

Bogue Lusa Waterworks District
Washington Parish Council
Bogalusa, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2023
With Supplemental Information Schedules
(with 2022 summarized comparative information)

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TABLE OF CONTENTS

	Statement	Schedule	Page
Independent Auditor’s Report			3
Business-Type Financial Statements:			
Statement of Net Position	A		7
Statement of Revenues, Expenses, and Changes in Net Position	B		8
Statement of Cash Flows	C		9
Notes to the Financial Statements			12
Other Supplemental Information:			
Budgetary Comparison Schedule	1		26
Schedule of Insurance Coverages	2		27
Schedule of Compensation Paid to Board of Commissioners	3		28
Schedule of Compensation, Benefits, and Other Payments to Agency Head	4		29
Schedule of Water Rates and Schedule of Water Customers	5		30
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 <i>Government Auditing Standards</i>			31
Summary of Current Year Audit Findings			33
Schedule of Prior Year Audit Findings and Responses			34

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Independent Auditor's Report

To the Board of Commissioners
Bogue Lusa Waterworks District
Washington Parish Government
Angie, LA

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the business-type activities, of the Bogue Lusa Waterworks District, a component unit of Washington Parish Government, as of and for the year ended December 31, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the Bogue Lusa Waterworks District's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Bogue Lusa Waterworks District, as of December 31, 2023, and 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bogue Lusa Waterworks District's ability to

continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, 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 GAAS and *Government Auditing Standards*, I:

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

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I 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 and the budgetary comparison schedule 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. Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for

placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

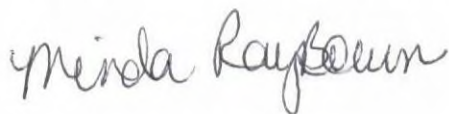
Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bogue Lusa Waterworks District's basic financial statements. The other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of insurance coverage, schedule of compensation paid to the Board of Commissioners, schedule of compensation, benefits, and other payments to the agency head, schedule of water rates, and schedule of water customers are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, based on my audit, the procedures performed as described above, the schedule of insurance coverage, schedule of compensation paid to the Board of Commissioners, schedule of compensation, benefits, and other payments to the agency head, schedule of water rates, and schedule of water customers are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 25, 2024 on my consideration of Bogue Lusa Waterworks District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bogue Lusa Waterworks District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bogue Lusa Waterworks District's internal control over financial reporting and compliance.



Minda B. Raybourn CPA
Franklinton, LA
June 25, 2024

Financial Statements

Statement A

Bogue Lusa Waterworks District
Statement of Net Position
As of December 31, 2023
With Comparative Totals as of December 31, 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 891,270	\$ 751,637
Accounts Receivable	95,995	84,557
Prepaid Insurance	27,829	24,818
Total Current Assets	<u>1,015,094</u>	<u>861,012</u>
Restricted Assets		
<u>Cash and Cash Equivalents</u>		
Customer Deposits	72,260	60,663
Bond Reserve	81,029	81,029
Bond Contingency	14,947	13,047
Bond Sinking Account	38,727	39,439
<u>Investments</u>		
Customer Deposits	-	7,157
Total Restricted Assets	<u>206,963</u>	<u>201,335</u>
Property, Plant, and Equipment		
Land	38,025	38,025
Construction in Progress	-	-
Property, Plant, and Equipment, Net	1,513,899	1,606,960
Total Property, Plant, and Equipment	<u>1,551,924</u>	<u>1,644,985</u>
TOTAL ASSETS	<u>\$ 2,773,981</u>	<u>\$ 2,707,332</u>
DEFERRED OUTFLOWS	<u>\$ 42,375</u>	<u>\$ 45,931</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 17,904	\$ 19,428
Other Accrued Payables	45,796	54,883
Total Current Liabilities	<u>63,700</u>	<u>74,311</u>
Restricted Liabilities		
Customer Deposits	72,260	67,820
Revenue Bonds Payable	50,000	50,000
Accrued Interest Payable	13,727	14,439
Total Restricted Liabilities	<u>135,987</u>	<u>132,259</u>
Long Term Liabilities		
Bonds Payable	744,230	793,783
Total Long Term Liabilities	<u>744,230</u>	<u>793,783</u>
TOTAL LIABILITIES	<u>\$ 943,917</u>	<u>\$ 1,000,353</u>
DEFERRED INFLOWS	<u>\$ -</u>	<u>\$ -</u>
NET POSITION		
Net Investment in Capital Assets	\$ 757,694	\$ 801,202
Restricted	120,976	119,076
Unrestricted	993,769	832,632
TOTAL NET POSITION	<u>\$ 1,872,439</u>	<u>\$ 1,752,910</u>

