

**SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2022**

Sabine Parish Waterworks District No. 1  
Many, Louisiana

September 30, 2022

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**SABINE PARISH WATERWORKS DISTRICT NO. 1**  
**MANY, LOUISIANA 71449**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Sabine Parish Waterworks District No. 1's (hereafter referred to as the District) annual financial report presents an overview and analysis of the District's financial activities for the year ended September 30, 2022. Certain comparative information with the previous year is presented to provide an overview of the District's operations.

Financial Highlights

The Basic Financial Statements of the District report information about the District using Governmental Accounting Standards Board's (GASB) accounting principles. The Statement of Net Position (page 8) includes all of the District's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to District creditors (liabilities). All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position (page 9). This statement measures improvements in the District's operations over the past year and can be used to determine whether the District has been able to recover all of its costs through its water service revenue and other revenue sources. The final required financial statement is the Statement of Cash Flows (page 10). The primary purpose of this statement is to provide information about the District's cash from operations, investing and financing activities, and to provide answers to such questions as "where did cash come from?", "what was cash used for?" and "what was the change in cash balance during the reporting period?"

Financial Analysis of the Sabine Parish Waterworks District No. 1

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities. These two statements report the net position of the District and changes in them. The District's net position, the difference between assets and liabilities, is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating.

A summary of the District's basic financial statements is as follows:

Summary of Statement of Net Position

	<u>2022</u>	<u>2021</u>
<b>ASSETS:</b>		
Assets	\$ 2,425,823	\$ 2,620,655
Capital Assets, Net of		
Accumulated Depreciation	<u>12,117,259</u>	<u>11,533,946</u>
Total Assets	<u>\$14,543,082</u>	<u>\$14,154,601</u>
<b>LIABILITIES:</b>		
Payables, Accruals and Other Liabilities	\$ 140,703	\$ 427,489
Long-Term Debt	<u>6,460,290</u>	<u>6,170,699</u>
Total Liabilities	<u>\$ 6,600,993</u>	<u>\$ 6,598,188</u>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	\$ 5,656,969	\$ 5,363,247
Restricted for Debt Service	630,973	587,028
Unrestricted	<u>1,654,147</u>	<u>1,606,138</u>
Total Net Position	<u>\$ 7,942,089</u>	<u>\$ 7,556,413</u>

## Summary of Statement of Revenue and Expenses

	<u>2022</u>	<u>2021</u>
REVENUES:		
Operating Revenues	\$1,992,539	\$1,811,475
Non-Operating Revenues	12,298	1,991
Capital Contributions	<u>273,990</u>	<u>1,306,556</u>
Total Revenues	<u>\$2,278,827</u>	<u>\$3,120,022</u>
EXPENSES:		
Operating Expenses	\$1,730,114	\$1,576,034
Interest	<u>163,037</u>	<u>171,833</u>
Total Expenses	<u>\$1,893,151</u>	<u>\$1,747,867</u>
Change in Net Position	<u>\$ 385,676</u>	<u>\$1,372,155</u>

Sources of Revenue

Charges for water service totaled \$1,965,390 or 86% of total revenue of the District for the year ended September 30, 2022.

Expenses

The majority of the District's total expenses is for payroll, maintenance, and depreciation. Salaries totaled \$260,357 which is 15% of total operating expenses. Maintenance totaled \$251,728 which is 14.5% of total operating expenses. Depreciation totaled \$631,611 which represents 36.5% of total operating expenses.

Capital Assets

The District's capital assets as of September 30, 2022 amounts to \$12,117,259 (net of accumulated depreciation of \$7,649,621). Capital assets include land, buildings, equipment, and the water distribution system.

Major capital asset events during the current fiscal year included the purchase of land for potential new well sites, completion of the carbon system and the Plainview well, continued improvements to the water distribution system for the Ajax area, as well as the acquisition of new meters and SCADA system.

Long-Term Debt

At the end of the current fiscal year, the District had total long-term liabilities of \$6,460,290, which included bonds payable in the amount of \$6,448,103. These bonds were issued for the purpose of constructing and acquiring the waterworks system. The payments on these bonds and the applicable bond covenants are made on a timely basis.

Economic Factors

The District's major revenue source is from water sales. The District does not anticipate any significant changes for future years.

Contacting the Waterworks District's President

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or requests for additional information, contact the District's President at Post Office Box 660, Many, LA 71449.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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Mark D. Thomas, CPA - A Professional Corporation  
Roger M. Cunningham, CPA, LLC  
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**INDEPENDENT AUDITORS' REPORT**

Mr. Walter Mains, President  
and Members of the Board  
Sabine Parish Waterworks District No. 1  
Many, Louisiana 71449

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of the business-type activities and major fund information of the Sabine Parish Waterworks District No. 1 (District), a component unit of the Sabine Parish Police Jury, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and major fund information of the District as of September 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 District's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 1 through 3) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on it because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is required by Louisiana R.S. 24:513(A)(3), and is presented for purposes of additional analysis. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. These schedules are not a required part of the basic financial statements.

