,252,670 (i.e., net positions). Of the total net assets, \$1,381,262 and \$1,457,256 for 2021 and 2022 were unrestricted and available to support short-term operations, with the balance invested in capital assets, net of related debt, or restricted for capital activity and debt service. Total net assets increased by \$18,115.
- User fee revenues (water sales) for the fiscal year ending December 31, 2021, and 2022 were \$595,740 and \$601,498.
- The Waterworks District's operating expenses, consisting of those expenses resulting from the Waterworks District's ongoing operations totaled \$780,436 and \$760,508 for the fiscal years ended December 31, 2021, and 2022.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the Waterworks District's financial condition and performance.

The financial statements report information on the Waterworks District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the nature and amount of the Waterworks District's resources and obligations at year-end and provides a basis for evaluating the capital structure of the Waterworks District and assessing the liquidity and financial flexibility of the Waterworks District.

The Statement of Revenues, Expenses, and Changes in Net Position, accounts for the revenues and expenses for the fiscal year and provides information on how net assets changed during the year. This statement measures the success of the Waterworks District's operations in a format that can be used to determine if the Waterworks District has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the

source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the Waterworks District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes schedule of commissioners and per diem paid to each, summary accounts receivable information, water rates and a schedule of insurance.

Financial Analysis

The purpose of financial analysis is to help determine whether the Waterworks District is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the Waterworks District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Condensed Statement of Net Position

| | <u>December 31, 2021</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Current assets | \$ 1,515,811 | \$ 1,538,032 |
| Restricted assets | 259,349 | 264,455 |
| Fixed assets (net) | 2,749,231 | 2,610,440 |
| Non-current Assets | 49,231 | 142,905 |
| Deferred outflows of resources | <u>57,798</u> | <u>46,332</u> |
| Total Assets and Deferred Outflows | <u>\$ 4,631,420</u> | <u>\$ 4,602,164</u> |
| Current liabilities | \$ 28,440 | \$ 30,098 |
| Current liabilities (payable from restricted assets) | 135,590 | 137,151 |
| General obligation bonds payable | 39,329 | 41,000 |
| Non-current Liabilities | -0- | -0- |
| Long term debt | 1,079,651 | 1,001,721 |
| Deferred inflows of resources | <u>113,857</u> | <u>139,773</u> |
| Total Liabilities and Deferred Inflows | 1,396,867 | 1,349,494 |
| Net Position | <u>3,234,555</u> | <u>3,252,670</u> |
| Total Liabilities, Deferred Inflows and Net Position | <u>\$ 4,631,420</u> | <u>\$ 4,602,164</u> |

Current assets include current assets for operations, receivables and prepaid expenses. Restricted assets include cash and certificates of deposit restricted for bond indentures and customer deposits.

Capital Assets increased by \$625 and disposals were \$0 in 2022. Depreciation of \$139,416 is included in net fixed assets and is reflected as net capital decrease of \$138,791.

Total long-term debt decreased by \$75,806 during 2022, which reduced the balance at December 31, 2022 to \$1,079,481.

Condensed Statement of Revenues, Expenses, and Changes in Net Position

| | <u>December 31, 2021</u> | <u>December 31, 2022</u> |
|---------------------------------|--------------------------|--------------------------|
| Operating revenue | \$ 619,447 | \$ 645,644 |
| Operating expenses | <u>780,436</u> | <u>760,508</u> |
| Operating (Loss) | (160,989) | (114,864) |
| Nonoperating Income (net) | <u>129,864</u> | <u>132,979</u> |
| Change in Net Positions | (31,125) | 18,115 |
| Net Position, Beginning of Year | <u>3,265,679</u> | <u>3,234,555</u> |
| Net Position, End of Year | <u>\$ 3,234,555</u> | <u>\$ 3,252,670</u> |

While the Balance Sheet shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers to the nature and scope of these changes. The above table shows an increase in net position of \$18,115 for the fiscal year ending December 31, 2022, as does the Condensed Balance Sheet on the prior page.

The Waterworks District's total revenues include the sales of water, connection fees, tap fees and late charges.

The Waterworks District's major operating expenses include depreciation expense, insurance, wages and retirement, and utilities. Nonoperating income includes ad valorem tax, state revenue sharing, rent and interest and nonoperating expenses include interest expense.

Other Significant Account Changes and Financial Trends

One key measure of a Waterworks District's profitability, and the ability to generate positive cash flows, is the ability of the water system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31.

| | <u>December 31, 2021</u> | <u>December 31, 2022</u> |
|----------------------------------|--------------------------|--------------------------|
| Current | \$ 48,821 | \$ 56,094 |
| Over 30 Days Past Due | <u>4,868</u> | <u>1,605</u> |
| Total Accounts Receivable | | |
| (Before Allowance for Bad Debts) | 53,689 | 57,699 |
| Allowance for Bad Debts | (2,861) | (2,719) |
| Unbilled services | <u>16,426</u> | <u>15,783</u> |
| Total Accounts Receivable | <u>\$ 67,254</u> | <u>\$ 70,763</u> |

Total receivables for water service remained constant reflecting the Waterworks District's efforts in collecting bills and in writing off accounts as they become past due. Past due accounts are referred for collection.

Capital Assets

At the end of the fiscal years ending December 31, 2021 and 2022, the Waterworks District had \$2,749,231 and \$2,610,440 (net of accumulated depreciation) recorded in capital assets. This includes water systems and improvements in the Kolin-Ruby Wise area.