The accompanying notes are an integral part of these financial statements

Statement B

Bogue Lusa Waterworks District
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	2023	2021
Operating Revenues		
Water Sales	\$ 746,828	\$ 671,939
Penalties	21,158	16,730
Installation Fees	9,450	5,850
Reconnect Fees	3,450	3,600
Other	6,492	5,326
Total Operating Revenues	787,378	703,445
Operating Expenses		
Advertising	672	672
Bad Debts	3,920	4,673
Contract Operations & Maintenance	75,080	75,494
Contract Labor	150,887	190,335
Depreciation	139,503	142,431
Director's Expense	1,960	2,170
Insurance	34,049	21,385
Meter Reading	22,813	22,617
Permit Fees	16,551	16,611
Other	21,186	11,884
Professional Fees	41,506	21,037
Repairs & Maintenance	24,736	37,674
Supplies- Maintenance	54,200	44,909
Supplies- Office	10,662	8,927
Utilities	60,573	77,469
Vehicle Expense	4,503	7,165
Total Operating Expenses	662,801	685,453
Operating Income (Loss)	124,577	17,992
Non Operating Revenues (Expenses)		
Interest Income	26,343	6,880
Interest Expense	(32,957)	(33,927)
Gain/loss on Disposal of Asset	-	-
Other Revenues (Expenses)	1,566	1,042
Total Non Operating Revenues (Expenses)	(5,048)	(26,005)
Change in Net Position	119,529	(8,013)
Total Net Position, Beginning	\$ 1,752,910	\$ 1,760,923
Total Net Position, Ending	\$ 1,872,439	\$ 1,752,910

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

Statement C

Bogue Lusa Waterworks District
Statement of Cash Flows
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	2023	2022
Cash Flows from Operating Activities		
Received from Customers	\$ 756,548	\$ 661,327
Received for Meter Deposit Fees	4,440	5,341
Other Receipts	19,392	14,776
Payments for Operations	(536,920)	(531,013)
Net Cash Provided by Operating Activities	243,460	150,431
Cash Flows from Non Capital Financing Activities		
Other Receipts	1,566	1,042
Net Cash Provided by Non Capital Financing Activities	1,566	1,042
Cash Flows from Capital and Related Financing Activities		
Capital Acquisitions	(46,442)	(30,149)
Proceeds from Disposal of Asset	-	-
Principal Repayments for Long Term Debt	(50,000)	(50,000)
Deferred Outflow and Bond Amortization	(3,291)	(4,003)
Interest Payments for Long Term Debt	(26,375)	(30,304)
Net Cash Provided by Capital and Related Financing Activities	(126,108)	(114,456)
Cash Flows from Investing Activities		
Receipt of Interest	26,343	6,880
Proceeds from sale of Investments	7,157	-
Net Cash Provided by Investing Activities	33,500	6,880
Net Cash Increase (Decrease) in Cash and Cash Equivalents	152,418	43,897
Cash Equivalents, Beginning of Year	945,815	901,918
Cash Equivalents, End of Year	\$ 1,098,233	\$ 945,815
Reconciliation of Cash and Cash Equivalents to the Statement		
Cash and Cash Equivalents, Unrestricted	\$ 891,270	\$ 751,637
Cash and Cash Equivalents, Restricted	206,963	194,178
Total Cash and Cash Equivalents	\$ 1,098,233	\$ 945,815

(Continued)

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

Statement C

**Bogue Lusa Waterworks District
Statement of Cash Flows
For the Year Ended December 31, 2023**

With Comparative Totals for the Year Ended December 31, 2022

Reconciliation of Operating Income (Loss) to Net Cash	2023	2022
Operating Income (Loss)	\$ 124,577	\$ 17,992
Adjustments to Reconcile Operating Income (Loss) to Net		
Depreciation	139,503	142,431
Accounts Receivable	(11,438)	(19,009)
Prepaid Insurance	(3,011)	(11,650)
Accounts Payable	(1,524)	963
Accrued Expenses	(9,087)	14,363
Customer Deposits	4,440	5,341
Net Cash Provided by Operating Activities	<u>\$ 243,460</u>	<u>\$ 150,431</u>

Concluded

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

Notes to the Financial Statements

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

Introduction

Bogue Lusa Waterworks District was established July 31, 1969, by an ordinance of the Washington Parish Council. The ordinance, enacted pursuant to Louisiana Revised Statutes 33:3813, describes and defines the boundaries of the water district, and provides for a five-member governing board of commissioners appointed by the Washington Parish Council. The District serves 1,419 customers as of December 31, 2023. The District's water wells are located southwest of the Bogalusa city limits. The system lines run south to the St. Tammany Parish boundary and west of the Bogalusa city limits for approximately fifteen miles.

Bogue Lusa Water Works District was thus created and constitutes a public corporation and political subdivision of the State of Louisiana and has all the power and privileges granted by the Constitution and statutes of this state to such subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

GASB Statement No. 14, *The Reporting Entity*, as amended, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Bogue Lusa Water Works District is considered a component unit of the Washington Parish Council. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within those financial statements or separately reported as a discrete component unit.

1. Summary of Significant Accounting Policies

A. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as described in the following paragraphs.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the District to be presented as revenues at the bottom of the statement of revenues, expenditures, and changes in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J—Net Position*. As required by the Governmental Accounting Standards Board (GASB), the District implemented GASB Statement No. 63 during the year ending December 31, 2012.

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

The District has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The District reported \$42,375 in deferred outflows of resources at December 31, 2023. See *Footnote I—Long-Term Debt Obligations*.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities, available to the District for the purpose of providing goods and services to the public, are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position includes all costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

B. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

C. Investments

Investments for the District are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy.

D. Inventories

Purchases of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

E. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums.

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

F. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customer's meter deposits are also classified as restricted assets.