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 be basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head and the Schedule of Expenditures of Federal Awards 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*, we have also issued our report dated February 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated February 7, 2023, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

February 7, 2023



## FINANCIAL STATEMENTS

Sabine Parish Waterworks District No. 1  
Statement of Net Position  
Proprietary Fund  
September 30, 2022

ASSETS:

Current Assets-

Cash & Cash Equivalents	\$ 1,363,807
Accounts Receivable, less Allowance for Bad Debts	283,678
Prepaid Expenses	<u>30,677</u>
Total Current Assets	\$ <u>1,678,162</u>

Restricted Assets-

Cash & Cash Equivalents	\$ <u>630,973</u>
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Capital Assets-

Land & Improvements	\$ 218,180
Buildings & Improvements	452,515
Water Distribution System	16,541,416
Furniture, Machinery & Equipment	493,908
Construction in Progress	2,060,861
Accumulated Depreciation	<u>(7,649,621)</u>
Total Capital Assets	\$ <u>12,117,259</u>

Other Assets-

Unamortized Bond Costs, net	\$ 109,960
Utility Deposits	<u>6,728</u>
Total Other Assets	\$ <u>116,688</u>

Total Assets	\$ <u>14,543,082</u>
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LIABILITIES & NET POSITION:

Current Liabilities-

Accounts Payable & Accruals	\$ <u>93,259</u>
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Liabilities Payable from Restricted Assets-

Customer Deposits	\$ 47,444
Current Portion of Long-Term Debt	<u>212,425</u>
Total Payable from Restricted Assets	\$ <u>259,869</u>

Non-Current Liabilities-

Long-Term Debt, net of current portion	\$ <u>6,247,865</u>
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Total Liabilities	\$ <u>6,600,993</u>
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Net Position-

Net Investment in Capital Assets	\$ 5,656,969
Restricted for Debt Service	630,973
Unrestricted	<u>1,654,147</u>
Total Net Position	\$ <u>7,942,089</u>

See independent auditors' report and notes to the financial statements.

Sabine Parish Waterworks District No. 1  
Statement of Revenues, Expenses and Changes in Net Position-  
Proprietary Fund  
For the Year Ended September 30, 2022

OPERATING REVENUES:	
Charges for Services	\$1,965,390
Miscellaneous	<u>27,149</u>
Total Operating Revenues	<u>\$1,992,539</u>
OPERATING EXPENSES:	
Advertising	\$ 11,511
Amortization	5,712
Administrative Services	10,963
Bad Debts	4,428
Computer Services	31,755
Depreciation	631,611
Fuel & Gas	36,515
Insurance & Bonds	82,868
Legal & Accounting	23,700
Materials & Supplies	51,824
Miscellaneous	16,441
Office Supplies & Other	50,395
Payroll	260,357
Payroll Taxes	24,326
Professional Services	1,000
Rent	19,724
Repairs & Maintenance	251,728
Telephone	12,102
Utilities	191,126
Water Purchased	<u>12,028</u>
Total Operating Expenses	<u>\$1,730,114</u>
Operating Income	<u>\$ 262,425</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	\$ 2,607
Insurance Recovery	5,179
Sale of Assets	4,512
Interest Expense	<u>(163,037)</u>
Total Non-operating Revenues (Expenses)	<u>\$ (150,739)</u>
Profit before Capital Contributions	\$ 111,686
CAPITAL CONTRIBUTIONS:	
Capital Contributions	<u>273,990</u>
Change in Net Position	\$ 385,676
Net Position-Beginning of Year	<u>7,556,413</u>
Net Position-End of Year	<u>\$7,942,089</u>

See independent auditors' report and notes to the financial statements.

Sabine Parish Waterworks District No. 1  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 2,324,244
Cash Payments to Suppliers for Goods and Services	(1,104,745)
Cash Payments to Employees	<u>(292,539)</u>
Net Cash Provided by Operating Activities	\$ <u>926,960</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Capital Contributions & Debt	\$ 738,224
Insurance Recovery on Stolen Assets	5,179
Sale of Assets	4,512
Principal Paid on Capital Debt	(174,643)
Interest Paid on Capital Debt	(163,037)
Acquisition and Construction of Capital Assets	<u>(1,214,924)</u>
Net Cash Used by Capital and Related Financing Activities	\$ <u>(804,689)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	\$ <u>2,607</u>
Net Increase in Cash and Cash Equivalents	\$ 124,878
Cash and Cash Equivalents-Beginning of Year	<u>1,869,902</u>
Cash and Cash Equivalents-End of Year	\$ <u>1,994,780</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income	\$ 262,425
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities-	
Depreciation & Amortization	631,611
Changes in Assets and Liabilities-	
(Increase) Decrease in Accounts Receivable	321,396
(Increase) Decrease in Prepaids	(7,398)
(Increase) Decrease in Other Assets	5,712
Increase (Decrease) in Accounts Payable	(297,095)
Increase (Decrease) in Customer Deposits	<u>10,309</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>926,960</u>

