

**WATERWORKS DISTRICT NO 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA**

**BASIC FINANCIAL STATEMENTS  
WTH SUPPLEMENTAL INFORMATION SCHEDULES**

**YEAR ENDED JUNE 30, 2022**

*Minda B. Raybourn*

*Certified Public Accountant*

*Limited Liability Company*

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BASIC FINANCIAL STATEMENTS  
WTH SUPPLEMENTAL INFORMATION SCHEDULES  
YEAR ENDED JUNE 30, 2022**

**Table of Contents**

|  |    |
|--|----|
| <b>INDEPENDENT AUDITOR’S REPORT</b> .....  | 4  |
| <b>MANAGEMENT’S DISCUSSION &amp; ANALYSIS</b> .....                                    | 8  |
| <b>BASIC FINANCIAL STATEMENTS</b>  |    |
| Statement of Net Position .....  | 14 |
| Statement of Revenues, Expenses, and Changes in Net Position .....                     | 16 |
| Statement of Cash Flows .....  | 17 |
| <b>NOTES TO FINANCIAL STATEMENTS</b>   |    |
| Notes .....  | 20 |
| <b>SUPPLEMENTARY INFORMATION</b>   |    |
| Budgetary Comparison Schedule .....  | 31 |
| Statement of Operating Expenses .....  | 32 |
| Statement of Revenues and Expenses as<br>A Percentage of Total Operating Revenues..... | 33 |
| Statement of Insurance in Force .....  | 34 |
| Statistical Data-Water Sales .....   | 35 |
| Comparative Data .....   | 36 |
| Schedule of Subsequent Budget .....  | 37 |
| Schedule of Compensation Paid to Governing Body .....                                  | 38 |

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7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
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YEAR ENDED JUNE 30, 2022**

**Table of Contents**

|  |    |
|--|----|
| Schedule of Compensation, Benefits, and Other<br>Payments to Agency Head.....  | 39 |
| Independent Auditor’s Report on Internal Control over Financial<br>Reporting and on Compliance and Other Matters Based on an<br>Audit of Financial Statements Performed in Accordance with<br><i>Government Auditing Standards</i> ..... | 40 |
| Schedule of Findings and Responses.....  | 42 |

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Waterworks District No. 7 of East Feliciana Parish  
P O Box 8826  
Clinton, LA 70722

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

#### ***Opinions***

I have audited the financial statements of the business-type activities, of the Waterworks District No. 7 of East Feliciana Parish (the "District"), a component unit of East Feliciana Parish Police Jury, as of and for the year ended June 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 my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the District, as of June 30, 2022 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing*

*Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 my 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.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

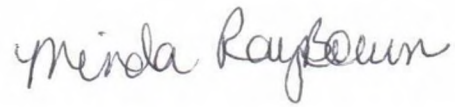
#### ***Supplementary Information***

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

The supplementary information listed in the table of content are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, based on my audit, the procedures performed as described above, the supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated December 15, 2022 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minda Raybourn, CPA  
Franklinton, LA  
December 15, 2022

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

The purpose of the Management's discussion and analysis (MD&A) is to introduce the basic financial statements and provide an analytical overview of the Waterworks District No. 7 of East Feliciana Parish's, hereinafter referred to as the District, financial activities. Since this information is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the financial statements beginning on page 14.

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

This annual report consists of two components - (1) fund financial statements and (2) notes to the financial statements. There is also other supplementary information contained in this report provided for additional information.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one category of funds: proprietary funds.

**Proprietary funds.** The District maintains only one type of proprietary fund - enterprise fund. Enterprise funds are used to report the functions financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The District uses an enterprise fund to account for its water services.

Financial statements of the District include the following:

*Statement of Net Position.* This statement presents information on all of the District's assets, deferred outflows of resources, liabilities and inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or not.

*Statement of Revenues, Expenses and Changes in Net Position.* This statement presents information showing how the District's net assets changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

*Statement of Cash Flows.* The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT**

Net position decreased by \$132,900 or 11% of the prior year's net position.

Below is a comparison of the current and prior year's net position.

**SUMMARY OF NET POSITION**

|                                  | <u>2022</u>                | <u>2021</u>                |
|----------------------------------|----------------------------|----------------------------|
| <b>Assets</b>                    |                            |                            |
| Current assets                   | \$ 115,837                 | \$ 239,580                 |
| Restricted assets                | 172,317                    | 273,501                    |
| Capital assets, net              | <u>1,408,275</u>           | <u>1,085,763</u>           |
| <b>Total Assets</b>              | <u><u>1,696,429</u></u>    | <u><u>1,598,844</u></u>    |
| <b>Liabilities</b>               |                            |                            |
| Current liabilities              | 89,585                     | 95,614                     |
| Long-term liabilities            | <u>240,916</u>             | <u>270,203</u>             |
| <b>Total liabilities</b>         | <u><u>330,501</u></u>      | <u><u>365,817</u></u>      |
| <b>Net Position</b>              |                            |                            |
| Net investment in capital asset: | 1,137,764                  | 787,049                    |
| Restricted                       | 172,317                    | 273,501                    |
| Unrestricted                     | <u>55,847</u>              | <u>172,478</u>             |
| <b>Net position</b>              | <u><u>\$ 1,365,928</u></u> | <u><u>\$ 1,233,028</u></u> |

The largest portion of the District's net assets is in its investment in capital assets - \$1,137,764 and \$787,049 at June 30, 2022 and 2021, respectively, representing 83% of net position. Another 13% at June 30, 2022, is restricted for customer deposits and debt retirement. The amount at June 30, 2022 restricted for customer deposits and debt retirement was \$172,317 (13%) and at June 30, 2021 the amount was \$273,501 (22%). The remaining balance in net assets of \$55,847 (4%) and \$172,478 (14%) at June 30, 2022 and 2021, respectively, is available to pay current operating expenses.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

Water revenues increased by \$29,321 or 7% over the prior year. Non-operating revenues increased due to the receipt of grant revenues for water system improvements of \$112,988. Expenses increased by \$7,754 or 2% over the prior year.