G. Capital Assets

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. Donated assets, including water systems donated for continued maintenance by the District, are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Buildings	15 - 30 Years
Equipment	5 - 10 Years
Furniture and Fixtures	5 - 10 Years
Vehicles	5 Years
Water System	15 - 30 Years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

H. Compensated Absences

Employees receive two weeks of paid vacation after being employed for one to five years, and three weeks of paid vacation for six to ten years, increasing to six weeks of vacation for employees with over twenty-one years of service. Employees are not allowed to carry over vacation from one year to the next.

Employees accrue one half day per month of employment for sick leave up to a maximum of forty-five days. In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

I. Long-Term Debt Obligations

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65). Prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

Paragraph 187 of GASB Statement 62 establishes standards of accounting and financial reporting for debt issuance costs. Paragraph 12 of Statement 7 indicates that debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses).

The District has previously implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to complement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and*

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

Net Position. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The District incurred and expensed \$1,129 in bond issuance costs associated with the issuance of Water Revenue Refunding Bonds, Series 2016 in the year ending December 31, 2020. See further discussion on the bond issuance in *Note 6—Long Term Obligations* and *Note 7—Flow of Funds, Restrictions on Use.*

GASB Statement 23, as amended, establishes accounting and financial reporting for current refundings and advance refundings resulting in defeasance of debt. Refundings involve the issuance of new debt whose proceeds are used to repay previously issued (“old”) debt. The new debt proceeds may be used to repay the old debt immediately (a current refunding); or the new debt proceeds may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). As described in paragraphs 3 and 4 of GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, an advance refunding may result in the in-substance defeasance of the old debt provided that certain criteria are met.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* provide guidance on reporting difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt. The difference is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

During the year ending December 31, 2016, the District issued \$ 1,080,000 in Water Revenue Refunding Bonds, Series 2016 for the purpose of refunding a portion of the District’s outstanding bonds funding a reserve fund and paying the costs of issuance of the bonds. The District reported \$67,268 in deferred outflows of resources at December 31, 2016, related to the difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt during the current year. See further discussion on refunding bond in *Note 6 – Long Term Obligations* and *Note 7—Flow of Funds, Restrictions on Use.*

J. Net Position

GASB Statement No 34, *Basic Financial Statements, Management’s Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

K. Comparative Data/Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

M. Estimates

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

N. Leases

In 2022, the District adopted GASB Statement No. 87, *Leases*. The District acting as lessee, leases certain underlying assets under long-term, non-cancelable lease agreements and records a lease liability and right-to-use lease asset in its financial statements. These lease agreements define the lease term and some provide for options to renew, resulting in various expiration dates across the portfolio. The District initially calculates the lease liability based on the present value of expected payments during the lease term, reducing it as payments are made. The value of the leased asset is determined similarly, then adjusted for prepayments and initial direct costs, and is amortized over the shorter of the asset's useful life or the lease term. Key estimates and judgments related to leases include the determination of the discount rate used to calculate the present value of future lease payments, lease term, and lease payments. The Town monitors changes that may impact lease liabilities and adjusts asset and liability values accordingly. Assets are reported along-side capital assets, and liabilities with long-term debts. As of December 31, 2023, the District had no leases that met the reporting requirements of GASB 87.

O. Subscription-Based Information Technology Arrangements

The District adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, (SBITA) in fiscal year 2023. GASB statement No. 96 requires governments to recognize subscription-based asset associated with SBITA agreements. The District does not have any SBITA that meet the reporting requirements of the standard.

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

2. Cash and Cash Equivalents

At December 31, 2023 and 2022, the District has cash and cash equivalents (book balances), as follows:

	December 31, 2023	December 31, 2022
Demand Deposits	\$ 514,636	\$ 395,726
Time & Savings Deposits	142,004	137,162
Louisiana Asset Management Pool (LAMP)	441,593	412,937
Total Cash and Cash Equivalents	1,098,233	945,825
Certificate of Deposits held in Investments (See Note 3)	-	7,147
Total Deposits	\$ 1,098,233	\$ 952,972

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2023, the District had \$661,781 in deposits other than LAMP (collected bank balances) within three separate banks, consisting of \$519,777 in demand deposits and \$142,004 in time and savings. The demand deposits and the time and savings accounts are secured from risk by \$250,000 of federal deposit insurance at each financial institution and also have access to pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

3. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments when held are carried at fair market value, with the estimated fair market value based on quoted market prices. The only investments held by the District at December 31, 2023, are the certificates of deposit listed in Note 2. The certificates of deposit are carried at cost which approximates market value.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

In accordance with GASB Codification Section 150.165, the investment in the Louisiana Asset Management Pool, Inc., (LAMP) at December 31, 2023, is not categorized in the three risk categories provided by GASB

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7 – like investment pool. The following facts are relevant for 2a7 like investment pools.

1. **Credit risk:** LAMP is rated AAAM by Standards and Poor's.
2. **Custodial credit risk:** LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. **Concentration of credit risk:** Pooled investments are excluded from the five percent disclosure requirement.
4. **Interest rate risk:** LAMP is designed to be highly liquid to give participants immediate access to their account balances. 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. However, LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 53 days as of December 31, 2023.
5. **Foreign currency risk:** Not applicable to 2a7-like pools.

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

LAMP is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP. That report may be obtained by calling (800) 249-5267.