RECONCILIATION OF CASH & CASH EQUIVALENTS:

Cash & Cash Equivalents	\$1,363,807
Restricted Cash	<u>630,973</u>
Total	\$ <u>1,994,780</u>

See independent auditors' report and notes to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

Sabine Parish Waterworks District No. 1  
Notes to Financial Statements  
September 30, 2022

## INTRODUCTION

The Sabine Parish Waterworks District No. 1, a political subdivision of the Sabine Parish Police Jury, was formed July 17, 1978, to provide water to the rural areas surrounding Many and Florien. It is operated by a board which consists of five commissioners appointed by the Police Jury to serve five-year terms (changed from original nine commissioners effective August 19, 2015). Effective October 1, 2017, the District acquired the Robeline-Marthaville Water System, pursuant to a Sale with Assumption of Liabilities executed on September 28, 2017. In 2021 and 2022, the District also acquired the water systems for the areas of Ajax and Powhatan, Louisiana.

### 1. Summary of Significant Accounting Policies:

#### A. Basis of Presentation-

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### B. Reporting Entity-

As the governing authority of the parish, for reporting purposes, the Sabine Parish Police Jury is the financial reporting entity for Sabine Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Sabine Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Police Jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.
2. Organizations for which the Sabine Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Sabine Parish Police Jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Sabine Parish Waterworks District No. 1  
Notes to Financial Statements  
September 30, 2022

Because the Sabine Parish Police Jury appoints the organization's governing body, and the ability of the Sabine Parish Police Jury to impose its will on the District, the District was determined to be a component unit of the Sabine Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Sabine Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting-

The District uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Sabine Parish Waterworks District No. 1, uses an enterprise fund type of the proprietary fund category to account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Basis of Accounting-

The accounting and financial treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The proprietary fund uses the accrual basis of accounting; revenues are recognized when earned, and expenses are recognized at the time the related liabilities are incurred.

E. Cash and Cash Equivalents-

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 and national banks having their principal offices in Louisiana. The District may also purchase investments in securities backed by the full faith and credit of the United States Government. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts.

Sabine Parish Waterworks District No. 1  
Notes to Financial Statements  
September 30, 2022

F. Compensated Absences-

Full-time employees of the District earn annual leave at various rates depending on the number of years in service. Leave cannot be accumulated or carried over from one year to the next. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

G. Capital Assets-

The capital assets of the District enterprise fund are carried at historical costs and are included on the Statement of Net Position, along with accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized. Depreciation of all exhaustible capital assets used by the enterprise fund operation is charged as an expense against operations. Depreciation has been computed using the straight-line method over the estimated useful lives of the assets, which is generally 10 to 40 years for buildings and building improvements, 7 to 40 years for the distribution system, 5 years for automobiles, and 5 to 10 years for machinery and equipment.

H. Bad Debts-

Uncollectible amounts due for customer's water receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectible portion of the particular receivable. Allowance for bad debts at September 30, 2022 was \$60,467.

I. Unamortized Bond Issue Costs-

Bond issue costs and bond discounts are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method. Total bond issue costs and bond discounts (deferred debt expense) paid by the District in the current year was \$10,208. The amortization expense related to deferred debt expense was \$5,712 for the year ended September 30, 2022.

J. Estimates-

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



Sabine Parish Waterworks District No. 1  
Notes to Financial Statements  
September 30, 2022

K. Net Position-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expenses.

L. Receivables-

All receivables are reported at their gross value, and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

M. Recently Adopted Accounting Principles -

In June of 2017, the GASB issued Statement 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB Statement 87 is effective for reporting periods beginning after June 15, 2021. The District has implemented this Statement and has determined that it has no impact on its financial statements at this time.

2. Cash and Cash Equivalents:

At September 30, 2022, the District had cash and cash equivalents (book balances) totaling \$1,994,780, including \$630,973 in cash restricted for debt service. Cash and cash equivalents are stated at cost, which approximates market.

The cash and cash equivalents of the District are subject to the following risk:

Sabine Parish Waterworks District No. 1  
Notes to Financial Statements  
September 30, 2022

2. Cash and Cash Equivalents (continued):

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. 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 or exceed 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. 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 bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At September 30, 2022, the District had collected bank balances totaling \$2,003,273. These deposits were secured as follows:

Cash and Cash Equivalents	\$ 2,003,273
FDIC	(498,107)
Standby Letter of Credit (not to exceed \$2,000,000)	<u>(1,505,166)</u>
Amount Uninsured	<u>\$ 0</u>

3. Accounts Receivable:

At year-end, the District has net customer accounts receivables of \$283,678, which consists of an allowance for doubtful accounts of \$60,467.