Other significant capital assets include the Waterworks District's investment for the office building and storage for water system equipment and supplies, land owned for the office building site and for water well locations, and equipment and machinery, including vehicles, for water system operation. The changes in capital assets are presented in the table below.

| | <u>December 31, 2021</u> | <u>December 31, 2022</u> |
|--------------------------------|--------------------------|--------------------------|
| Land | \$ 16,359 | \$ 16,359 |
| Water Distribution System | 5,801,952 | 5,802,577 |
| Software | 83,604 | 83,604 |
| Vehicles | <u>114,882</u> | <u>114,882</u> |
| Subtotal | 6,016,797 | 6,017,422 |
| Less: Accumulated Depreciation | <u>(3,267,566)</u> | <u>(3,406,982)</u> |
| Net Capital Assets | <u>\$ 2,749,231</u> | <u>\$ 2,610,440</u> |

Long-Term Debt Activity

The primary source of long-term financing for the Waterworks District water system improvements is revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS). Interest rates for long-term debt financed through RUS at December 31, 2022, range from 4% to 5.4%, with initial payment terms for bonds generally at 40 years. Bonds financed for the Waterworks District do not generally require a specific debt to net income or net cash flow ratio, but bond restrictions do state that the Waterworks District must set its water rates at a level necessary to fund debt service requirements and to pay for the normal operating expenses of the Waterworks District.

Requests for Information

This financial report is designed to provide a general overview of Kolin-Ruby Wise Waterworks District No. 11A of Rapides Parish, Louisiana's finances and to demonstrate the Waterworks District's accountability. If you have questions regarding this report or need additional information, contact the Waterworks District at P. O. Box 3100, Pineville, LA 71361. The phone number for the Waterworks District is (318) 445-4178.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
Kolin-Ruby Wise Waterworks District No. 11A
Pineville, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Kolin-Ruby Wise Waterworks District No. 11A, a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Kolin-Ruby Wise Waterworks District No. 11A'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 Kolin-Ruby Wise Waterworks District No. 11A as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Kolin-Ruby Wise Waterworks District No. 11A 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kolin-Ruby Wise Waterworks District No. 11A's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kolin-Ruby Wise Waterworks District No. 11A'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 Kolin-Ruby Wise Waterworks District No. 11A'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 information on pages 1–5 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of Kolin-Ruby Wise Waterworks District No. 11A'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 Kolin-Ruby Wise Waterworks District No. 11A'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 Kolin-Ruby Wise Waterworks District No. 11A's internal control over financial reporting and compliance.


Adler and Pias, LLC

Alexandria, Louisiana
June 29, 2023

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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

To the Board of Commissioners of
Kolin-Ruby Wise Waterworks District No. 11A
Pineville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the business-type activities of Kolin-Ruby Wise Waterworks District No. 11A, a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise Kolin-Ruby Wise Waterworks District No. 11A's basic financial statements, and have issued our report thereon dated June 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kolin-Ruby Wise Waterworks District No. 11A's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kolin-Ruby Wise Waterworks District No. 11A's internal control. Accordingly, we do not express an opinion on the effectiveness of Kolin-Ruby Wise Waterworks District No. 11A's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kolin-Ruby Wise Waterworks District No. 11A's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of

our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Adler and Pias, LLC

Alexandria, Louisiana

June 29, 2023

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Statement of Net Position - Proprietary Fund
December 31, 2022

| | | |
|--|------------------|------------------|
| Assets | | |
| Current Assets | | |
| Cash | 241,258 | |
| Certificates of Deposit | 1,044,032 | |
| Receivable(net of allowance for doubtful accounts) | 222,526 | |
| Prepaid Expenses | <u>30,216</u> | |
| Total Current Assets | | 1,538,032 |
| Restricted Assets | | |
| Cash | 212,776 | |
| Certificates of Deposit | <u>51,679</u> | |
| Total Restricted Assets | | 264,455 |
| Fixed Assets(net of accumulated depreciation) | | 2,610,440 |
| Non-Current Assets: | | |
| Net Pension Asset | | <u>142,905</u> |
| Total Assets | | 4,555,832 |
| Deferred Outflows of Resources | | |
| Deferred Amounts Related to Pension | 41,783 | |
| Revenue Bond Issue Costs (net) | <u>4,549</u> | |
| Total Deferred Outflows of Resources | | 46,332 |
| Liabilities | | |
| Current Liabilities (payable from current assets) | | |
| Accounts Payable and Accrued Expenses | 8,024 | |
| Accrued Interest - General Obligation Bonds | 10,023 | |
| Retirement Payable | <u>12,051</u> | |
| Total Current Liabilities (payable from current assets) | | 30,098 |
| Current Liabilities (payable from restricted assets) | | 137,151 |
| General Obligation Bonds Payable (Current) | | 41,000 |
| Long-Term Debt | | |
| General Obligation Bonds Payable | 339,883 | |
| Revenue Bonds Payable | <u>661,589</u> | |
| Total Long-Term Debt | | <u>1,001,472</u> |
| Total Liabilities | | 1,209,721 |
| Deferred Inflows of Resources | | |
| Deferred Amounts Related to Pension | | 139,773 |
| Net Position | | |
| Net Investment in Capital Assets | 1,530,959 | |
| Restricted for Debt Service | 264,455 | |
| Unrestricted | <u>1,457,256</u> | |
| Total Net Position | | 3,252,670 |

