

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

Annual Financial Statements

**As of and for the Year Ended
December 31, 2021**

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

Annual Financial Statements
As of and for the Year Ended December 31, 2021

C O N T E N T S

	Statement	Page No.
Independent Accountant's Review Report		2
Basic Financial Statements:		
Enterprise Fund Financial Statements:		
Statement of Net Position	A	5
Statement of Revenue, Expenses, and Changes in Net Position	B	6
Statement of Cash Flows	C	7
Notes to the Financial Statements		8
	Schedule	Page No.
Supplemental Information Schedules:		
Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners	1	17
Schedule of Prior Year Findings	2	18
Current Year Findings and Corrective Action Plan		19
Independent Accountant's Report on Applying Agreed-Upon Procedures		21
Louisiana Attestation Questionnaire		26

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Accountant's Review Report

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

I have reviewed the accompanying financial statements of Consolidated Water District No. 2 of Morehouse Parish (the "District"), a component unit of Morehouse Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of Consolidated Water District No. 2 of Morehouse Parish and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

BOARD OF COMMISSIONERS
CONSOLIDATED WATER DISTRICT NO. 2
OF MOREHOUSE PARISH
Bastrop, Louisiana
Independent Accountant's Review Report
December 31, 2021

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head and board of commissioners and the schedule of prior year findings are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Management has omitted 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.

Report on Other Legal and Regulatory Requirements

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated May 16, 2022, on the results of my agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on Consolidated Water District No. 2 of Morehouse Parish's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, and the results of that testing, and not to provide an opinion on control or compliance.



Calhoun, Louisiana
May 16, 2022

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
December 31, 2021

ASSETS

Current assets:

Cash	\$555,675
Investments - certificates of deposit	449,025
Receivables	32,374
Inventory	27,371
Total current assets	1,064,445

Noncurrent assets:

Restricted cash	47,687
Property, plant and equipment (net of accumulated depreciation)	421,144
Total noncurrent assets	468,831
Total assets	1,533,276

LIABILITIES

Current liabilities:

Accounts payable	5,519
Payroll withholdings payable	4,197
Sales tax payable	241
Sewer fees payable	1,376
Current portion of Utility Relocation Assistance Fund (URAF) loan	32,795

Payable from restricted assets:

Customer deposits	47,686
Total current liabilities	91,814

Long-term liabilities - URAF loan

	30,507
Total liabilities	122,321

NET POSITION

Net investment in capital assets	421,144
Unrestricted	989,811
Total net position	\$1,410,955

See accompanying notes and independent accountant's review report.

Statement B

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

STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2021

OPERATING REVENUE	
Water sales	\$425,794
Penalties	8,302
Service fees	8,961
Sewer collection fee	1,285
Other operating revenue	3,003
Total operating revenue	<u>447,345</u>
OPERATING EXPENSES	
Salaries	154,224
Commissioners per diem	3,540
Payroll tax expense	12,160
Workers compensation insurance	5,240
Employees health insurance	40,373
Maintenance expense	31,471
Auto fuel and maintenance	6,084
Chemicals	2,838
Office expense	8,323
Utilities and telephone	27,568
Insurance	15,142
Legal and accounting	2,047
Postage	4,179
Dues and memberships	500
Taxes, licenses, and permits	240
Travel and training	281
Depreciation	25,831
Total operating expenses	<u>340,041</u>
OPERATING INCOME	107,304
NON-OPERATING REVENUE - interest income	<u>5,243</u>
INCREASE IN NET POSITION	112,547
NET POSITION - BEGINNING	<u>1,298,408</u>
NET POSITION - ENDING	<u>\$1,410,955</u>

See accompanying notes and independent accountant's review report.