4. Restricted Assets:

At September 30, 2022, Sabine Parish Waterworks District No. 1 had the following restricted assets:

Cash and Cash Equivalents (Restricted)	<u>\$630,973</u>
----------------------------------------	------------------

5. Compensation of Board Members:

Compensation paid to individual board members for the year ended September 30, 2022, is as follows:

Walter Mains, President	\$ 2,700
Charles Pennington	2,550
David Mains	2,400
David Davis	2,250
Keith Broussard	<u>1,800</u>
Total	<u>\$11,700</u>

Sabine Parish Waterworks District No. 1  
Notes to Financial Statements  
September 30, 2022

6. Risk Management and Litigation:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the District's insurance coverage.

The District's management is not aware of any potential judgments, claims or similar contingencies pending at September 30, 2022.

7. Capital Assets:

Capital assets and depreciation activity as of and for the year ended September 30, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not depreciated				
Land	\$ 130,614	\$ 84,782	\$ -	\$ 215,396
Construction in Progress	3,698,902	463,207	2,101,248	2,060,861
Total Capital Assets, not depreciated	<u>\$ 3,829,516</u>	<u>\$ 547,989</u>	<u>\$ 2,101,248</u>	<u>\$ 2,276,257</u>
Capital Assets, depreciated				
Land Improvements	\$ 2,784	\$ -	\$ -	2,784
Plant & Distribution System	13,820,608	2,720,808	-	16,541,416
Building & Building Improvemnts	455,682	-	3,167	452,515
Furniture, Machinery & Equipment	452,133	47,375	5,600	493,908
Total Capital Assets, depreciated	<u>\$ 14,731,207</u>	<u>\$ 2,768,183</u>	<u>\$ 8,767</u>	<u>\$ 17,490,623</u>
Total Capital Assets	<u>\$ 18,560,723</u>	<u>\$ 3,316,172</u>	<u>\$ 2,110,015</u>	<u>\$ 19,766,880</u>
Accumulated Depreciation:				
Land Improvements	\$ 2,784	\$ -	\$ -	\$ 2,784
Plant & Distribution System	6,651,082	575,178	-	7,226,260
Building & Building Improvemnts	55,696	13,400	3,167	65,929
Furniture, Machinery & Equipment	317,215	43,033	5,600	354,648
Total Accumulated Depreciation	<u>\$ 7,026,777</u>	<u>\$ 631,611</u>	<u>\$ 8,767</u>	<u>\$ 7,649,621</u>
Total Capital Assets, Net	<u>\$ 11,533,946</u>	<u>\$ 2,684,561</u>	<u>\$ 2,101,248</u>	<u>\$ 12,117,259</u>

Depreciation expense of \$631,611 was recorded for the year ended September 30, 2022.

8. Insurance Recovery:

The District submitted a claim for theft of equipment, arising from an incident which occurred on May 18, 2022. The claim was settled for \$5,179, representing the replacement cost of the equipment, less the policy deductible. The incident occurred on property owned by the District located in Natchitoches Parish, and the incident was reported to the Natchitoches Parish Sheriff's Office. The right of recovery for the damages has been transferred to Glatfelter Claims Management, in the event the authorities identify the party(ies) responsible for the loss or make an arrest associated with the loss.

Sabine Parish Waterworks District No. 1  
Notes to Financial Statements  
September 30, 2022

9. Long-Term Debt:

The following is a summary of the long-term debt obligations of the Sabine Parish Waterworks District No. 1 for the year ended September 30, 2022.

	Balance <u>10/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/2022</u>	Due In <u>One Year</u>
Revenue Bonds series 2013	\$4,359,442	0	85,642	4,273,800	88,238
Revenue Bonds series 2015	557,000	0	32,000	525,000	33,000
Revenue Bonds series 2018	1,242,070	464,233	57,000	1,649,303	79,000
Utility Relocation 1984	1,847	0	0	1,847	1,847
Utility Relocation 2009-Hwy 175	4,726	0	0	4,726	4,726
Utility Relocation 2005-Hwy 171	5,614	0	0	5,614	5,614
Total	<u>\$6,170,699</u>	<u>\$464,233</u>	<u>\$174,642</u>	<u>\$6,460,290</u>	<u>\$212,425</u>

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>
Revenue Bonds series 2013	2.7500%	2053	\$4,902,000
Revenue Bonds series 2015	2.9500%	2035	\$ 700,000
Revenue Bonds series 2018	2.9500%	2035	\$2,600,000
Utility Relocation 1984	0.0000%	On Demand	\$ 18,475
Utility Relocation 2009-Hwy 175	0.0000%	On Demand	\$ 47,263
Utility Relocation 2005-Hwy 171	0.0000%	On Demand	\$ 119,935