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

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Statement of Revenues, Expenses, and
Changes in Fund Net Position - Proprietary Fund
For the Year ended December 31, 2022

| | | |
|---------------------------------------|---------------|-------------------------|
| Operating Revenues | | |
| Water Sales and Tap Fees | 601,498 | |
| Late Charges and Connection Fees | <u>44,146</u> | |
| Total Operating Revenues | | 645,644 |
| Operating Expenses | | |
| Advertising | 891 | |
| Truck Expense | 3,100 | |
| Bad Debts | 2,269 | |
| Bank Charges | 743 | |
| Chemicals | 24,854 | |
| Depreciation | 139,416 | |
| Dues and Subscriptions | 6,353 | |
| Environmental Expense | 250 | |
| Fuel and Oil | 20,022 | |
| Insurance | 40,837 | |
| Office Supplies | 6,242 | |
| Payroll Taxes | 6,713 | |
| Per Diem - Board Members | 10,085 | |
| Postage and Freight | 7,277 | |
| Professional Fees | 36,176 | |
| Engineering Fees | 2,990 | |
| Repairs and Maintenance | 65,179 | |
| Retirement Expense | (30,030) | |
| Salaries and Wages | 304,331 | |
| Supplies | 13,391 | |
| Taxes and Licenses | 22,277 | |
| Telephone | 14,394 | |
| Utilities | 59,254 | |
| Bond Fees | 940 | |
| Administrative and General | <u>2,554</u> | |
| Total Operating Expenses | | <u>760,508</u> |
| Operating (Loss) | | (114,864) |
| Nonoperating Revenues(Expenses) | | |
| Ad Valorem Taxes | 156,551 | |
| State Revenue Sharing | 4,038 | |
| Interest Income | 5,241 | |
| Interest Expense | (44,660) | |
| Non-Contributing Employer Revenue | 2,510 | |
| Rental Income | <u>9,299</u> | |
| Total Nonoperating Revenues(Expenses) | | <u>132,979</u> |
| Change in Net Position | | 18,115 |
| Net Position, Beginning of Year | | <u>3,234,555</u> |
| Net Position, End of Year | | <u><u>3,252,670</u></u> |

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

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Statement of Cash Flows-Proprietary Fund
For the Year ended December 31, 2022

| | | |
|--|------------------|------------------------|
| Cash Flows From Operating Activities | | |
| Cash Received from Customers | 641,139 | |
| Cash Paid to Suppliers for Goods and Services | (328,140) | |
| Cash Paid to Employees for Services | <u>(347,114)</u> | |
| Net Cash Used by Operating Activities | | (34,115) |
| Cash Flows From Noncapital Financing Activities | | |
| Tax Receipts Collected by Other | | |
| Governmental Agency | 145,348 | |
| Rental Income | 9,299 | |
| Non-Contributing Employer Revenue | 2,510 | |
| State Revenue Sharing | <u>4,038</u> | |
| Net Cash Provided by Noncapital Financing Activities | | 161,195 |
| Cash Flows From Capital and Related Financing Activities | | |
| Cash Payments for Purchase of Capital Assets | (625) | |
| Principal Payments on Bonds | (75,806) | |
| Interest Paid | <u>(46,061)</u> | |
| Net Cash Used by Capital and Related Financing Activities | | (122,492) |
| Cash Flows From Investing Activities | | |
| Interest Income | <u>5,241</u> | |
| Net Cash Provided by Investing Activities | | <u>5,241</u> |
| Net Change in Cash | | 9,829 |
| Cash at Beginning of Year | | <u>444,205</u> |
| Cash at End of Year | | <u><u>454,034</u></u> |
| Reconciliation of Operating Loss to Net Cash Used by Operating Activities: | | |
| Operating (Loss) | | (114,864) |
| Adjustments to Reconcile Net Operating Income to Net | | |
| Cash Provided by Operating Activities | | |
| Depreciation | 139,416 | |
| Amortization | 376 | |
| Change in Assets and Liabilities: | | |
| Customer Receivables | (3,509) | |
| Prepaid Expenses | (2,784) | |
| Customer Deposits | 1,274 | |
| Deferred Amounts Related to Pension Liability | 11,090 | |
| Deferred Amounts Related to Pension Liability | 25,916 | |
| Net Pension Liability Gasb 68 | (92,653) | |
| Accounts Payable and Accrued Expenses | <u>1,623</u> | 80,749 |
| Net Cash Used by Operating Activities | | <u><u>(34,115)</u></u> |

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

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Introduction

The Kolin-Ruby Wise Waterworks District No. 11A (the Waterworks District) was created by the Rapides Parish Police Jury, as authorized by Louisiana Revised Statute 33:3811. The Waterworks District is governed by a five-member board of commissioners who are residents of and own real estate in the Waterworks District. The board members are compensated for meetings attended. The board is appointed by the Jury and is responsible for providing water service to approximately 1,680 users within the boundaries of the Waterworks District. The Waterworks District employs five full-time employees.

Note 1 - Summary of Significant Accounting Policies

A. *Basis of Presentation*

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments. Generally accepted principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled "Audits of State and Local Government Units" and by the Financial Accounting Standards Board (FASB), when applicable. As allowed under GASB Statement No. 62, the Waterworks District has elected to follow (1) all GASB pronouncements and (2) all FASB Statements and Interpretations, APB Opinions and ARBs, no matter when issued, except those that conflict with GASB pronouncements.

B. *Financial Reporting Entity*

GASB No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Waterworks District includes all funds that are within the oversight responsibility of the Waterworks District. The Waterworks District is a component unit of the Rapides Parish Police Jury. Certain units of local government over which the Waterworks District exercises no oversight responsibility, such as the police jury, parish school board, other independently elected officials, and municipalities within the parish, are excluded from the accompanying financial statements. Under GASB Codification Section 2600, these units of government are considered separate reporting entities and issue financial statements separate from those of the Waterworks District. GASB Statement No. 61, The Reporting Entity: Omnibus, amended No. 14 and No. 34 to better meet user needs.

C. *Fund Accounting*

The Waterworks District uses a proprietary-enterprise fund to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies, (continued)

A proprietary-enterprise fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided by the Waterworks District to outside parties, the cost of which is recovered primarily through user fees.

D. Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all liabilities associated with the operation of these funds are included on the statement of net assets. The proprietary funds use the accrual basis of accounting. Operating revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

Ad valorem taxes are accounted for using the modified accrual basis of accounting, whereby, revenues are recognized when they become measurable and available as net current assets (within sixty days after year-end). Taxes paid under protest in years prior to 2004 are retained in escrow by the Rapides Parish tax collector and are not recorded as income until released to the Waterworks District after completion of favorable litigation. Now, all of the protested taxes are distributed to the respective tax districts. When the lawsuit is settled, the district may have to issue a refund which is determined by the court. In 2022 there were no taxes refunded for protested taxes.

E. Cash

Cash includes amounts in demand deposits, bank money market accounts and certificates of deposit.

F. Fixed Assets

All fixed assets and infrastructure assets are stated at historical cost. Depreciation of all exhaustible assets is charged as an expense against operations. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

G. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance for doubtful accounts.

H. Contributed Capital

Grant funds received from federal and state agencies restricted for use in financing capital improvements are not reflected as revenues. They are recorded in fund equity as contributed capital. This policy changed with the enactment of GASB 63, which calls for Capital Contributions to be shown on the "Statement of Revenues, Expenses and Changes in Fund Position" as a separate line item. The change is effective after December 31, 2011.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies, (continued)

I. Budget

A budget has been adopted for the USDA Rural Development Service, however, budgets for proprietary funds are not required by Louisiana law.

J. Estimates

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

K. Deferred Charges

The cost of issuing revenue bonds in 2010 was deferred and is being amortized and charged to expense over the life of the bonds.

L. Accrued Unbilled Revenue

During the year, customer water meters are read and bills rendered throughout monthly periods. Because there are approximately ten days of unbilled water usage at the end of each month, revenue for water distributed but not yet billed is accrued at fiscal year end to match revenues with related expenses.

Note 2 - Cash and Certificates of Deposit

Under state law, the Waterworks District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Waterworks District may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2022, the Waterworks District had cash (in checking accounts) and certificates of deposit as follows:

| | |
|---|---------------------------|
| Demand Deposits (includes \$212,776 of restricted assets) | \$453,934 |
| Petty Cash | 100 |
| Certificates of Deposit (greater than 90 days maturity) | 1,095,711 |
| Total | <u><u>\$1,549,745</u></u> |

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 2 - Cash and Certificates of Deposit, (continued)

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The Waterworks District does not have a deposit policy for custodial credit risk. The market value of the pledged securities plus the federal deposit insurance must equal the amount on deposit with the fiscal agent. Cash and C.D.'s at December 31, 2022 are as follows:

| | |
|--|--------------------|
| Bank Balances | <u>\$1,549,645</u> |
| Federal Deposit Insurance | 750,000 |
| Pledged Securities(uncollateralized) | 1,475,000 |
| Total Insurance and Pledged Securities | <u>\$2,225,000</u> |

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Waterworks District that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - Receivables

The following is a summary of receivables at December 31, 2022:

| | | |
|---------------------------------------|----------|------------------|
| Water Sales: | | |
| Billed Services | \$57,699 | |
| Unbilled Services | 15,783 | 73,482 |
| Less: Allowance for Doubtful Accounts | | <u>(2,719)</u> |
| | | 70,763 |
| Ad Valorem Taxes | | 151,763 |
| Total | | <u>\$222,526</u> |

Note 4 - Restricted Assets

Certain proprietary - enterprise fund resources are classified as restricted assets on the statement of net position because their use is restricted by applicable bond covenants or for other legal purposes. The "Revenue Bond Sinking Fund" account is used to accumulate monies to be used for debt service payments within the next twelve months. The "Depreciation and Contingency Fund" account is used to provide for extensions, additions, improvements, renewals and replacements necessary to properly operate the Waterworks District. The "Revenue Bond Reserve Fund" is used to report resources set aside to make up potential future deficiencies in the Revenue Bond Sinking Fund Account. Customers' deposits are not associated with the revenue bond indenture. However, these are required deposits from customers to insure against nonpayment of billings or property damage.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 4 - Restricted Assets, (continued)

Amounts included in the above listed accounts are as follows:

| | |
|-----------------------------------|------------------|
| Revenue Bond Sinking Fund | \$42,630 |
| Revenue Bond Reserve Fund | 119,562 |
| Depreciation and Contingency Fund | 50,584 |
| Customers' Deposits | 51,679 |
| | <u>\$264,455</u> |

The balance of all three accounts associated with the revenue bonds were in compliance with the bond indenture.

Note 5 - Fixed Assets

A summary of changes in fixed assets for the year ended December 31, 2022 follows:

| | Balance January 1, 2022 | Additions | Disposals | Balance December 31, 2022 |
|-------------------------------|-------------------------------|------------------|-----------|---------------------------------|
| Land | \$16,359 | -0- | -0- | \$16,359 |
| Water System and Equipment | 5,801,952 | 625 | -0- | 5,802,577 |
| Software | 83,604 | -0- | -0- | 83,604 |
| Vehicles | 114,882 | -0- | -0- | 114,882 |
| Total | 6,016,797 | 625 | -0- | 6,017,422 |
| Less Accumulated Depreciation | (3,267,566) | (139,416) | -0- | (3,406,982) |
| Net Fixed Assets | <u>\$2,749,231</u> | <u>(138,791)</u> | -0- | <u>\$2,610,440</u> |

Depreciation Expense for the year ended December 31, 2022 was \$139,416.