A summary of changes in net position follows:

**SUMMARY OF CHANGES IN NET POSITION**

|                                | <u>2022</u>         | <u>2021</u>         |
|--------------------------------|---------------------|---------------------|
| <b>Revenues</b>                |                     |                     |
| Charges for services           | \$ 445,526          | \$ 416,205          |
| Non-operating revenues         | 113,569             | 8,901               |
| <b>Total revenues</b>          | <u>559,095</u>      | <u>425,106</u>      |
| <b>Expenses</b>                |                     |                     |
| Operating                      | 330,093             | 333,819             |
| Depreciation/amortization      | 81,028              | 83,439              |
| Non-operating                  | 15,074              | 16,691              |
| <b>Total expenses</b>          | <u>426,195</u>      | <u>433,949</u>      |
| <b>Change in net position</b>  | 132,900             | (8,843)             |
| <b>Net position, beginning</b> | <u>1,233,027</u>    | <u>1,241,870</u>    |
| <b>Net position, Ending</b>    | <u>\$ 1,365,927</u> | <u>\$ 1,233,027</u> |

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**BUDGETARY HIGHLIGHTS**

The District's actual operating revenues were \$13,026 or 3% more than budgeted. Operating expenses were \$35,179 (8%) less than budgeted authority. Non-operating revenues and expenses were unfavorable in comparison to the adopted budget by \$2,995. A budget to actual comparison is on page 31.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets:* The District's capital assets, net of accumulated depreciation at June 30, 2022 and 2021, was \$1,405,263 and \$1,082,668 respectively. Additions during the current year totaled \$403,540. Depreciation expense for the year totaled \$80,945.

Capital assets at year-end are summarized as follows:

**CAPITAL ASSETS**

**Net of Accumulated Depreciation**

|                                 | 2022         | 2021         |
|---------------------------------|--------------|--------------|
| Capital assets, Non-Depreciable |              |              |
| Land                            | \$ 4,500     | \$ 4,500     |
| Construction in Progress        | (0)          | 39,415       |
| <br>Capital Assets, Depreciable |              |              |
| Buildings                       | 130,470      | 134,516      |
| Distribution system             | 1,249,552    | 871,798      |
| Furniture and equipment         | 12,653       | 16,666       |
| Vehicles                        | 8,088        | 15,773       |
| Total capital assets, net       | \$ 1,405,263 | \$ 1,082,668 |

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

The District executed a 60 year land lease at \$5,000 for which it amortizes. Amortization to date totals \$1,988 leaving a net book value at June 30, 2022, of \$3,012. This amount is not included in the totals provided above.

*Debt Administration:* Long-term debt of the District includes revenue bonds. Total bonded debt outstanding at June 30, 2022 and 2021 was \$270,511 and \$298,714 respectively. The District paid \$28,203 towards its bonded debt during the current year as well as \$15,074 in related interest. Principal and interest payments are funded by general revenues.

A summary of the long-term portion of bonds outstanding is as follows:

**OUTSTANDING BONDS**

|                           | 2022       | 2021       |
|---------------------------|------------|------------|
| Revenue bonds             |            |            |
| Series 1987 dated 7/8/87  | \$ 66,896  | \$ 83,810  |
| Series 1991 dated 7/29/93 | 16,482     | 20,215     |
| Series 2001 dated 8/3/01  | 187,133    | 194,689    |
| Total                     | \$ 270,511 | \$ 298,714 |

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting the Waterworks District No. 7 of East Feliciana Parish, P. O. Box 8826, Clinton, Louisiana 70722 or 225-683-9124.

# **BASIC FINANCIAL STATEMENTS**

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

**ASSETS**

Current Assets

|                           |    |         |
|---------------------------|----|---------|
| Cash and cash equivalents | \$ | 32,613  |
| Investments               |    | 10,000  |
| Accounts receivable, net  |    | 43,555  |
| Unbilled receivables      |    | 10,135  |
| Prepaid Expenses          |    | 19,534  |
| Total Current Assets      |    | 115,837 |

RESTRICTED ASSETS

|                         |         |
|-------------------------|---------|
| Restricted Cash         | 128,895 |
| Restricted Investments  | 43,422  |
| Total Restricted Assets | 172,317 |

PROPERTY, PLANT, AND EQUIPMENT

|                                      |           |
|--------------------------------------|-----------|
| Land                                 | 4,500     |
| Construction in Progress             | -         |
| Land lease, net                      | 3,012     |
| Plant and equipment, net             | 1,400,763 |
| Total Property, Plant, and Equipment | 1,408,275 |