4. Receivables

The following is a summary of receivables at December 31, 2023 and 2022:

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

	<u>Year Ended</u> <u>December 31,</u> <u>2023</u>	<u>Year Ended</u> <u>December 31,</u> <u>2022</u>	<u>Increase</u> <u>(Decrease)</u>
Accounts Receivable			
Current	\$ 52,185	\$ 49,844	\$ 2,341
31-60 Days Past Due	16,524	10,500	6,024
61-90 Days Past Due	2,025	949	1,076
Over 90 Days Past Due	3,975	(2,215)	6,190
Subtotal	<u>74,709</u>	<u>59,078</u>	15,631
Unbilled Accounts Receivable	35,136	35,409	(273)
Allowance for Uncollectible Accounts	<u>(13,850)</u>	<u>(9,930)</u>	<u>(3,920)</u>
Net Accounts Receivable	<u>\$ 95,995</u>	<u>\$ 84,557</u>	<u>\$ 11,438</u>

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. Periodically, the board reviews the aging of receivables and determines the actual amount uncollectible. Per board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of uncollectibility.

Estimated unbilled revenues (accrued billings) are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billing during the month following the close of the fiscal year. At December 31, 2023, accrued billings amounts were \$35,136, and \$35,409 at December 31, 2022.

5. Restricted Assets

The following summary is a summary of restricted assets at December 31, 2023, and 2022:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Customer Deposits	\$ 72,260	\$ 67,820
Bond Reserve	81,029	81,029
Bond Contingency	14,947	13,047
Bond Sinking Account	<u>38,727</u>	<u>39,439</u>
Total	<u>\$ 206,963</u>	<u>\$ 201,335</u>

6. Capital Assets

A summary of changes in capital assets during the fiscal year ending December 31, 2023 is as follows:

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

	Beginning Balance <u>12/31/22</u>	Additions and Reclassifications	Deletions and Reclassifications	Ending Balance <u>12/31/23</u>
Capital Assets				
Capital Assets - Not Depreciated				
Land	\$ 38,025	\$ -	\$ -	\$ 38,025
Construction in Progress	-	-	-	-
Total Capital Assets - Not Depreciated	<u>38,025</u>	<u>-</u>	<u>-</u>	<u>38,025</u>
Capital Assets - Depreciated				
Buildings	231,387	-	-	231,387
Equipment	292,023	46,442	-	338,465
Furniture and Fixtures	1,850	-	-	1,850
Vehicles	50,041	-	-	50,041
Utility System	4,237,965	-	-	4,237,965
Total Capital Assets - Depreciated	4,813,266	46,442	-	4,859,708
Less: Accumulated Depreciation	(3,206,306)	(139,503)	-	(3,345,809)
Total Capital Assets - Depreciated - Net	1,606,960	(93,061)	-	1,513,899
Total Capital Assets, Net	<u>\$ 1,644,985</u>	<u>\$ (93,061)</u>	<u>\$ -</u>	<u>\$ 1,551,924</u>

The net decrease in capital assets primarily reflects the depreciation expense of \$139,503 offset by a \$46,442 increase in equipment purchases.

7. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2023:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Long-Term Debt					
2016 Water Revenue Refunding Bonds	\$ 850,000	\$ -	\$ (50,000)	\$ 800,000	\$ 50,000
Total Long-Term Debt	<u>850,000</u>	<u>-</u>	<u>(50,000)</u>	<u>800,000</u>	<u>50,000</u>
Less:					
Unamortized Premium (Discount)	(6,217)	-	447	(5,770)	447
Total Long Term Debt	<u>\$ 843,783</u>	<u>\$ -</u>	<u>\$ (49,553)</u>	<u>\$ 794,230</u>	<u>\$ 50,447</u>

During the year ending December 31, 2016, the District issued \$ 1,080,000 in Water Revenue Refunding Bonds, Series 2016 at a discount of \$8,934 for the purpose of refunding the outstanding 1993 and 1998 water revenue bonds and \$645,000 of the outstanding 2011 water bonds (those maturing in years 2019 to 2036), funding a reserve fund, and paying the costs of issuance of the bonds. The District refunded the outstanding \$184,459 in Series 1993 water revenue bonds and \$308,308 in 1998 water revenue bonds. Additionally, \$691,325 of the bond proceeds plus \$10,941 of reserve funds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the 2019 to 2036 debt service payments on the 2011 water revenue bonds. These bonds maturing July 1, 2021 and thereafter will be called on July 1, 2018 at a price equal to the principal amount thereof (\$645,000) plus accrued interest to the call date. As a result, \$645,000 of the 2011 water bonds were considered in-substance defeased and the liability for those bonds was removed from the District's books at December 31, 2016.

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

Bonds Payable as of December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Water System \$ 1,080,000 Series 2016 Revenue Refunding Bonds sold privately		
Dated 11/17/2016 due in annual installments of principal and semi-annual interest averaging		
\$ 75,186 per year to 7/1/2036 interest ranging from 2.10% to 3.85%	\$ 800,000	\$ 850,000
	\$ 800,000	\$ 850,000

The annual requirements to amortize all debt outstanding as of December 31, 2023, including interest payments of \$213,092 are as follows:

Year Ending	2016 Water Revenue Refunding Bonds	
12/31/23	\$ 1,080,000	Total
2024	\$ 77,454	\$ 77,454
2025	81,029	81,029
2026	79,461	79,461
2027	77,894	77,894
2028	76,038	76,038
2029 to 2033	389,905	389,905
2034 to 2038	231,310	231,310
	\$ 1,013,091	\$ 1,013,091

8. Flow of Funds, Restrictions on Use

In the year 2011, the Water Revenue Bonds Series 1993 and the Water Revenue Bonds Series 1998 were paid off and the remaining bonds were parity bond obligations and consisted of the 1993 Water Revenue Bonds, the 1998 Water Revenue Bonds, and the 2011 Water Revenue Bonds, as described below.