Note 6 - Long-Term Debt

In 2005 the Waterworks District issued \$742,000 in water revenue bonds and \$850,000 in general obligation bonds (Series 2005) secured by revenues to be derived from the operation of the water system. The registered bonds were delivered to the United States Department of Agriculture, Rural Development Office. The bonds were issued to finance water system improvements. The bonds carry interest rates of 4.25% and mature in February, 2045 and May, 2030, respectively. The revenue bond is payable semiannually for principal and interest of \$19,567 and the general obligation bond is payable annually for principal and interest of \$57,188.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 6 - Long-Term Debt, (continued)

In 2010 the Waterworks District issued a \$550,000 water revenue bond of which \$385,000 is bonds payable (Series 2010) secured by revenues to be derived from the operation of the water system and \$165,000 is ARRA principal forgiveness. The registered bonds were issued by the Department of Health and Hospitals, State of Louisiana. The bonds were issued to finance water system improvements. The bond carries an interest rate of 2.95% and matures in February, 2030. The revenue bond is payable semiannually for principal and interest of approximately \$28,000.

The following is a summary of debt transactions for the year ended December 31, 2022:

| | Gen. Obl. Bond 2005 | Revenue Bond 2005 | Revenue Bond 2010B | Total |
|----------------|---------------------------|-------------------------|--------------------------|--------------------|
| Beg. Balance | \$420,212 | \$537,075 | \$198,000 | \$1,155,287 |
| Additions | -0- | -0- | -0- | -0- |
| Reductions | (39,329) | (16,477) | (20,000) | (75,806) |
| Ending Balance | <u>\$380,883</u> | <u>\$520,598</u> | <u>\$178,000</u> | <u>\$1,079,481</u> |

The future annual requirements to amortize long-term debt are as follows:

| Year End | Principal | Interest | Total |
|-----------|------------------|----------------|------------------|
| 2023-2027 | 422,766 | 184,410 | 607,176 |
| 2028-2032 | 342,697 | 98,703 | 441,400 |
| 2033-2037 | 140,372 | 131,914 | 272,286 |
| 2038-2042 | 172,846 | 22,819 | 195,665 |
| 2043-2044 | 800 | 34 | 834 |
| Total | <u>1,079,481</u> | <u>437,880</u> | <u>1,517,361</u> |

All sinking fund requirements have been funded in advance(see note 4).

Note 7 - Liabilities Payable From Restricted Assets

The amounts payable from restricted assets, referred to in Note 4, are as follows:

| | |
|---|------------------|
| Customer Deposits | \$88,727 |
| Revenue Bonds Payable (Series 2005) - Current Portion | 17,008 |
| Revenue Bonds Payable (Series 2010) - Current Portion | 20,000 |
| Accrued Interest on Revenue Bonds | 11,416 |
| | <u>\$137,151</u> |

Note 8 – Retirement Plan

Plan Description

Parochial Employees' Retirement System of Louisiana (the System) is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute (LRS). Substantially all employees of the Waterworks District participate in Plan A of the System.

Benefits Provided

Employees hired prior to January 1, 2007 who retire at or after age 65 with a minimum of seven (7) years of service, at or after age 60 with 10 years of service, at or after age 55 with 25 years of service, or with 30 years of service regardless of age are entitled to a retirement benefit.

Employees who were hired after January 1, 2007 who retire at age 67 with 7 years of experience, age 62 with 10 years of experience or age 55 with 30 years of experience are entitled to a retirement benefit.

Generally, the monthly amount of the retirement allowance shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

1. Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married no less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

2. Deferred Retirement Option Program (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of the Plan must agree that the benefits payable to the participant are not the obligations of the state or PERS, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

3. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and are not eligible for normal retirement and have been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the years ended December 31, 2022 and 2021, the actuarially determined contribution rates were 10.38% and 11.11%, respectively, of member's compensation for Plan A. However, the actual rate for years ended December 31, 2022 and 2021 was 11.50% and 12.25%, respectively. Contributions to the pension plan from the Waterworks District were \$24,208 for the year ended December 31, 2022.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

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

At December 31, 2022, the Waterworks District reported an asset of \$142,905 for its proportionate share of the Net Pension Asset. The Net Pension Asset was measured as of December 31, 2021 and the total pension liability used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date. The Waterworks District's proportion of the Net Pension Asset was based on a projection of the Waterworks District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the Waterworks District's proportion was 0.030338%, which was an increase of 0.002261% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Waterworks District recognized pension expense of (\$29,496) plus the Waterworks District's amortization of the difference between employer contributions and proportionate share of contributions of (\$455).

At December 31, 2022, the Waterworks District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 8,634 | \$ (10,357) |
| Changes in assumptions | 7,453 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (123,610) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,488 | (5,806) |
| Employer contributions subsequent to the measurement date | 24,208 | - |
| Total | \$ 41,783 | \$ (139,773) |

\$24,208 reported as deferred outflows of resources related to pensions resulting from Waterworks District contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31:

| | |
|------|-------------|
| 2023 | \$ (27,967) |
| 2024 | \$ (48,660) |
| 2025 | \$ (32,323) |
| 2026 | \$ (13,248) |

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension asset as of December 31, 2021, the valuation date, are as follows:

| | |
|---|---|
| Actuarial cost method | Entry Age Normal |
| Expected remaining service lives | 4 years |
| Investment rate of return | 6.40%, net of investment expenses |
| Projected salary increases | 4.75% (2.45% Merit/2.30% Inflation) |
| Cost-of-living adjustments | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present value do not include provisions for potential future increase not yet authorized by the Board of Trustees. |
| Mortality | Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants. |

The discount rate used to measure the total pension asset was 6.40% for Plan A. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from participating employers and non-employer contributing entities will be made at actuarially determined contribution rates and, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and

correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2021.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------------|--------------------------|---|
| Fixed Income | 33% | 0.85% |
| Equity | 51% | 3.23% |
| Alternatives | 14% | 0.71% |
| Real Assets | 2% | 0.11% |
| Inflation | | 2.10% |
| Expected Arithmetic Nominal Return | | 7.00% |

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality.