**TOTAL ASSETS**

1,696,429

**DEFERRED OUTFLOWS OF RESOURCES**

\$ -

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

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

**LIABILITIES**

Current Liabilities

|   |    |        |
|---|----|--------|
| Accounts payable                          | \$ | 5,512  |
| Payroll withholdings and related payables |    | 883    |
| Accrued salaries payable                  |    | 5,875  |
| Customer deposits                         |    | 47,720 |
| Bonds payable-current portion             |    | 29,595 |
| Total Current Liabilities                 |    | 89,585 |

Long-Term Liabilities

|                             |  |         |
|-----------------------------|--|---------|
| Bonds payable-revenue       |  | 240,916 |
| Total Long-Term Liabilities |  | 240,916 |

**TOTAL LIABILITIES**

330,501

**DEFERRED INFLOWS OF RESOURCES**

-

**NET POSITION**

|   |  |           |
|---|--|-----------|
| Net investment in capital assets              |  | 1,137,764 |
| Restricted for customer deposits              |  | 47,720    |
| Restricted for debt service and contingencies |  | 124,597   |
| Unrestricted                                  |  | 55,847    |

**TOTAL NET POSITION**

\$ 1,365,928

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

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET  
POSITION  
JUNE 30, 2022**

**OPERATING REVENUES**

|                          |                |
|--------------------------|----------------|
| Charges for services     |                |
| Water sales              | \$ 412,734     |
| Late fees                | 9,986          |
| Safe water fees          | 11,303         |
| Miscellaneous revenues   | 3,223          |
| Connection fees          | 8,280          |
| Total operating revenues | <u>445,526</u> |

**OPERATING EXPENSES**

|                               |                |
|-------------------------------|----------------|
| Administrative                | 46,315         |
| Depreciation/amortization     | 81,028         |
| Employee and related expenses | 147,891        |
| Occupancy                     | 54,870         |
| Personal services             | 81,017         |
| Total operating expenses      | <u>411,121</u> |

**OPERATING INCOME** 34,405

**NON-OPERATING REVENUES (EXPENSES)**

|                                    |               |
|------------------------------------|---------------|
| Grant proceeds                     | 112,988       |
| Gain on disposal of asset          | -             |
| Interest income                    | 581           |
| Interest expense                   | (15,074)      |
| Net non-operating income (expense) | <u>98,495</u> |

**Change in net position** 132,900

**Net position, beginning** 1,233,028

**Net position, ending** \$ 1,365,928

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



**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF CASH FLOWS  
JUNE 30, 2022**

|   |                           |
|---|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                           |
| Cash received from customers  | \$ 421,028                |
| Cash received for customer deposits                                 | 270                       |
| Other income  | 3,223                     |
| Cash paid to suppliers for goods/services                           | (172,222)                 |
| Cash paid to employees for services                                 | (149,284)                 |
| Net cash provided by operating activities                           | <u>103,015</u>            |
| <br><b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>         |                           |
| Cash received from grants   | 112,988                   |
| Cash received from other sources                                    | -                         |
| Net cash provided by non-capital financng activities                | <u>112,988</u>            |
| <br><b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                           |
| Acquisition of capital assets                                       | (403,540)                 |
| Sale of capital assets  | -                         |
| Interest paid on bonds  | (15,074)                  |
| Principal paid on bond maturities                                   | (28,203)                  |
| Net cash used for capital and related financing activities          | <u>(446,817)</u>          |
| <br><b>CASH FLOWS FROM INVESTNG ACTIVITIES</b>                      |                           |
| Proceeds from certificate of deposits                               | 153,453                   |
| Interest received   | 581                       |
| Net cash used for Investing Activities                              | <u>154,034</u>            |
| <br>Net Increase (Decrease) in cash and cash equivalents            | <br><u>(76,780)</u>       |
| <br>Cash and Cash equivalents, beginning of year                    | <br>238,288               |
| <br>Cash and Cash equivalents, ending of year                       | <br><u><u>161,508</u></u> |
| <br>Unrestricted  | <br>32,613                |
| Restricted  | 128,895                   |
| Cash and cash equivalents, end of year                              | <u><u>\$ 161,508</u></u>  |

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

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF CASH FLOWS  
JUNE 30, 2022**

RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES

|  |                   |
|--|-------------------|
| Operating income   | \$ 34,405         |
| Adjustments to reconcile operating income to net cash provided by operating activities |                   |
| Depreciation/amortization  | 81,028            |
| (Increase)/decrease in assets:   |                   |
| Accounts receivable  | (2,710)           |
| Unbilled accounts receivable   | (984)             |
| Prepaid insurance  | (1,612)           |
| Increase/(decrease) in liabilities   |                   |
| Accounts payable   | (5,967)           |
| Accrued salaries   | (1,402)           |
| Payroll tax withholdings   | (13)              |
| Customer Deposits  | 270               |
| Net cash provided by operating activities  | <u>\$ 103,015</u> |

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

## **NOTES TO FINANCIAL STATEMENTS**

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**INTRODUCTION**

The Waterworks District No. 7 of East Feliciana Parish (hereinafter referred to as the District), located in Clinton, Louisiana, was created by the East Feliciana Parish Police Jury as allowed under Louisiana Revised Statute 33:7702. Its board members are appointed by the East Feliciana Parish Police Jury.

The District was created to provide water resources to the citizens of East Feliciana Parish residing within the boundaries of the District. It serves an average of 944 customers.