The annual debt service requirements to maturity for these loans are as follows:

<u>Year Ending September 30</u>	<u>Long-Term Debt Principal</u>	<u>Long-Term Debt Interest</u>	<u>Total</u>
2023	\$ 212,425	\$ 164,220	\$ 376,645
2024	205,704	159,226	364,930
2025	211,238	154,094	365,332
2026	216,844	148,822	365,666
2027	220,844	143,636	364,480
2028-2032	1,213,482	621,402	1,834,884
2033-2037	1,288,603	472,397	1,761,000
2038-2042	936,718	327,864	1,264,582
2043-2047	809,645	216,836	1,026,481
2048-2052	929,275	97,205	1,026,480
2053-2057	<u>215,512</u>	<u>3,626</u>	<u>219,138</u>
Total	<u>\$6,460,290</u>	<u>\$2,509,328</u>	<u>\$8,969,618</u>

Sabine Parish Waterworks District No. 1  
Notes to Financial Statements  
September 30, 2022

10. Flow of Funds, Restriction on Use:

Under the terms of the bond indentures relating to Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the District are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special accounts:

- (i) Out of revenue, to the “Operations and Maintenance Account”, an amount sufficient to provide for expenses of the system.
- (ii) Each month, there should be set aside into an account called the “Sinking Fund”, an amount constituting 1/12 of the next maturing yearly installment principal and interest payments. These funds can only be used for payment of bond principal and interest.
- (iii) There should also be set aside into a “Reserve Fund”, an amount equal to 25% (for series 2013, 2015 and 2018) of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Fund an amount equal to the maximum principal and interest requirements in any one maturity year.
- (iv) For series 2013, the District must deposit into a “Short Lived Assets Fund”, an amount equal to \$1,892 per month. The money in the Short Lived Assets Fund shall be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system. Such payments are to continue over the life of the Bonds.
- (v) For series 2013 and 2015, the District must deposit into a “Depreciation and Contingency Fund”, an amount equal to 5% of the amount paid into the Sinking Fund until the fund accumulates an amount equal to \$200,000. The money in the Depreciation and Contingencies Fund shall be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. Such payments are to continue over the life of the Bonds.
- (vi) For series 2018, the District must deposit into a “Depreciation and Contingency Fund”, an amount equal to 5% of the amount paid into the Sinking Fund until the fund accumulates an amount equal to \$300,000. The money in the Depreciation and Contingencies Fund shall be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. Such payments are to continue over the life of the Bonds.

11. Post-Employment Benefits:

The Sabine Parish Waterworks District No. 1 does not provide any post-employment benefits; therefore, no disclosure for GASB 75 is required.

12. Relocation Loans – State of Louisiana:

The Sabine Parish Waterworks District No. 1 was authorized to receive funds from the Department of Transportation and Development for the relocation of utility lines on State Projects. Act 319 of 1981 contains the following sentence: “If the Office of Highways provides for the removal or relocation, the municipality, parish or special district shall henceforth be prohibited from locating a utility installation in any state owned right of way until the municipality, parish or special district reimburses the state for the cost of the removal or relocation.”

Sabine Parish Waterworks District No. 1  
Notes to Financial Statements  
September 30, 2022

13. Operating Lease:

The Sabine Parish Waterworks District No. 1 is obligated under an operating lease with Calvin Dale Miller and Janet R. Miller for the well site located in Florien, Louisiana. The lease agreement was executed on August 1, 2012, with terms for so long as the water produced from the wells on the leased premises fully complies with the health standards prescribed by the State of Louisiana for the amount of water produced from such wells, or a period of 99 years, whichever occurs first, unless sooner terminated by the mutual agreement of the parties. The consideration is the payment of \$1,500 per month for the term of the lease. Due to the perpetual nature of this agreement, this contract is not within the scope of GASB-87.

14. USDA Required Information on Operations:

Insurance coverage in force at September 30, 2022 was as follows:

a. Commercial General Liability (effective 4/26/22 to 4/26/23):

<b>Glatfelter Insurance Group</b>	#GPNU-PF-0011015-02
General Aggregate Limit (Bodily Injury, Property Damage & Medical Expenses)	\$ 3,000,000
Products/Completed Operations Aggregate Limit	\$ 3,000,000
Personal Injury Limit	\$ 1,000,000
Each Occurrence Limit	\$ 1,000,000
Damage to Premises Rent to You Limit (Any One Premises)	\$ 1,000,000
Medical Expenses Limit (Any One Person)	\$ 10,000

b. Automobile Liability (effective 4/26/22 to 4/26/23):

<b>Glatfelter Insurance Group</b>	#GPNU-PF-0011015-02
Combined Single Limit (each accident)	\$ 1,000,000

c. Excess Liability (effective 4/26/22 to 4/26/23):