Sensitivity of the Waterworks District's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the Waterworks District's proportionate share of the Net Pension Asset using the discount rate of 6.40%, as well as what the Waterworks District's proportionate share of the Net Pension Asset would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40%) than the current rate:

| | (5.40%) | (6.40%) | (7.40%) |
|---|----------------|----------------|----------------|
| Employer's proportionate share of the net pension liability | \$ 25,477 | \$ (142,905) | \$ (283,956) |

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Waterworks District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2022, the Waterworks District recognized revenue as a result of support received from non-employer contributing entities of \$2,510 for its participation in PERS.

Payables to the Pension Plan

At December 31, 2022, the Waterworks District had \$12,051 payable to the pension plan for employer and member contributions, respectively. The payable is based on the legally required contributions by the Waterworks District and members and is derived from the quarterly payroll periods ended December 31, 2022.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 9 - 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 Waterworks District in September or October and are billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

For the year ended December 31, 2022, taxes of 4.35 and 2.80 mills were levied on property with taxable valuations totaling \$22,598,896 and were dedicated respectively to general maintenance and bond issuance payments of the water system.

Note 10 - Vacation and Sick Leave

Employees of the Waterworks District, depending on their length of service, earn from one to twenty five days of vacation leave each year, and all employees are granted twelve days of sick leave annually. At December 31, 2022, there were no material accumulated and vested benefits relating to vacation and sick leave that should be accrued or disclosed to conform with generally accepted accounting principles.

Note 11 - Risk Management

The Waterworks District is exposed to various risks of loss. It is the policy of the Waterworks District to purchase commercial insurance for the risks of loss to which it would be exposed. In the past year, there have been no claims or settlements in excess of insurable limits.

Note 12 - Concentrations of Credit Risk

Credit risk for accounts receivable from water sales is concentrated because substantially all of the balances are receivable from customers located within the same geographic region. Future water sales are dependent on the economic and weather conditions in the area serviced by the Waterworks District.

Note 13 - Leases

Lessor - Operating Lease

The Waterworks District has a lease agreement with AT&T to lease a water tower as a site for their communication antennas. The lease is for \$750.75 per month and is open ended.

Rental income from the rental of the water tower to AT&T amounted to \$9,299 for the year. Future minimum rentals related to this lease are as follows:

| | | |
|-------------------------|-------|-----------------|
| Year ended December 31: | 2023 | \$9,009 |
| | 2024 | 9,009 |
| | 2025 | 9,009 |
| | 2026 | 9,009 |
| | 2027 | 9,009 |
| | Total | <u>\$45,045</u> |

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 13 - Leases, (continued)

Lessee - Operating Lease

There is also a lease with Automation Service & Controls, Inc. for \$625 for monthly service and equipment for the Telemetry and Scada System.

Lease expense from the lease of the Telemetry and Scada equipment amounted to \$7,500 for the year.

Future minimum lease payments related to this lease are as follows:

| | | |
|-------------------------|-------|-----------------|
| Year ended December 31: | 2023 | \$7,500 |
| | 2024 | 7,500 |
| | 2025 | 7,500 |
| | 2026 | 7,500 |
| | 2027 | 7,500 |
| | Total | <u>\$37,500</u> |

Note 14 - Schedule of Commissioners

| <u>Name</u> | <u>Office Held</u> | <u>Term</u> | <u>Meetings Attended</u> | <u>Per Diem</u> |
|--|--------------------|-------------|------------------------------|-----------------|
| Jim Atkins 2703 Hills Road Pineville, LA 71360 (318)640-3900 | President | 11/08/2024 | 13 | \$2,149 |
| Les West 5637 Pinekraft Drive Pineville, LA 71360 (318)443-0753 | Vice President | 07/12/2025 | 11 | \$1,819 |
| David Bates 548 Palmer Chapel Road Pineville, LA 71360 (318)442-0079 | Commissioner | 07/08/2026 | 12 | \$1,984 |
| Manuel Henry 5630 Pinekraft Drive Pineville, LA 71361 (318)308-9033 | Commissioner | 07/08/2027 | 13 | \$2,149 |
| Kenny Wilson 1450 Palmer Chapel Rd. Pineville, LA 71360 (318)445-5612 | Sec/Treasurer | 07/13/2023 | 12 | \$1,984 |
| Total | | | | <u>\$10,085</u> |

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 15 - Evaluation of Subsequent Events

The Waterworks District has evaluated subsequent events through June 29, 2023, the date which the financial statements were available to be issued.

Note 16 - Schedule of Compensation, Benefits and Other Payments to Agency Head

Agency Head - Carl Willis

| | |
|---------------------------------|----------|
| Salary, net of health insurance | \$85,034 |
| Health Insurance Premiums | \$16,112 |
| Retirement | \$6,548 |

Note 17 - Accounts Receivable

| | |
|--------------|----------|
| Current | \$56,094 |
| Over 30 days | 1,605 |
| Total | \$57,699 |

Note 18 - Water Rate Schedule
Effective January 1, 2014

Residential
0-1,000 gallons \$16.00
\$2.85 for each additional thousand.

Commercial
0-10,000 gallons \$43.00
\$2.85 for each additional thousand.

Wholesale
per thousand gallons \$1.35

LT Commercial
0-1,000 gallons \$16.00
\$2.85 for each additional thousand.