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting practice of the District conforms to governmental accounting principles generally accepted in the United States of America. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the East Feliciana Parish Police Jury is the financial reporting entity for East Feliciana Parish. The District is considered a component unit of the East Feliciana Parish Police Jury because it appoints a voting majority of the District's governing body and its services are rendered within the Police Jury's boundaries. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

**Fund Accounting:** The District uses funds 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 entity with a self-balancing set of accounts. Funds of the District are classified under one category: proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

***Proprietary Funds*** - used to account for governmental activities that are similar to activities performed by commercial enterprises in that goods/services are provided for a fee. Proprietary funds of the District include the following fund types:

1. Enterprise -account for operations (a) 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

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Basis of Accounting/Measurement Focus:** In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund statements of the District are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated, and long-term debt is reported.

**Operating/Non-Operating Revenues:** Proprietary funds separately report operating and non operating revenues. Revenues from transactions of the District's water services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

**Budgets and Budgetary Accounting:** The District adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The governing body must approve any revisions that alter the total expenditures. Budget amounts lapse at year-end.

**Cash and Cash Equivalents:** Cash includes amounts in demand deposits. Cash equivalents include amounts in investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

**Investments:** Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Inventory:** Inventory is recorded at cost. It includes only office supplies, the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

**Receivables:** Trade receivables are recorded at management's estimate of the amount that is expected to be collected. This is based in part on historical information. Revenues become susceptible to accrual when they become both measurable and available.

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

**Capital Assets:** The District's assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing assets. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows: vehicles - 5 years, furniture and equipment - 5 to 7 years and distribution system - 15 to 40 years. The District has a land lease that it is amortizing over a period of 60 years.

In June 1999, the GASB issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the basic financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the District elected not to report its governmental infrastructure retroactively. From that point forward, the District has used the basic approach to infrastructure reporting for its governmental activities when applicable.

**Net Position:** In the statement of net position, the difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

*Net Investment in Capital Assets*

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted Net Position*

Net position that is reserved by external sources, such as banks or by law, is reported separately as restricted net position. When assets are required to be retained in perpetuity, this non-expendable net position are recorded separately from expendable net position. These are components of restricted net position.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

*Unrestricted Net Position*

This category represents net position not appropriate for expenditures or legally segregated for a specific future use.

**NOTE 2-CASH AND CASH EQUIVALENTS**

The cash and cash equivalents on hand (book balances) of the District are as follows:

|                                  |    |         |
|----------------------------------|----|---------|
| Petty Cash                       | \$ | 100     |
| Interest-bearing demand deposits |    | 32,513  |
| Restricted:                      |    |         |
| Interest-bearing demand deposits |    | 128,895 |
| Total                            | \$ | 161,508 |

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

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. 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 that the fiscal agent has failed to pay deposited funds upon demand.

With the adoption of GASB Statement No. 40, only deposits are considered exposed to custodial credit risk are required to be disclosed. The District has no deposits exposed to custodial credit risk.

**NOTE 3-INVESTMENTS**

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counter party or the counter-party's trust department or agent not in the entity's name. Investments of the District are certificates of deposit held by the counter-party in the District's name. They are secured from risk by \$250,000 of federal deposit insurance.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

A summary of investments for which cost and fair value are the same are as follow:

| Certificate of Deposit | Cost             | Interest<br>Rate | Maturity  |
|------------------------|------------------|------------------|-----------|
| Feliciana Bank & Trust | \$ 43,422        | 1.05%            | 9/28/2021 |
| Feliciana Bank & Trust | 10,000           | 0.55%            | 5/2/2022  |
|                        | <u>\$ 53,422</u> |                  |           |

**NOTE 4-RECEIVABLES**

The net receivables at June 30, 2022 are as follows:

|                             | Year Ended<br>June 30, 2022 |
|-----------------------------|-----------------------------|
| Current                     | \$ 37,048                   |
| 31-60 Days                  | 4,977                       |
| Over 61 Days                | 42,530                      |
| Subtotal                    | <u>84,555</u>               |
| Less Allowance for Bad Debt | <u>(41,000)</u>             |
| Accounts Receivables, net   | <u>43,555</u>               |
| Accrued Billings            | <u>10,135</u>               |
| Total Accounts Receivable   | <u>\$ 53,690</u>            |

The District utilizes the allowance method for receivables estimated to not be collected. The current year receivables include \$42,530 in delinquent accounts that are more than 60 days old.



**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 - RESTRICTED ASSETS**

Restricted assets consist of the following:

|                                     |            |
|-------------------------------------|------------|
| Restricted Assets                   |            |
| Cash and Cash Equivalents           |            |
| Revenue Bonds                       |            |
| Depreciation and Contingency Fund   | \$ 81,175  |
| Meter Deposits                      | 47,720     |
| Total                               | \$ 128,895 |
| Investments                         |            |
| Restricted for Reserve Requirements | \$ 43,422  |
| Total                               | \$ 43,422  |

The Revenue Bond Resolution, Section 8, originally adopted on September 5, 1985, provides for all income and revenue derived from the operation of the District to be pledged for the security and payment of Series A and Series 2001 Water Revenue Bonds. The first priority is the payment of reasonable and necessary costs of operating and maintaining the water distribution system.

Secondly, the District is required to maintain a Waterworks System Revenue Bond Reserve Fund (hereinafter referred to as the Reserve Fund) and a Depreciation and Contingency Fund (hereinafter referred to as the Depreciation Fund). The Reserve Fund, established when the system became revenue producing, includes monthly deposits of \$181 continuing until such time that the fund has accumulated a sum equal to \$43,275.90. These funds are restricted to the payment of principal and interest of all bonds payable to avoid default. The balance at June 30, 2022, is \$43,422 and was fully funded.