<b>Glatfelter Insurance Group</b>	#GPNU-PF-0011015-02
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000

d. Workers Compensation and Employers' Liability (effective 6/12/22 to 6/12/23):

<b>Louisiana Workers' Compensation Corporation</b>	#144610
Bodily Injury by Accident (each)	\$ 1,000,000
Bodily Injury by Disease (policy limit)	\$ 1,000,000
Bodily Injury by Disease (each employee)	\$ 1,000,000

e. Property & Equipment (effective 4/26/22 to 4/26/23):

<b>Glatfelter Insurance Group</b>	#GPNU-PF-0011015-02
Per listing of properties	\$ 5,331,754

Sabine Parish Waterworks District No. 1  
Notes to Financial Statements  
September 30, 2022

14. USDA Required Information on Operations (continued):

Revenues were derived from the sale of water at the following rates that were in effect as of September 30, 2022:

CODE	DESCRIPTION	BASE RATE	AFTER BASE RATE
100	RESIDENTIAL ROUTE	\$34.00/1,000	\$4.50/1,000
101	RESIDENTIAL #1	\$34.00/1,000	\$4.50/1,000
102	RESIDENTIAL #2	\$34.00/1,000	\$4.50/1,000
103	RESIDENTIAL #3	\$34.00/1,000	\$4.50/1,000
104	RESIDENTIAL #4	\$34.00/1,000	\$4.50/1,000
105	RESIDENTIAL #5	\$34.00/1,000	\$4.50/1,000
106	RESIDENTIAL #6	\$34.00/1,000	\$4.50/1,000
107	RESIDENTIAL #7	\$34.00/1,000	\$4.50/1,000
108	RESIDENTIAL #8	\$34.00/1,000	\$4.50/1,000
109	WATER RESIDENTIAL W/COMM	\$82.00/15,000	\$4.50/1,000
110	AJAX WATER RESIDENTIAL #9	\$34.00/1,000	\$4.50/1,000
111	WATER RESIDENTIAL #11 POWH	\$36.00/2,000	\$7.50/1,000
112	WATER RESIDENTIAL #12 POWH	\$36.00/2,000	\$7.50/1,000
113	WATER COMMERCIAL POWHATAN	\$125.00/2,000	\$9.00/1,000
114	WATER NON RESIDENTIAL #4	\$34.00/1,000	\$4.50/1,000
115	WATER NON RESIDENTIAL #5	\$34.00/1,000	\$4.50/1,000
116	WATER NON RESIDENTIAL #6	\$34.00/1,000	\$4.50/1,000
117	WATER NON RESIDENTIAL #7	\$34.00/1,000	\$4.50/1,000
118	WATER NON RESIDENTIAL #8	\$34.00/1,000	\$4.50/1,000
128	COMMERCIAL WATER	\$82.00/15,000	\$4.50/1,000
132	WHOLESALE ROAD CONSTRUCTION	\$34.00/1,000	\$3.33/1,000
133	WATER WHOLESALE TOWN OF MANY		\$3.60/1,000
134	WATER WHOLESALE EBARB		\$3.60/1,000
135	WATER WHOLESALE CONSTRUCTION	\$34.00/1,000	\$4.50/1,000
136	WATER WHOLESALE SOUTH TOLEDO		\$3.60/1,000
141	WATER AG RATE	\$35.00/1,000	\$3.60/1,000

At September 30, 2022, the District's active water utility customers consisted of the following:

Residential	2,322
Wholesale/Commercial	21
Agricultural	23
Non-Residential	85

15. Related Party Transactions:

Sabine Parish Waterworks District No. 1 has entered into separate Cooperative Endeavor Agreements with the Village of Robeline and the Village of Powhatan, whereby the customers of the Robeline-Marthville Water System and the Powhatan Water System were transitioned to members of the Sabine Parish Waterworks District No. 1. The District provides billing for water usage and sewage fees. The sewage fees are collected by the District and remitted to the appropriate Villages on a monthly basis. The District is entitled to retain \$3 per sewer customer as compensation for the billing, collection, and remittance to the respective Villages.

During the current year, remittances to the Village of Robeline and the Village of Powhatan for sewage collections totaled \$8,892 and \$6,290, respectively. The collection fees retained by the District totaled \$1,915 for the current year.

Sabine Parish Waterworks District No. 1  
Notes to Financial Statements  
September 30, 2022

16. Board of Directors:

The Board of Directors of Sabine Parish Waterworks District No. 1 at September 30, 2022, consisted of the following individuals:

<u>Name, Address, Telephone</u>	<u>Title</u>	<u>Term Expires</u>
Walter Mains 4415 Marthaville Road, Many, LA 71449 318-663-5187	President	08/2025
David Davis 400 Cedar Lane, Many, LA 71449 318-315-0686	Vice President	08/2024
Keith Broussard 264 Cedar Lane, Many, LA 71449 318-256-9831	Secretary/Treasurer	08/2025
David Mains 331 Cedar Lane, Many, LA 71449 318-256-0074	Member	08/2023
Charles Pennington P. O. Box 9, Florien, LA 71429 318-294-5453	Member	08/2026

17. Subsequent Events:

Management has evaluated events through February 7, 2023, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.