On July 9, 1992, the governing authority, after following the prescribed legal requirements, passed a resolution to issue \$290,000 of revenue bonds for the purpose of extending and improving the existing water works system. On March 8, 1993, \$290,000 of the bonds were sold to RUS. The bonds were issued at par for forty years with interest at 5.625 percent, maturing on April 8, 2033.

On October 8, 1998, the governing authority, after following the prescribed legal requirements, passed a resolution to issue \$400,000 of revenue bonds for the purpose of extending and improving the existing water works system. On December 9, 1998, \$400,000 of the bonds were sold to RUS. The bonds were issued at par for forty years with interest at 4.75 percent, maturing on December 9, 2038.

On July 27, 2010, the governing authority, after following the prescribed legal requirements, passed a resolution to issue \$1,205,000 of revenue bonds for the purpose of constructing and acquiring improvements and extensions to the existing water works system, for funding a debt service reserve fund, and for funding the costs of issuance. On August 30, 2011, \$780,000 of the bonds were sold through a private lender. The bonds are payable with semi-annual interest payments and annual principal payments with annual interest rates varying from 4.0% to 5.375%, and mature on July 1, 2036.

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

During the year ending December 31, 2016, the District issued \$ 1,080,000 in Water Revenue Refunding Bonds, Series 2016 for the purpose of refunding the outstanding 1993 and 1998 water revenue bonds and \$645,000 of the outstanding 2011 water bonds (those maturing in years 2019 to 2036), funding a reserve fund, and paying the costs of issuance of the bonds. The bonds were sold to a private lender. The District refunded the outstanding \$184,459 in Series 1993 water revenue bonds and \$308,308 in 1998 water revenue bonds. Additionally, \$691,325 of the bond proceeds plus \$10,941 of reserve funds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the 2020 to 2036 debt service payments on the 2011 water revenue bonds. These bonds maturing July 1, 2021 and thereafter will be called on July 1, 2020 at a price equal to the principal amount thereof (\$645,000) plus accrued interest to the call date. As a result, \$645,000 of the 2011 water bonds were considered in-substance defeased and the liability for those bonds was removed from the District's books at December 31, 2016. The District incurred and expensed \$64,686 in bond issuance costs associated with the issuance of Water Revenue Refunding Bonds, Series 2016 in the year ending December 31, 2016. The District reported \$67,268 in deferred outflows of resources at December 31, 2016 related to the difference between the reacquisition price and the net carrying amount of the old debt for current and advance refunding resulting in defeasance of debt during the current year.

Due to the refunding of debt, previous debt service of \$1,830,935 was replaced by debt service of \$1,503,729 after refunding, resulting in an increase in cash flow of \$327,206. A recap of the net present value benefits and cash savings for the Water Revenue Refunding Bonds, Series 2016 issue is presented below:

PV Analysis Summary (Gross to Gross) for Water Revenue Refunding Bonds, Series 2016

Gross PV Debt Service Savings	\$	254,599
Contingency Fund Transfer		(184,997)
Transfer from Prior Issue Debt Service Fund		(10,942)
Transfer from Prior DSR Fund		(99,433)
Amount deposited into new DSR Fund		81,029
Release of Contingency Funds		100,000
Additional transfer from DSR Fund		(74,932)
Net Present Value Benefit	\$	<u>65,324</u>
Net PV Benefit - \$1,133,613 Refunded Principal		5.762%
Net PV Benefit - \$1,080,000 Refunding Principal		6.048%

The Series 2016 bonds were issued on a parity with the Series 2011 bonds maturing July 1, 2020, to July 1, 2018. Under the terms of the bonds, the bonds and the outstanding parity bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the combined water system of the District after provision has been made for payment of the reasonable and necessary expenses of operating and maintaining of the system. Total interest expense on all water revenue bonds, for the fiscal year ending December 31, 2023, equaled \$28,954. The gross water revenue recognized during the current period was \$746,828.

Under the terms of the bonds, a "Waterworks Revenue Bond and Interest Sinking Fund" (the "sinking fund") must be maintained with the paying agent for the outstanding parity bonds, sufficient in amount to pay promptly and fully the principal of and the interest on the bonds and outstanding parity bonds. The District must deposit funds into the sinking fund, on or before the twentieth (20th) of each month, a sum equal to the amount of principal and interest accruing on the bonds payable from the sinking fund for such calendar month, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

become due. Based on the debt service schedule, the deposit is one-sixth (1/6) of the amount required to make the interest payment on the bonds due on the next interest date plus one-twelfth (1/12) of the amount required to make the principal payment on the bonds due on the next principal date. As of December 31, 2023, the District maintained a balance of \$38,727, meeting the required deposit for the Sinking Fund.