There are 1,682 residential and 22 commercial users on the system.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 19 - Insurance

| Expiration | Coverage | Amount |
|------------|-----------------------------------|-------------|
| 12/18/2023 | General Liability | |
| | General Aggregate | \$3,000,000 |
| | Products/Compl. Oper. Aggr. | \$3,000,000 |
| | Personal & Advertising Injury | \$1,000,000 |
| | Each Occurrence | \$1,000,000 |
| | Damage to Rented Premises | \$1,000,000 |
| | Medical Expense(Any One Person) | \$10,000 |
| 12/18/2023 | Crime | |
| | Employee Theft | \$100,000 |
| | Forgery or Altercation | \$100,000 |
| | Theft of Money or Securities | \$100,000 |
| | Computer Fraud | \$100,000 |
| | Robbery/Safe Burglary | \$5,000 |
| 12/18/2023 | Business Auto | |
| | Liability-CSL | \$1,000,000 |
| | Uninsured Motorists-CSL | \$1,000,000 |
| | Auto Medical Payments | \$5,000 |
| 12/18/2023 | Public Officials | |
| | Aggregate Limit | \$3,000,000 |
| | Each Wrongful Act | \$1,000,000 |
| 12/18/2023 | Property | |
| | Real Property & Business Personal | |
| | Property Blanket Limit | \$2,568,000 |
| | Coverage Extension Blanket | |
| | Limit | \$750,000 |
| 12/18/2023 | Workers Compensation | |
| | Bodily Injury: | |
| | Each Accident | \$100,000 |
| | Disease-Policy Limit | \$500,000 |
| | Disease-Each Employee | \$100,000 |

Insurance is provided by Louisiana Insurance, LLC.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Schedule of Findings and Responses

Part 1 Summary of Auditor's Results

Financial Statements

Auditor's Report

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

Reportable Conditions

There were no significant deficiencies in internal control over financial reporting required to be disclosed during the audit of the financial statements.

Part 2 Compliance

There were no significant deficiencies in compliance over financial reporting required to be disclosed during the audit of the financial statements.

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

To the Board of Commissioners of Kolin-Ruby Wise Waterworks District No. 11A 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 December 1, 2021 through November 30, 2022. Kolin-Ruby Wise Waterworks District No. 11A's management is responsible for those C/C areas identified in the SAUPs.

Kolin-Ruby Wise Waterworks District No. 11A 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 December 1, 2021 through November 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Kolin-Ruby Wise Waterworks does not have any formal written procedures.

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:¹

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget. *Component units that are proprietary funds are not required by Louisiana law to prepare a budget.*
- 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.
- c) **Disbursements**, including processing, reviewing, and approving.
- 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).
- 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.
- 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.
- 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).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**², 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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

² The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

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

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

Board or Finance Committee³

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. *All Board members were present at all Board meetings.*
 - 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 funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds⁷. *There are no monthly or annual actual to budget comparisons.*
 - 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. *N/A*

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 accounts⁵ (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); *Bank reconciliations are prepared monthly on a timely basis by an outside CPA firm.*

³ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

⁴ Proprietary and special revenue funds are defined under GASB standards. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary and special revenue operations that are not required to be budgeted under the Local Government Budget Act.

⁵ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

- 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 *Bank reconciliations are not reviewed by the Board or management.*
- 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. *Board does not research, these adjustments are made annually by the independent auditor.*

Collections (excluding electronic funds transfers)⁶

- 4. Obtain a listing of deposit sites⁷ 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). *There are two locations that collect cash: Kolin General Store and the Kolin Water office.*
- 5. For each deposit site selected, obtain a listing of collection locations⁸ 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. *Employees at the Kolin office do share cash drawers sometimes during the workday.*
 - 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. *The same person that collects cash prepares & makes the deposit ticket.*
 - 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. *Cathy Hakes collects cash and post payments to customer accounts.*
 - 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. *Same as b) and c). The outside CPA firm post the collections to revenue and accounts receivable accounts in the GL.*

⁶ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

⁷ A deposit site is a physical location where a deposit is prepared and reconciled.

⁸ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period. *Kolin Water employees are bonded, but Kolin General Store employees are not.*
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and: *Deposit dates selected are June 22, 2022 and December 7, 2021.*
 - a) Observe that receipts are sequentially pre-numbered. *The receipts are not sequentially pre-numbered.*
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. *N/A see 7a*
 - c) Trace the deposit slip total to the actual deposit per the bank statement. *Done*
 - 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). *Done*
 - e) Trace the actual deposit per the bank statement to the general ledger. *The deposits to the GL are not individually recorded. They are recorded in total at month end by the outside CPA.*

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases) Reviewed Paid Bills for March, 2022 and September, 2022

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). *Kolin office processes all payments except payroll deposits which are made by the outside CPA.*
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. *Carl Willis and/or Cathy Hakes may initiate a purchase request and make the purchase. The Board approves purchases.*
 - b) At least two employees are involved in processing and approving payments to vendors. *Carl and/or Cathy may initiate a purchase request and make the purchase.*

- 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. *Cathy processes payments and adds/modifies vendor files.*
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments. *Cathy prepares the check and invoice for payment and presents to Board for approval. After Board approves and signs then Cathy mails the check and payment stub.*

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity. *The checks are matched with the invoice and then filed in the monthly paid bill folder.*
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable. See 9a and 9b

Credit Cards/Debit Cards/Fuel Cards/P-Cards Reviewed Paid for April, 2022 and October, 2022

- 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 cards⁹. Obtain management's representation that the listing is complete. *Tractor Supply, Ace charge account (not a credit card).*
- 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.] *Charges and payments are approved by the Board.*

⁹ Including cards used by school staff for either school operations or student activity fund operations.

- b) Observe that finance charges and late fees were not assessed on the selected statements.
There are no finance charges.

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)¹⁰. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, *yes* (2) written documentation of the business/public purpose, *all purchases are assumed to be business*, and (3) documentation of the individuals participating in meals (for meal charges only). *N/A* 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.

Travel and Travel-Related Expense Reimbursements¹¹ (excluding card transactions) There are no travel, meals or lodging.

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

Contracts Knight Masden, CPA’s, C&L Aqua, Automation Services, Utility Data System, Cingular (AT&T) Reviewed Paid Bills for February, 2022 and May, 2022

¹⁰ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

¹¹ Non-travel reimbursements are not required to be tested under this category.