The Depreciation Fund, established at the same time, includes monthly deposits of \$185 continuing until all bonds have been paid in full. These funds are restricted to unusual or extraordinary maintenance, repairs, replacements or extensions as well as the costs of improvements which will either enhance the system's revenue-producing capacity or provide a higher degree of service. In the event that the funds available in the Reserve Fund are insufficient to cover principal and interest payments, the necessary balance may be transferred from this Fund. The balance at June 30, 2022, is \$81,175 and was fully funded.

Resources to be used for customer deposits are set aside in restricted cash in the amount of \$47,720.

**NOTE 6-CAPITAL ASSETS**

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

Capital asset activity for the year ended June 30, 2022, was as follows:

|  | Beginning<br>Balance | Increases  | Decreases    | Ending<br>Balance |
|--|----------------------|------------|--------------|-------------------|
| Capital assets,<br>Non-Depreciable     |                      |            |              |                   |
| Land                                   | \$ 4,500             | \$ -       | \$ -         | \$ 4,500          |
| Construction in Progress               | 39,415               | 128,410    | (167,825)    | (0)               |
| Capital Assets<br>Depreciable          |                      |            |              |                   |
| Buildings                              | 157,838              |            | -            | 157,838           |
| Distribution system                    | 2,308,169            | 441,839    | -            | 2,750,008         |
| Furniture and equipment                | 104,665              | 1,116      | -            | 105,781           |
| Vehicles                               | 58,981               | -          | -            | 58,981            |
| Total capital assets, depreciable      | 2,629,653            | 442,955    | -            | 3,072,608         |
| Less accumulated<br>depreciation       |                      |            |              |                   |
| Buildings                              | 23,322               | 4,046      | -            | 27,368            |
| Distribution system                    | 1,436,371            | 64,085     | -            | 1,500,456         |
| Furniture and equipment                | 87,999               | 5,129      | -            | 93,128            |
| Vehicles                               | 43,208               | 7,685      | -            | 50,893            |
| Total accumulated depreciation         | 1,590,900            | 80,945     | -            | 1,671,845         |
| Total capital assets, depreciable, net | 1,038,753            | 362,010    | -            | 1,400,763         |
| Total capital assets, net              | \$ 1,082,668         | \$ 490,420 | \$ (167,825) | \$ 1,405,263      |

The District's capital assets, net of accumulated depreciation at June 30, 2022 and 2021, was \$1,405,263 and \$1,082,668 respectively. Additions during the current year totaled \$405,340. The main component of additions was placing in service the Hwy 961 water system improvements in the amount of \$167,825 and improvements on Rist Road in the amount of \$274,014. Depreciation expense for the year totaled \$80,945.

**NOTE 7-ACCOUNTS AND OTHER PAYABLES**

The payables at June 30, 2022 are as follows:

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

|   |    |        |
|---|----|--------|
| Accounts payable                          | \$ | 5,512  |
| Payroll withholdings and related payables |    | 883    |
| Accrued salaries payable                  |    | 5,875  |
| Customer deposits                         |    | 47,720 |
| Bonds payable-current portion             |    | 29,595 |
| Total                                     | \$ | 89,585 |

**NOTE 8-LONG TERM LIABILITIES**

*Revenue Bonds.* The District is currently making payment on three different issues as follows:

Series 1987 issued in the amount of \$305,600, dated July 8, 1987, due in annual installments of \$21,863 including interest at 6.5% beginning 7/8/1990 for a period of 40 years.

Series 1991 issued in the amount of \$74,800, dated July 29, 1993, due in monthly installments of \$397.94 including interest at 5.625% beginning 8/8/1995 for a period of 38 years.

Series 2001 issued in the amount of \$295,000, dated August 3, 2001, due in monthly installments of \$1,386.50 including interest at 4.75% beginning 9/3/2002 for a period of 40 years.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

|               | Beginnng<br>Balance | Addition | Reductions  | Ending<br>Balance | Due Within<br>One Year |
|---------------|---------------------|----------|-------------|-------------------|------------------------|
| Revenue bonds | \$ 298,714          | \$ -     | \$ (28,203) | \$ 270,511        | \$ 29,595              |

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

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

| Year Ending | Principal         | Interest         | Total             |
|-------------|-------------------|------------------|-------------------|
| 2022        | \$ 29,595         | \$ 13,284        | \$ 42,879         |
| 2023        | 31,737            | 11,540           | 43,276            |
| 2024        | 33,670            | 9,606            | 43,276            |
| 2025        | 22,438            | 7,760            | 30,199            |
| 2026        | 10,165            | 7,475            | 17,639            |
| 2027-2031   | 55,308            | 27,882           | 83,190            |
| 2032-2036   | 70,102            | 13,088           | 83,190            |
| 2037-2040   | 17,496            | 521              | 18,017            |
| Total       | <u>\$ 270,511</u> | <u>\$ 91,155</u> | <u>\$ 361,666</u> |

**NOTE 9-LEASES**

*Operating Leases.* The District entered into a 60 year lease for land commencing on August 3, 1999 and terminating August 2, 2058. It prepaid the entire lease of \$5,000 at the time the lease was executed and is being amortized at an amount of \$83 per year. Accumulated amortization at June 30, 2022, was \$ 1988 providing for a land lease value of 3,012.