Additionally, a "Series 2016 Waterworks Bond Debt Survive Reserve Fund" (the "Reserve Fund") must be maintained as required by the parity bond resolution (the series 2016 bonds). The money in the reserve fund can only be used to pay principal and interest on the bonds and the outstanding parity bonds. The reserve fund must contain an amount equal to the lesser of (i) 10% of the bond proceeds, the outstanding parity bonds and any additional bonds hereafter issued, (ii) 125% of the average annual debt service on the bonds, the outstanding parity bonds and any additional bonds hereafter issued, (iii) 100% of the maximum annual debt service on the bonds, the outstanding parity bonds and any additional bonds hereafter issued. The Reserve Fund was fully funded at bond closing with a payment of \$81,029 and at December 31, 2023, was fully funded.

Finally, a "Waterworks Depreciation Fund" (the "Contingencies Fund") must be maintained to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system. The District must deposit funds into the contingencies fund, on or before the twentieth (20th) of each month, a sum equal 5% of the amount to be paid into the sinking fund. The payments continue over the life of the bonds. For the fiscal year ended December 31, 2023, the contingencies fund was fully funded with a balance maintained of \$14,947. Money in this fund may also be used to pay principal of and interest on any bond for the payment of which there is not sufficient money in the sinking fund or reserve fund, but if so used, such money shall be replaced as soon as possible thereafter out of the earnings of the system after making the required payments into the respective funds and accounts heremabove set out.

As noted, the Series 2016 bonds were issued in parity with the 2011 bonds. The Series 2016 bonds require the following covenants:

The Issuer, through its governing authority, by proper resolution and/or resolutions, hereby covenants to fix, establish, maintain and collect such rates, fees, rents or other charges for the services and facilities of the system, and all parts thereof, and to revise the same from time to time whenever necessary, as will provide revenues in each fiscal year, funds sufficient to pay the reasonable operating and maintenance expenses of the system in each fiscal year, the principal and interest maturing on the outstanding parity bonds and the bonds in each fiscal year and all other payments required for such fiscal year with respect thereto and as will provide Net Revenues in each fiscal year at least equal to 125% of the principal and interest falling due in such fiscal year on the bonds, the outstanding parity bonds and any additional parity bonds or other obligations secured by or payable from Net Revenues. "Net Revenue," per the applicable bond provisions, means the revenues, after provision has been made for payment therefrom of the reasonable and necessary expenses of maintaining and operating the system. For the fiscal year ending December 31, 2023, Net Revenues were computed to be above the 125 percent threshold of the average annual debt service requirements on all bonds held outstanding for the system at a computed ratio of 366 percent.

All net revenues any year not required to be paid in such year into any of the noted funds shall be regarded as excess funds and may be used for any lawful corporate purpose.

9. Restricted Net Position

At December 31, 2023, Bogue Lusa Waterworks District recorded \$120,976 in Restricted Net Position (Restricted for Capital Activity and Debt Service), representing the District's funds restricted by revenue bond debt covenants, contracts with customers for meter deposits, and the unspent portion of capital debt related to amounts restricted for capital projects less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

10. Litigation and Claims

Bogue Lusa Waterworks District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023
(with 2022 Summarized Comparative Information)

There is no pending litigation as of December 31, 2023.

11. Intergovernmental Agreement

On January 21, 1995, the Bogue Lusa Waterworks District entered into a one-year service agreement with the Varnado Waterworks District with automatic annual renewals unless one of the parties notifies the other sixty days prior to the anniversary date. The agreement was active for the year ending December 31, 2023.

Under the terms of the agreement, the Varnado Waterworks District will perform all necessary functions involving billing of customers, collection of customer's accounts, keeping and furnishing necessary financial information and records on a monthly basis for the Bogue Lusa Water Works District. The fee for this service was \$2.25 per customer per month through April, 2010. The fee increased to \$2.35 per customer per month until June of 2012, after which the fee was increased to \$2.60 payable monthly. On February 1, 2020, the fee increased to \$3.45. During August 2022, the fee was increased to \$3.77. The actual amount paid to Varnado Water District is adjusted at fiscal year-end based on joint operating costs incurred by Varnado Waterworks District

Under the terms of the agreement, Varnado Waterworks District will also provide all system repair and maintenance customarily done by its own personnel. Accurate hourly records of personnel records involved in repairs shall be kept and Bogue Lusa Water Works District will be billed monthly at two times the employees' hourly rate. All materials, parts and supplies will be paid directly by the District which incurred the cost. Varnado Waterworks District employees will keep accurate mileage records for the service truck used for maintenance and repairs and will bill the Bogue Lusa Waterworks District \$0.625 per mile for work done on their respective systems. Periodically, an accounting will be made of the costs of the services provided under the agreement, and the actual amount paid to Varnado Water District will be adjusted at fiscal year-end based on joint operating costs incurred by Varnado Waterworks District. Cash settlements will be made between the Districts, so each District pays its portion of the actual costs.

The District incurred \$75,080 in contract operations and maintenance and \$150,887 in contract labor related to the agreement.

12. Subsequent Events

The District approved a \$2.00 increase to base water rate for residential customers and commercial customers and schools effective February 1, 2024 due to the increase of operating expenses of the District.

Subsequent events have been evaluated by management through June 25, 2024, the date the financial statements were available to be issued. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2023.