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 Law¹² (e.g., solicited quotes or bids, advertised), if required by law. *No bids – small amounts.*
 - 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). *All have been approved.*
 - 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). *None were amended.*
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract. *Reviewed all month's listed, all good.*

Payroll and Personnel

16. Obtain a listing of employees and officials¹³ 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 new employees hired during the current period.*
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: *Reviewed a-d below. Daily attendance is documented. Annual pay increases are approved by the Board.*
- a) Observe all selected employees or officials¹⁴ 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.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

¹² If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

¹³ "Officials" would include those elected, as well as board members who are appointed.

¹⁴ "Officials" would include those elected, as well as board members who are appointed.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
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 terminations during the current period.*
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. *All payroll tax deposits and filings have been made by the outside CPA.*

Ethics¹⁵

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.
 - 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. *There is not a written ethics policy, they rely on the Ethics training. All employees and Board members take an online Ethics class annually.*

Debt Service¹⁶

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. *There is no new debt for the current period.*
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

¹⁵ The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the procedures should be performed.

¹⁶ This AUP category is generally not applicable to nonprofit entities; however, if applicable, the procedures should be performed.

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). *Confirmed debt with loan covenants and directly with the USDA. Inspected debt payments in the monthly paid bill folder.*

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. *There were no misappropriations noted.*
24. Observe the entity has posted, on its premises¹⁷ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁸ *The notice has been posted.*

Sexual Harassment¹⁹

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.
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).
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;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;

¹⁷ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁸ This notice is available for download or print at www.lja.la.gov/hotline.

¹⁹ A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

We were engaged by Kolin-Ruby Wise Waterworks District No. 11A 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 Kolin-Ruby Wise Waterworks District No. 11A 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.

Adler and Pias, LLC

Alexandria, Louisiana
June 29, 2023

Kolin-Ruby Wise Waterworks District 11A
Schedules of Required Supplementary Information
For the Year Ended December 31, 2022

**Schedule of the Employer's Proportionate Share
of the Net Pension Liability**

Schedule 1

| Year Ended December 31 | Agency's proportion of the net pension liability (asset) | Agency's proportionate share of the net pension liability (asset) | Agency's covered payroll | Agency's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---------------------------------|---|--|--------------------------------|--|--|
|---------------------------------|---|--|--------------------------------|--|--|

Parochial Employees' Retirement System

| | | | | | |
|------|----------|--------------|------------|------|--------|
| 2021 | 0.03034% | \$ (142,905) | \$ 198,737 | -72% | 104.0% |
| 2020 | 0.02808% | \$ (49,231) | \$ 192,341 | -26% | 104.0% |
| 2019 | 0.02916% | \$ 1,373 | \$ 180,103 | 1% | 99.9% |
| 2018 | 0.04175% | \$ 185,306 | \$ 239,970 | 77% | 88.9% |
| 2017 | 0.04756% | \$ (35,298) | \$ 292,713 | -12% | 102.0% |
| 2016 | 0.04745% | \$ 97,728 | \$ 281,412 | 35% | 94.1% |
| 2015 | 0.04458% | \$ 117,337 | \$ 255,578 | 46% | 92.2% |

*Amounts presented were determined as of the measurement date (prior calendar year).

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

Schedule of Employer Contributions

Schedule 2

| Year Ended December 31 | (a) Statutorily Required Contribution | (b) Contributions in relation to the statutorily required contribution | (a-b) Contribution Deficiency (Excess) | Agency's covered payroll | Contributions as a percentage of covered payroll |
|---------------------------------|--|--|--|--------------------------------|---|
|---------------------------------|--|--|--|--------------------------------|---|

Parochial Employees' Retirement System

| | | | | | |
|------|-----------|-----------|------|------------|--------|
| 2022 | \$ 24,208 | \$ 24,208 | \$ - | \$ 210,504 | 11.50% |
| 2021 | \$ 24,345 | \$ 24,345 | \$ - | \$ 198,737 | 12.25% |
| 2020 | \$ 23,562 | \$ 23,562 | \$ - | \$ 192,341 | 12.25% |
| 2019 | \$ 20,712 | \$ 20,712 | \$ - | \$ 180,103 | 11.50% |
| 2018 | \$ 27,597 | \$ 27,597 | \$ - | \$ 239,970 | 11.50% |

| | | | | | | | | | |
|------|----|--------|----|--------|----|---|----|---------|--------|
| 2017 | \$ | 36,589 | \$ | 36,589 | \$ | - | \$ | 292,713 | 12.50% |
| 2016 | \$ | 36,584 | \$ | 36,584 | \$ | - | \$ | 281,412 | 13.00% |
| 2015 | \$ | 37,059 | \$ | 37,059 | \$ | - | \$ | 255,578 | 14.50% |

*Amounts presented were determined as of the end of the fiscal year (December 31).

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

Notes to Required Supplementary Information

Changes of Benefit Terms

There were no changes of benefit terms for the valuation years ended December 31, 2021.

Changes of Assumptions

For the valuation year ended December 31, 2020, the investment rate of return decreased from 6.50% to 6.40% and Inflation rate decreased from 2.40% to 2.30%.

For the valuation year ended December 31, 2018, the investment rate of return decreased from 6.75% to 6.50%, projected salary increases decreased from 5.25% to 4.75%, inflation decreased from 2.50% to 2.40%, and mortality tables were updated to the PUB-10 Public Retirement Plans mortality tables.

For the valuation year ended December 31, 2017, the investment rate of return decreased from 7.00% to 6.75%.

For the valuation year ended December 31, 2015, the investment rate of return decreased from 7.25% to 7.00%, projected salary increases decreased from 5.75% to 5.25% and inflation decreased from 3.00% to 2.50%