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

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$453,159
Customer meter deposits (net)	490
Payments to suppliers	(160,753)
Payments to employees and board	(156,255)
Net cash provided by operating activities	<u>136,641</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Increase in restricted cash	<u>(577)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	5,243
Loan payment	(32,795)
Purchase of capital assets	(2,258)
Increase in investments	(2,023)
Net cash used by investing activities	<u>(31,833)</u>

NET INCREASE IN CASH

104,231

CASH AT BEGINNING OF YEAR

451,444

CASH AT END OF YEAR\$555,675**Reconciliation of Operating Income to Net Cash****Provided by Operating Activities**

Operating Income	<u>\$107,304</u>
Adjustments:	
Depreciation	25,831
Decrease in accounts receivable	7,762
Decrease in inventory	1,303
Decrease in accounts payable	(4,206)
Decrease in payroll withholdings payable	(2,320)
Increase in sales tax payable	10
Increase in customer meter deposits	490
Increase in sewer fees payable	467
Total adjustments	<u>29,337</u>
Net cash provided by operating activities	<u>\$136,641</u>

See accompanying notes and independent accountant's review report.

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

Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

INTRODUCTION

Consolidated Water District No. 2 of Morehouse Parish (the "District") was created by the Morehouse Parish Police Jury as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the District. The District is governed by a five member board of commissioners appointed by the police jury. The District's commissioners receive \$60 per meeting attended. The District serves approximately 1,175 customers and has five employees.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

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

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

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

See independent accountant's review report.

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

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

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

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

C. Deposits and Investments

Cash and restricted cash includes amounts in interest-bearing demand deposits. State law limits the District's credit risk by restricting the District's investments to collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2021, the District's investments consists of nonnegotiable certificate of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost. The District's interest rate risk is limited by the investment of funds for periods not to exceed 24 months.

D. Receivables

Accounts receivable consist of amounts due from customers for water service provided prior to year end. Receivables are generally shown net of an allowance for uncollectible accounts. These statements contain no provision for uncollectible accounts. The District is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole. Customer accounts are considered past due when they are not paid by the 10th of the month following the month of service. The customer's meter is locked if amount due is not paid by the 25th of the month following the month of service. Unpaid accounts are written off as bad debts when considered uncollectible by the District.

See independent accountant's review report.

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

E. Inventory

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

F. Restricted Assets

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

G. Property, Plant, and Equipment

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

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

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

H. Compensated Absences

The District's full-time employees earn from 5 to 15 days of vacation leave each year depending upon length of service. Vacation must be taken in the calendar year earned. Full-time salaried employees earn compensatory time for hours worked in excess of 40 each week. The compensatory time earned must be taken within the following year.

See independent accountant's review report.

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

I. Long-term Obligations

Long-term debt such as the Utility Relocation Assistance Fund (URAF) loan is reported as a liability on the statement of net position.

J. Estimates

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

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2021, the District has cash, restricted cash, and investments (book balances) as follows:

Petty cash	\$200
Interest bearing checking accounts	339,221
Savings accounts	263,941
Investments - certificates of deposit	<u>449,025</u>
Total	<u>\$1,052,387</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance (FDIC) or national credit union administration (NCUA) insurance or the pledge of securities owned by the fiscal agent bank and deposited with an unaffiliated bank. The market value of the pledged securities plus the federal deposit insurance and national credit union administration insurance must at all times equal the amount on deposit with the fiscal agent.

At December 31, 2021, the District has \$1,049,804 in deposits (collected bank balances). These deposits were secured from risk by \$766,594 of FDIC and NCUA insurance and \$304,046 of pledged securities held by an unaffiliated bank in the name of the fiscal agent bank.

3. RECEIVABLES

At December 31, 2021, the District has net receivables of \$32,374 as follows:

See independent accountant's review report.