SUPPLEMENTARY INFORMATION

Sabine Parish Waterworks District No. 1  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended September 30, 2022

Agency Head Name: Walter Mains, President

<u>Purpose</u>	<u>Amount</u>
Per Diem	\$2,700

Sabine Parish Waterworks District No. 1  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2022

<u>Federal Grantor/Pass through Grantors/Program</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Environmental Protection: Passed through La. Department of Health & Hospitals- Drinking Water State Revolving Funds	66.468	\$769,820

Sabine Parish Waterworks District No. 1  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2022

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sabine Parish Waterworks District No. 1 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

Basis of Accounting

The District's Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's financial statements for the year ended September 30, 2022. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain type of expenditures are not allowable or are limited to reimbursement.

Indirect Cost Rate

The District has not elected to use the 10 percent de minimus indirect cost as allowed under the *Uniform Guidance*.

Subrecipients

The District did not provide any funding to subrecipients.

OTHER REPORTS/SCHEDULES

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation  
Roger M. Cunningham, CPA, LLC  
Jessica H. Broadway, CPA - A Professional Corporation  
Ryan E. Todtenbier, CPA - A Professional Corporation

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INDEPENDENT AUDITORS' 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*

Mr. Walter Mains, President  
and Members of the Board  
Sabine Parish Waterworks District No. 1  
Many, Louisiana 71449

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, the financial statements of the business-type activities and major fund as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Sabine Parish Waterworks District No. 1's (District) basic financial statements and have issued our report thereon dated February 7, 2023.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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.

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

February 7, 2023

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE

Mr. Walter Mains, President  
and Members of the Board  
Sabine Parish Waterworks District No. 1  
Many, Louisiana 71449

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Sabine Parish Waterworks District No. 1's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Sabine Parish Waterworks District No. 1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Sabine Parish Waterworks District No. 1 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with federal statutes referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures, that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

February 7, 2023

Sabine Parish Waterworks District No. 1  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2022

I. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Sabine Parish Waterworks District No. 1.
2. The audit disclosed no material weaknesses in internal control that are required to be reported under *Government Auditing Standards*.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
4. The audit did not disclose any instances of material weaknesses in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit did not disclose any instances of noncompliance related to federal awards that are required to be reported under the Uniform Guidance.
7. The following program was considered major for the year ended September 30, 2022:

Drinking Water Revolving Loan Fund Program – CFDA# 66.468
8. \$750,000 was the threshold used to distinguish Type A and Type B programs.
9. The Sabine Parish Waterworks District No. 1 did not qualify as a low-risk auditee.

II. Findings in Accordance with *Government Auditing Standards*

None identified.

III. Findings in Accordance with *Uniform Guidance*

None identified.

IV. Prior Year Audit Findings

Internal Control-

*2021-001 Segregation of Duties*

*Condition* – In reviewing the internal control structure, we noted that the District does not have adequate segregation of duties related to the accounting system.

*Status* – The condition was cleared as of September 30, 2022.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA, LLC  
Jessica H. Broadway, CPA – A Professional Corporation  
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
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**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING  
STATEWIDE AGREED-UPON PROCEDURES**

To the Sabine Parish Waterworks District No. 1  
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 October 1, 2021 through September 30, 2022. The management of Sabine Parish Waterworks District No. 1 (District) 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 October 1, 2021 through September 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user for this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. We obtained and inspected the entity’s written policies and procedures and observed that they address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:
  - ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ***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.
  - ***Disbursements***, including processing, reviewing, and approving.
  - ***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.)

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedule.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 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.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- **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.
- **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

***Procedure Results: The District has no written policies and procedures for receipts, ethics and debt service. Written procedures in the District's Emergency Preparedness Plan does not address all required functions for Information Technology/Disaster Recovery/Business Continuity. The written policy on travel/expense reimbursement does not address all required functions.***

#### ***Board or Finance Committee***

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2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
  - Observed 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.
  - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

- Obtained the prior year audit report and observed the unassigned fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed 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.

***Procedure Results: No exceptions were noted as a result of these procedures.***

### ***Bank Reconciliations***

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3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all if less than 5). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
  - Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
  - Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and
  - Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

***Procedure Results: We noted that the bank reconciliations do not include evidence that a member of management/board member has reviewed each bank reconciliation.***

### ***Collections (excluding electronic funds transfers)***

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4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties were properly segregated at each collection location such that:
  - Employees that are responsible for cash collections do not share cash drawers/registers.
  - Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

6. We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. We observed that the bond or insurance policy for theft was enforced during the fiscal period.
7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under “Bank Reconciliations” above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits were made on the same day). We obtained supporting documentation for each of the deposits selected and:
  - We observed that receipts are sequentially pre-numbered.
  - We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - We traced the deposit slip total to the actual deposit per the bank statement.
  - We observed 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).
  - We traced the actual deposit per the bank statement to the general ledger.