*Capital Leases.* The District has no capital leases.

**NOTE 10- RETIREMENT PLAN**

The District does not provide a retirement plan for its employees other than social security in which it matches the 6.2% of gross salaries paid in by the employee.

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS**

The District does not provide post-employment benefits.

**NOTE 12-RELATED PARTY TRANSACTIONS**

The District obtains water under the terms of a local service agreement with the East Feliciana Parish Policy Jury, of which it is a component unit. The water utilized by the District is obtained from a well constructed by the EFP Policy Jury on property owned by the District. The service

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

agreement provides for a 50 year lease of the well that began when the well was first placed into service.

In exchange, the District agreed to issue revenue bonds to place into operation a waterworks utility system for which it was granted a franchise by the EFP Police Jury. Both parties agreed that no action would be taken by either party that would impair the security for or the payment of the revenue bonds.

The District has the option of purchasing the water well from the EFP Policy Jury at any time by paying a sum equal to the original cost of the well less depreciation as may be certified by the District's consulting engineer. The cost was \$155,000, funded by proceeds from a grant through U.S. Housing and Urban Development.

**NOTE 13 - LITIGATION AND CLAIMS**

There is no litigation that would require disclosure in the accompanying financial statements.

**NOTE 14- SUBSEQUENT EVENTS**

There are no transactions or events between the close of the year through December 15, 2022, the date on which the financial statements were available to be issued, that would materially impact these basic financial statements.

# **SUPPLEMENTARY INFORMATION**

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2022**

|   | Original<br>Budget  | Final<br>Budget    | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget |
|---|---------------------|--------------------|---|----------------------------------|
| <b>OPERATING REVENUES</b>               |                     |                    |   |                                  |
| Charges for services                    |                     |                    |   |                                  |
| Water sales                             | \$ 400,000          | \$ 400,000         | \$ 412,734                                | \$ 12,734                        |
| Late fees                               | 9,500               | 9,500              | 9,986                                     | 486                              |
| Safe water fees                         | 11,500              | 11,500             | 11,303                                    | (197)                            |
| Miscellaneous revenues                  | 500                 | 2,500              | 3,223                                     | 723                              |
| Connection fees                         | 10,000              | 9,000              | 8,280                                     | (720)                            |
| Total operating revenues                | <u>431,500</u>      | <u>432,500</u>     | <u>445,526</u>                            | <u>13,026</u>                    |
| <b>OPEARTNG EXPENSES</b>                |                     |                    |   |                                  |
| Administrative                          | 55,500              | 57,800             | 46,315                                    | (11,485)                         |
| Depreciation/amortization               | 95,000              | 87,000             | 81,028                                    | (5,972)                          |
| Employee and related expenses           | 171,000             | 153,500            | 147,891                                   | (5,609)                          |
| Occupancy                               | 59,000              | 63,000             | 54,870                                    | (8,130)                          |
| Personal services                       | 104,000             | 85,000             | 81,017                                    | (3,983)                          |
| Total operating expenses                | <u>484,500</u>      | <u>446,300</u>     | <u>411,121</u>                            | <u>(35,179)</u>                  |
| <b>OPERATING INCOME</b>                 | (53,000)            | (13,800)           | 34,405                                    | 48,205                           |
| <b>NON-OPERATNG REVENUES (EXPENSES)</b> |                     |                    |   |                                  |
| Grant proceeds                          | 40,000              | 113,000            | 112,988                                   | (12)                             |
| Gain on sales of asset                  | 1,000               | -                  | -   | -                                |
| Interest income                         | 1,500               | 1,500              | 581                                       | (919)                            |
| Interest expense                        | (19,000)            | (19,000)           | (15,074)                                  | 3,926                            |
| Net non-operating ncome (expense)       | <u>23,500</u>       | <u>95,500</u>      | <u>98,495</u>                             | <u>2,995</u>                     |
| <b>Change in net position</b>           | <u>(29,500)</u>     | <u>81,700</u>      | <u>132,900</u>                            | <u>51,200</u>                    |
| <b>Net position, beginning</b>          | 1,233,028           | 1,233,028          | 1,233,028                                 | -                                |
| <b>Net position, ending</b>             | <u>\$ 1,203,528</u> | <u>\$1,314,728</u> | <u>\$1,365,928</u>                        | <u>\$ 51,200</u>                 |

See independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA**

**SCHEDULE OF OPERATING EXPENSES  
JUNE 30, 2022**

|                                      |                   |
|--------------------------------------|-------------------|
| <b>ADMINISTRATIVE</b>                |                   |
| Advertising                          | \$ 1,522          |
| Board expense                        | 8,160             |
| Dues and subscriptions               | 3,171             |
| Office supplies                      | 6,840             |
| Postage                              | 3,834             |
| Bank charges                         | 625               |
| Miscellaneous                        | 2,427             |
| Website                              | 377               |
| Professional fees                    | 19,359            |
| Total administrative                 | <u>46,315</u>     |
| <br>                                 |                   |
| <b>DEPRECIATION/AMORTIZATION</b>     | <u>81,028</u>     |
| <br>                                 |                   |
| <b>EMPLOYEE AND RELATED EXPENSES</b> |                   |
| Salaries                             | 112,056           |
| Clerical assistance                  | 6,507             |
| Payroll taxes                        | 8,713             |
| Employee health insurance            | 17,372            |
| Training                             | 220               |
| Seminars/workshops                   | 3,023             |
| Total employee and related expenses  | <u>147,891</u>    |
| <br>                                 |                   |
| <b>OCCUPANCY</b>                     |                   |
| Insurance                            | 22,679            |
| Office rent                          | -                 |
| Telephone                            | 4,353             |
| Utilities                            | 27,838            |
| Total occupancy                      | <u>54,870</u>     |
| <br>                                 |                   |
| <b>PERSONAL SERVICES</b>             |                   |
| Bad Debts                            | 4,000             |
| Repairs/maintenance                  | 33,028            |
| Safe drinking water fees             | 10,816            |
| Vehicle operations                   | 21,629            |
| Supplies                             | 11,544            |
| Total personal services              | <u>81,017</u>     |
| <br>                                 |                   |
| <b>TOTAL OPERATING EXPENSES</b>      | <u>\$ 411,121</u> |

See independent auditor's report.



**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA**

**STATEMENT OF REVENUES AND EXPENSES AS A PERCENTAGE OF  
TOTAL OPERATING REVENUES  
JUNE 30, 2022**

| <b>OPERATING REVENUES</b>                    | \$         | %       |
|--|------------|---------|
| Charges for services                         |            |         |
| Water sales                                  | \$ 412,734 | 92.64%  |
| Late fees                                    | 9,986      | 2.24%   |
| Safe water fees                              | 11,303     | 2.54%   |
| Miscellaneous revenues                       | 3,223      | 0.72%   |
| Connection fees                              | 8,280      | 1.86%   |
| Total operating revenues                     | 445,526    | 100.00% |
| <br><b>OPERATING EXPENSES</b>                |            |         |
| Administrative                               | 46,315     | 10.40%  |
| Depreciation/amortization                    | 81,028     | 18.19%  |
| Employee and related expenses                | 147,891    | 33.19%  |
| Occupancy                                    | 54,870     | 12.32%  |
| Personal services                            | 81,017     | 18.18%  |
| Total operating expenses                     | 411,121    | 92.28%  |
| <br><b>OPERATING INCOME</b>                  | 34,405     | 7.72%   |
| <br><b>NON-OPERATING REVENUES (EXPENSES)</b> |            |         |
| Grant proceeds                               | 112,988    | 25.36%  |
| Gain on disposal of asset                    | -          | 0.00%   |
| Interest income                              | 581        | 0.13%   |
| Interest expense                             | (15,074)   | -3.38%  |
| Net non-operating income (expense)           | 98,495     | 22.11%  |
| <br><b>CHANGE IN NET POSITION</b>            | \$ 132,900 | 29.83%  |

See independent auditor's report.

**WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH  
SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 2022**

| <u>POLICY NUMBER</u> | <u>EXPIRATION DATE</u> | <u>COMPANY AND COVERAGE</u>                  | <u>AMOUNT</u> |
|----------------------|------------------------|--|---------------|
| PPK2276127           | 5/17/22                | Tokio Marine Speciality Insurance Company    |               |
|                      | 5/18/23                | Bodily injury/property damage-aggregate      | \$3,000,000   |
|                      |                        | Bodily injury/property damage per occurrence | \$1,000,000   |
|                      |                        | Personal injury & Adv. Injury-aggregate      | \$3,000,000   |
|                      |                        | Personal injury & Adv. Injury-per occurrence | \$1,000,000   |
|                      |                        | Employee Benefits Liability-aggregate        | \$3,000,000   |
|                      |                        | Employee Benefits Liability-per occurrence   | \$1,000,000   |
|                      |                        | Damage to Rented Premises                    | \$500,000     |
| PPK2276127           | 5/17/22                | Tokio Marine Speciality Insurance Company    |               |
|                      | 5/18/23                | Auto Coverage Liability                      | \$1,000,000   |
|                      |                        | Uninsured Motorists                          | \$500,000     |
|                      |                        | Comprehensive Deductible                     | \$500         |
|                      |                        | Collison Deductible                          | \$500         |
| PPK2276127           | 5/17/22                | Tokio Marine Speciality Insurance Company    |               |
|                      | 5/18/23                | Real and Personal Property                   |               |
|                      |                        | Limit of insurance per occurrence            | \$100,000     |
|                      |                        | Deductible property per occurrence           | \$1,000       |
|                      |                        | Deductible inland marine per occurrence      | \$500         |
| 22983-S              | 5/5/22                 | Louisiana Worker's Compensation Corp.        |               |
|                      | 5/6/23                 | Worker's Compensation                        | Statutory     |
| 68686855             | 2/18/22                | CNA Surety Company                           |               |
|                      | 2/18/23                | Fidelity Bond                                | \$88,600      |
| 105651588            | 7/14/21                | Travelers                                    |               |
|                      | 7/14/22                | Director's and Officer's Liability           | \$1,000,000   |
|                      |                        | Employment Practices Liability               | \$1,000,000   |

See independent auditor's report.