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

Water sales	\$32,374
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$32,374</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2021, is as follows:

	Balance at January 1, 2021	Increases	Decreases	Balance at December 31, 2021
Capital assets not being depreciated:				
Land	\$5,000			\$5,000
Capital assets being depreciated:				
Water system, tanks, and wells	1,040,659			1,040,659
Buildings and equipment	157,392	\$2,258	(\$835)	158,815
Total capital assets being depreciated	1,198,051	2,258	(835)	1,199,474
Less accumulated depreciation for:				
Water system, tanks, and wells	628,173	19,993		648,166
Buildings and equipment	130,161	5,838	(835)	135,164
Total accumulated depreciation	758,334	25,831	(835)	783,330
Total assets being depreciated, net	439,717	(23,573)	NONE	416,144
Total assets	<u>\$444,717</u>	<u>(\$23,573)</u>	<u>NONE</u>	<u>\$421,144</u>

Depreciation expense of \$25,831 for the year ended December 31, 2021 was reported in the statement of revenue, expenses, and changes in net position.

See independent accountant's review report.

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

5. UTILITY RELOCATION ASSISTANCE FUND LOAN

In August 2008, the District entered into an agreement with the State of Louisiana, Department of Transportation (DOTD) for a Utility Relocation Assistance Fund (URAF) loan to relocate the District's water lines that were located within the limits of a road construction project on US Highway 425. The agreement provided for a total project cost of \$481,313. The District was to be financially responsible for \$281,108, with the remainder to be funded by the state through a URAF loan. The actual cost of the project was \$539,817. During 2009 and 2011, the District was reimbursed a total of \$327,941 of the project cost through a URAF loan. During 2013, the District received notice from DOTD that their annual minimum repayment due on January 15th of each year was calculated at either 5% of gross income or 10% of the outstanding URAF debt. A payment of \$32,795 was made in January 2021.

The following is a summary of the URAF loan transactions for the year ended December 31, 2021:

	<u>Direct Borrowing</u>
URAF loan payable at January 1, 2021	\$96,097
Additions	NONE
Reductions	<u>(32,795)</u>
URAF loan payable at December 31, 2021	<u>\$63,302</u>

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2021:

Current portion	\$32,795
Long-term portion	<u>30,507</u>
Total	<u>\$63,302</u>

The non-interest bearing loan is due as follows:

	<u>Total Payment</u>
<u>Year Ending December 31,</u>	
2022	\$32,795
2023	<u>30,507</u>
Total	<u>\$63,302</u>

See independent accountant's review report.

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

6. RISK MANAGEMENT

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

SUPPLEMENTAL INFORMATION SCHEDULES

See independent accountant's review report.

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

SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2021

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

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

SCHEDULE OF PRIOR YEAR FINDINGS

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

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

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD AND BOARD OF COMMISSIONERS
For the Year Ended December 31, 2021

BOARD COMPENSATION

Agency Head - Steve Sistrunk - President	\$720
Jackie Courson	720
Bud Morrison	720
Doyle Murphy	720
Hubert Williams	<u>660</u>
Total	<u>\$3,540</u>

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

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2021

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Status of Finding</u>
2020-001	2009	Inadequate Segregation of Accounting Duties	Unresolved - see 2021-001 in current year findings.

See independent accountant's review report.

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

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2021

2021-001. Inadequate Segregation of Accounting Duties

Criteria: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition: All accounting duties are performed by one employee.

Cause: Limited number of employees due to the small size of the District.

Effect: Errors or irregularities may not be detected within a timely period.

Recommendation: None.

Management's Response: It is not economically feasible to correct this deficiency based on the size of the District and its limited revenues.

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

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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

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

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

LOUISIANA LEGISLATIVE AUDITOR

I have performed the procedures enumerated below on Consolidated Water District No. 2 of Morehouse Parish's (the "District"), compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2021, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations.

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 District's compliance with the laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2021. Additionally, the Louisiana Legislative Auditor 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 need 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:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.), R.S. 39:1551-39:1775 (the state procurement code); R.S. 38:2211-2296 (the public bid law), or the regulations of the Division of Administration and the State Purchasing Office, whichever is applicable; and report whether the expenditures were made in accordance with these laws.