*Procedure Results: No exceptions were noted as a result of these procedures.*

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

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8. We obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and we observed that job duties are properly segregated such that:
  - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - At least two employees are involved in processing and approving payments to vendors.
  - 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.
  - 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.
10. For each location selected under #8 above, we obtained the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management’s representation that the population is complete. We randomly selected 5 disbursements for each location, and obtained supporting documentation for each transaction and:

- We observed that the disbursement matched the related original itemized invoice and that documentation indicates that deliverables included on the invoice were received by the entity.
- We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

***Procedure Results: No exceptions were noted as a result of these procedures.***

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), and obtained supporting documentation, and:
  - We observed that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
  - We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified 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, we described the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

***Procedure Results: We noted one item for which written documentation of the business/public purpose and identification of the individuals participating in meals was missing.***

### ***Travel and Expense Reimbursement***

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14. We obtained 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. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
  - If reimbursed using a per diem, we observed that the approved reimbursement rate is no more than those rates established by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).



- If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- We observed that each reimbursement was supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Procedure Results: No exceptions were noted as a result of these procedures.***

### ***Contracts***

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15. We obtained 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. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, excluding our contract, and:
- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - If the contract was amended (e.g. change order), we observed 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 was approval documented).
  - We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

***Procedure Results: No exceptions were noted as a result of these procedures.***

### ***Payroll and Personnel***

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16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:
- We observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - We observed that supervisors approved the attendance and leave of the selected employees/officials.
  - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- We observed that the rate paid to the employees or officials agree to the authorized salary/pay rate found with the personnel file.
18. We obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected two employees or officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. If applicable, we agreed the hours to the employees or officials' cumulative leave records, and the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and the termination payment to entity policy.
19. We obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

***Procedure Results: No exceptions were noted as a result of these procedures.***

### ***Ethics***

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20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management, and:
- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - We observed that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

***Procedure Results: No exceptions were noted as a result of these procedures.***

### ***Debt Service***

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21. We obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. We selected all debt instruments on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed 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).

***Procedure Results: No exceptions were noted as a result of these procedures.***

### ***Fraud Notice***

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

24. We observed whether 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.

***Procedure Results: No exceptions were noted as a result of these procedures.***

### ***Information Technology Disaster Recovery/Business Continuity***

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25. We performed the following procedures:

- We obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on the physical medium (e.g., tapes, CDs), we observed that backups are encrypted before being transported.
- We obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
- We obtained a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. We randomly selected the required number of computers (at least 5) and observed 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.

***Procedure Results: We performed the procedures and discussed the results with management.***

### ***Sexual Harassment***

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26. We randomly selected the employees/officials from procedure #16 under "Payroll and Personnel" above, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. We observed that the entity has posted its sexual harassment policy and complaint procedures on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. We obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that it includes the applicable requirements of R.S. 42:344:
- Number and percentage of public servants in the agency who have completed the training requirements;
  - Number of sexual harassment complaints received by the agency;
  - Number of complaints which resulted in a finding that sexual harassment occurred;
  - Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - Amount of time it took to resolve each complaint.

***Procedure Results: No exceptions were noted as a result of these procedures.***

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.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

February 7, 2023

SABINE PARISH WATERWORKS DISTRICT NO. 1

P. O. BOX 660  
MANY, LA 71449  
318-256-6489

February 7, 2023

Louisiana Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70802

Re: Sabine Parish Waterworks District No. 1  
Statewide Agreed-Upon Procedures  
September 30, 2022

The following is our response to the exceptions to the Statewide Agreed-Upon Procedures performed by the firm Thomas, Cunningham, Broadway & Todtenbier, Certified Public Accountants, for the year ended September 30, 2022.

Written Policies & Procedures

The District is currently updating its written policies for the control and compliances identified as exceptions. The District has procedures in place for the majority of the functions addressed and will incorporate those procedures into a written format.

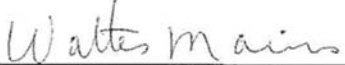
Bank Reconciliations

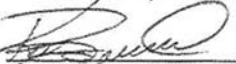
The District has implemented procedures to ensure that all bank reconciliations include evidence that a member of management and/or a board member has reviewed each bank reconciliation, (e.g., initialed and dated, electronically logged, etc.).

Credit Cards

The District has implemented procedures to ensure that all meal receipts include written documentation of the business/public purpose, and documentation of the individuals participating in the meals.

Sincerely,

  
\_\_\_\_\_  
Walter Mains, Board President

  
\_\_\_\_\_  
Keith Broussard, Board Secretary