Other Supplemental Information

**Bogue Lusa Waterworks District
Budgetary Comparison Schedule
For the Year Ended December 31, 2023**

With Comparative Totals for the Year Ended December 31, 2022

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2022</u>
Operating Revenues				
Water Sales	\$ 706,968	\$ 746,828	\$ 39,860	\$ 671,939
Penalties	16,500	21,158	4,658	16,730
Installation Fees	6,000	9,450	3,450	5,850
Reconnect Fees	4,000	3,450	(550)	3,600
Other	5,700	6,492	792	5,326
Total Operating Revenues	<u>739,168</u>	<u>787,378</u>	<u>48,210</u>	<u>703,445</u>
Operating Expenses				
Advertising	700	672	28	672
Bad Debts	1,000	3,920	(2,920)	4,673
Contract Operations & Maintenance	65,000	75,080	(10,080)	75,494
Contract Labor	200,000	150,887	49,113	190,335
Depreciation	135,000	139,503	(4,503)	142,431
Director's Expense	2,400	1,960	440	2,170
Insurance	18,000	34,049	(16,049)	21,385
Meter Reading	25,000	22,813	2,187	22,617
Permit Fees	16,750	16,551	199	16,611
Other	14,100	21,186	(7,086)	11,884
Professional Fees	21,700	41,506	(19,806)	21,037
Repairs & Maintenance	50,000	24,736	25,264	37,674
Supplies- Maintenance	47,000	54,200	(7,200)	44,909
Supplies- Office	10,000	10,662	(662)	8,927
Utilities	75,000	60,573	14,427	77,469
Vehicle Expense	9,955	4,503	5,452	7,165
Total Operating Expenses	<u>691,605</u>	<u>662,801</u>	<u>28,804</u>	<u>685,453</u>
Operating Income (Loss)	<u>47,563</u>	<u>124,577</u>	<u>77,014</u>	<u>17,992</u>
Non Operating Revenues (Expenses)				
Bond Issuance Costs Incurred	-	-	-	6,880
Interest Income	1,200	26,343	25,143	(33,927)
Interest Expense	(40,000)	(32,957)	7,043	-
Gain/loss on Disposal of Asset	-	-	-	-
Other Revenues (Expenses)	5,000	1,566	(3,434)	1,042
Total Non Operating Revenues (Expenses)	<u>(33,800)</u>	<u>(5,048)</u>	<u>28,752</u>	<u>(26,005)</u>
Change in Net Position	<u>13,763</u>	<u>119,529</u>	<u>105,766</u>	<u>(8,013)</u>
Total Net Position, Beginning	1,752,910	1,752,910	-	1,760,923
Total Net Position, Ending	<u>\$ 1,766,673</u>	<u>\$ 1,872,439</u>	<u>\$ 105,766</u>	<u>\$ 1,752,910</u>

See independent auditor's report.

Bogue Lusa Waterworks District
Schedule of Insurance
For the year ended December 31, 2023

Insurance Company / Policy Number	Coverage	Amount	Period
CNA Surety Company 18274192	Fidelity Bond:		7/6/2023 to 7/5/2024
	President	\$ 100,000	
	Secretary-Treasurer	100,000	
	Office Manager	100,000	
	Clerk	25,000	
American Alternative Insurance Company GPNU-PF-0023916-01	Commercial General Liability:		10/16/2023 to 10/15/2024
	General Aggregate	3,000,000	
	Each Occurrence	1,000,000	
	Products / Completed Oper. Aggregate	3,000,000	
	Personal & Advertising Injury	1,000,000	
	Fire Damage	1,000,000	
	Medical Expense	10,000	
	Crime Coverage	10,000	
	Cyber Liability	1,000,000	
	Excess Liability	2,000,000	
	Equipment	250,000	
	Errors and Omissions: Public Officials		
	Annual Aggregate	3,000,000	
	Coverage A - Each Wrongful Act	1,000,000	
	Coverage B - Each Action for "Injury Relief"	5,000	
Any One Claim	1,000,000		
Business Automobile			
Liability	1,000,000		
Uninsured Motorist	1,000,000		
Underinsured	1,000,000		
Comprehensive	As scheduled		
Collision	As scheduled		
Medical Payments	5,000		
Louisiana Workers Compensation Corp 116143-S	Workers Compensation		2/1/2023 to 2/2/2024
	Each Accident	100,000	
	Policy Limit	500,000	
	Each Employee	100,000	

See independent auditor's report.

Bogue Lusa Waterworks District
Schedule of Compensation Paid to Board of Commissioners
For the year ended December 31, 2023

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Karisan Lott (985) 516-0912	60122 Spring Valley Road Bogalusa, LA 70427	\$ 480	12/31/25
Jim Willis (985) 732-3040	29081 Louisiana Highway 1074 Bogalusa, LA 70427	80	2/28/23
Leo Mickenhem (985) 732-4888	18180 Wells Road Bogalusa, LA 70427	360	12/31/27
Caroln Bridges (985) 732-3762	103 Red Bird Lane Bogalusa, LA 70427	280	12/31/24
Josh Pounds (985) 515-3854	13199 Hwy 21 S Bogalusa, LA 70427	320	12/31/26
Marshall Winstead (985) 516-1323	11104 Pine Ridge Circle Bogalusa, LA 70427	440	12/31/28
		\$ <u>1,960</u>	