Consolidated Water District No. 2
of Morehouse Parish
Bastrop, Louisiana
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2021

A review was made of all expenditures for the year. There were no expenditures for materials and supplies that exceeded \$30,000 nor any expenditures for public works that exceeded \$250,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided the requested information.

3. Obtain a list of all employees paid during the fiscal year.

Management provided the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

One of the employees included on the list of employees provided by management for agreed-upon Procedure 3 appeared on the list provided by management in agreed-upon Procedure 2. However, this employee was hired by the District many years prior to his immediate family member being appointed to serve on the Board of Commissioners.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

One of the employees included on the list of employees provided by management for agreed-upon Procedure 2 and 3 appeared on the list provided by management in agreed-upon Procedure 5. The employee was paid as contract labor for maintenance services provided.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

The District is not legally required to adopt a budget.

Consolidated Water District No. 2
of Morehouse Parish
Bastrop, Louisiana
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2021

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

See agreed-upon Procedure 6.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceed budgeted amounts by 5% or more.

See agreed-upon Procedure 6.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation and:

- (a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

Each of the six selected disbursements agreed with the amount and payee in the supporting documentation.

- (b) Report whether the six disbursements are coded to the correct fund and general ledger account.

Each of the six selected disbursements were coded to the correct fund and general ledger account.

- (c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

Each of the six selected disbursements were approved in accordance with management's policies and procedures.

Consolidated Water District No. 2
of Morehouse Parish
Bastrop, Louisiana
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2021

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 - 42:28 (the opening meetings law); and report whether there are any exceptions.

Management provided evidence that a notice of each meeting is posted at the District's meeting place as required by the open meetings law.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

I scanned all bank deposit slips for the fiscal year and noted no deposits that appeared to be proceeds from bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain a list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

I scanned payroll disbursements and read the meeting minutes of the District's board of commissioners for the fiscal year. I found no payments or approval for payments to employees that may constitute bonuses, advances, or gifts.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The District's report for the year ended December 31, 2020, was submitted prior to June 30, 2021.

Consolidated Water District No. 2
of Morehouse Parish
Bastrop, Louisiana
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 2021

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1.A (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The District was in compliance with R.S. 24:513 for the year ended December 31, 2020.

Prior Year Comments

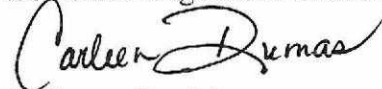
15. Obtain and report management's representation as to whether any prior year suggestions, recommendations, and/or comments have been resolved.

My prior year report, dated June 21, 2021, included one finding. That finding has not been resolved by management.

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

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

This report is intended solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, 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 Louisiana Legislative Auditor as a public document.



Calhoun, Louisiana
May 16, 2022

Louisiana Attestation Questionnaire

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

_____ (Date Transmitted)

M. Carleen Dumas, CPA
369 Donaldson Road
Calhoun, LA 71225

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2021 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the state procurement code (R.S. 39:1551 – 39:1755); the public bid law (R.S. 38:2211-2296), and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No [] N/A []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No [] N/A []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No [] N/A []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [] N/A []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No [] N/A []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No [] N/A []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No [] N/A []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No [] N/A []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No [] N/A []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes [] No [] N/A []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [] No [] N/A []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No [] N/A []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No [] N/A []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No [] N/A []

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No [] N/A []

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes [] No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No [] N/A []

We have provided you with all relevant information and access under the terms of our agreement.

Yes [] No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No [] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes [] No [] N/A []

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose

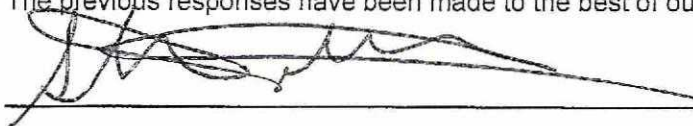
to you any such communication received between the end of the period under examination and the date of your report.

Yes [] No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes [] No [] N/A []

The previous responses have been made to the best of our belief and knowledge.



President 2-8-2022 Date