Schedule 4

**Bogue Lusa Waterworks District
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2023**

Agency Head Name: Marshall Winstead, President

<u>Purpose</u>	<u>Amount</u>
Per Diem - Board Member	\$ 440

**Bogue Lusa Waterworks District
Schedule of Water Rates
For the year ended December 31, 2023**

Water	
Residential Rates	Commercial Rates
S 30.00 - First 2,000 Gallons	\$ 61.00 - First 15,000 Gallons
S 4.25 - Per 1,000 Gallons of Water over 2,000 Gallons	\$ 4.35 - Per 1,000 Gallons of Water over 15,000 Gallons

**Schedule of Water Customers
As of December 31, 2023 and 2022**

	December 31, 2023	December 31, 2022	Increase (Decrease)
Customers			
Residential	1,389	1,388	1
Commercial	29	29	-
School	1	1	-
Total Customers	1,419	1,418	1

See independent auditor's report.

Minda B. Raybourn

Certified Public Accountant
Limited Liability Company
820 11th Avenue
Franklinton, Louisiana 70438
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Fax (985) 839-4402

Member
AICPA

Member
LCPA

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
Bogue Lusa Waterworks District
Washington Parish Government
Varnado, LA

I 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 Bogue Lusa Waterworks District, a component unit of the Washington Parish Council, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Bogue Lusa Waterworks District's basic financial statements and have issued my report thereon dated June 25, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, I considered the Bogue Lusa Waterworks District's internal control over financial reporting (internal control) to determine the 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 the District's internal control. Accordingly, I do not express an opinion on the effectiveness of Bogue Lusa Waterworks District's internal control.

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

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

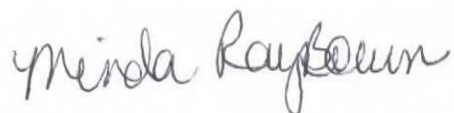
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bogue Lusa Waterworks District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with

those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn
Franklinton, Louisiana
June 25, 2024

Bogue Lusa Waterworks District, Louisiana
Schedule of Current Year Audit Findings
For the Year Ended December 31, 2023

Section 1—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting.

Material weaknesses identified? Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? Yes X No

Noncompliance material to the financial statements note? Yes X No

Federal Awards - N/A

Was a management letter issued? Yes X No

Bogue Lusa Waterworks District, Louisiana
Schedule of Prior Year Audit Findings and Responses
For the Year Ended December 31, 2023

There were no prior year audit findings.

Minda B. Raybourn

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners Bogue Lusa Waterworks District
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Bogue Lusa Waterworks District's (the "District") management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows.

1) Written Policies and Procedures

- 1 Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
The District does not have policies and procedures for amending the 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.

The District does not use purchase requisitions or purchase orders. The District does not have policies and procedures on how vendors are added to the vendor list and how purchases are initiated.

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

The District does not have policies and procedures for processing disbursements.

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

No exceptions noted.

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

The District does not have policies and procedures for 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.

The District does not have policies and procedures for types of services requiring contracts and standard terms and conditions.

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

The District does not have policies and procedures for dollar thresholds by category of expense, documentation requirements, and required approvers.

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

The District does not have policies and procedures for the required approvers of statements and monitoring credit card usage.

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

The District does not have policies and procedures in place for ethics prohibitions, ethics violations, system to monitor ethics violations, and documentation requirements that the employees and officials are to be notified of any changes to the 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.

The District does not have policies and procedures for debt issuance approval and continuing disclosure/EMMA reporting 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 of all available system and software patches updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions noted.

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

The District does not have policies and procedures for sexual harassment.

Management's Response: *We will implement the policies and procedures noted above.*

2) Board or Finance Committee

- 1. Obtain and inspect the board finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions noted for procedures i) through iv).

3) Bank Reconciliations

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

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

A listing and management's representation were obtained.

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

No exceptions noted.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

No exceptions noted.

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

The operating account has \$1,390.53 in outstanding checks that are 12 months and older.

Management response: We will research the outstanding checks and take appropriate action to clear them of the list.

4) Collections (excluding electronic funds transfers)

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

A listing and management's representation were obtained.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted for procedures i.) through iv.).

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

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

1. 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).
A listing and management's representation were obtained.
2. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;
 - 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;
 - 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; and

- e) Only employees officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

No exceptions noted for procedures a) through e).

- 3. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

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

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)- The District does not use cards; this procedure does not apply.

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

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

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

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

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

A listing and management's representation were obtained.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted for procedures i.) through iv.).

8) Contracts

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

A listing and management's representation were obtained.

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

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter),
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted for procedures i.) through iv.)

9) Payroll and Personnel-The District does not have payroll. This procedure is not applicable. The District has an intergovernmental agreement with Varnado Waterworks District for labor.

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions noted for a.) through b.).

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

No exceptions noted.

11) Debt Service

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

No exceptions noted for this procedure.

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

No exceptions noted for this procedure.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No exceptions noted for this procedure.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted for this procedure.

13) Information Technology Disaster Recovery/Business Continuity

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

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

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

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

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

2. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
3. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

No exceptions noted for this procedure.

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

We are required to be independent of the District 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.



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Franklinton, LA
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