**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
COMPARATIVE DATA  
June 30, 2022**

|   | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| <u>SUMMARY OF STATEMENT OF REVENUES</u> |             |             |             |             |             |
| Operating revenues                      | \$ 445,526  | \$ 416,205  | \$ 374,227  | \$ 376,584  | \$ 408,356  |
| Operating expenses                      | 411,121     | 417,057     | 392,227     | 370,511     | 353,679     |
| Operating Income (Loss)                 | 34,405      | (852)       | (18,000)    | 6,073       | 54,677      |
| Non-operating revenues                  | 113,569     | 8,901       | 2,275       | 108,159     | 1,747       |
| Non-operating expenses                  | (15,074)    | (16,891)    | (18,212)    | (19,645)    | (20,995)    |
| Net Income (Loss)                       | \$ 132,900  | \$ (8,842)  | \$ (33,937) | \$ 94,587   | \$ 35,429   |

OTHER DATA

|   |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
| Capital assets, net                         | 1,408,275 | 1,085,764 | 1,160,023 | 1,202,248 | 1,154,816 |
| Net working capital                         | 198,569   | 417,467   | 380,641   | 398,860   | 376,770   |
| Total assets                                | 1,696,429 | 1,598,844 | 1,632,312 | 1,683,418 | 1,628,772 |
| Long-term liabilities                       | 240,916   | 270,603   | 298,794   | 325,299   | 350,364   |
| Total equity                                | 1,365,928 | 1,233,028 | 1,241,870 | 1,275,809 | 1,181,222 |
| Average no. of customers                    | 944       | 944       | 938       | 938       | 945       |
| Total cubic feet of water sold (MCF)        | 54,808.2  | 59,352.0  | 55,042.5  | 56,476.9  | 65,168.8  |
| No. of residential customers                | 913       | 921       | 905       | 908       | 912       |
| No. of commercial customers                 | 31        | 29        | 31        | 30        | 32        |
| No. of commercial customers with 3/4" meter | -         | -         | -         | -         | -         |

See Independent Auditor's Report

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA**

**SCHEDULE OF SUBSEQUENT BUDGET  
JUNE 30, 2023**

**OPERATING REVENUES**

|                          |    |                |
|--------------------------|----|----------------|
| Charges for services     |    |                |
| Water sales              | \$ | 408,000        |
| Late fees                |    | 9,500          |
| Safe water fees          |    | 11,500         |
| Miscellaneous revenues   |    | 500            |
| Connection fees          |    | 8,000          |
| Total operating revenues |    | <u>437,500</u> |

**OPERATING EXPESNES**

|                               |  |                |
|-------------------------------|--|----------------|
| Administrative                |  | 57,500         |
| Depreciation/amortization     |  | 87,000         |
| Employee and related expenses |  | 159,500        |
| Occupancy                     |  | 64,000         |
| Personal services             |  | 92,000         |
| Total operating expenses      |  | <u>460,000</u> |

**OPERATING INCOME** (22,500)

**NON-OPERATNG REVENUES (EXPENSES)**

|                                  |  |                |
|----------------------------------|--|----------------|
| Grant proceeds                   |  | 900,000        |
| Gain on sale of equipment        |  | -              |
| Interest income                  |  | 800            |
| Bad debt expense                 |  | (5,000)        |
| Interest expense                 |  | (18,000)       |
| Net non-operatng ncome (expense) |  | <u>877,800</u> |

**Change in net position** 855,300

**Net position, beginning** 1,365,928

**Net position, ending** \$ 2,221,228

See independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA**

**SCHEDULE OF COMPENSATION PAID TO GOVERNING BODY  
JUNE 30, 2022**

|   |                 |
|---|-----------------|
| Brown, Samuel (President)<br>11332 Dan Delee Rd.<br>Norwood, LA 70761<br>(225) 683-5032         | \$ 1,680        |
| Bryant, Louise Spurlock<br>PO Box 1671<br>Clinton, LA 70722<br>(225) 683-8664                   | 1,680           |
| Granier, Jr., Larry (Vice-President)<br>12912 Graner Ln.<br>Clinton, LA 70722<br>(225) 683-5030 | 1,680           |
| Tony Rouchon<br>Clinton, LA 70722   | 1,560           |
| Randall, Eunice<br>Clinton, LA 70722  | 1,560           |
| Total   | <u>\$ 8,160</u> |

See independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO  
AGENCY HEAD  
JUNE 30, 2022**

Agency Head: James Jenkins, Maintenance Supervisor

|                  |                  |
|------------------|------------------|
| Salary           | \$ 53,809        |
| FICA             | 4,116            |
| Health Insurance | <u>8,630</u>     |
| Total            | <u>\$ 66,555</u> |

See independent auditor's report.

# *Minda B. Raybourn*

*Certified Public Accountant  
Limited Liability Company*

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Member  
AICPA

Member  
LCPA

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Waterworks District No. 7 of East Feliciana Parish  
P O Box 8826  
Clinton, LA 70722

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Waterworks District No. 7 of East Feliciana Parish, a component unit of the East Feliciana Parish Policy Jury, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Waterworks District No. 7 of East Feliciana Parish's basic financial statements and have issued our report thereon dated December 15, 2022.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, I considered the Waterworks District No. 7 of East Feliciana Parish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Waterworks District No. 7 of East Feliciana Parish's internal control. Accordingly, I do not express an opinion on the effectiveness of the Waterworks District No. 7 of East Feliciana Parish's internal control.

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



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

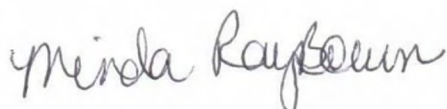
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Waterworks District No. 7 of East Feliciana Parish's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Minda Raybourn CPA

Franklinton, LA

December 15, 2022

**WATERWORKS DISTRICT NO 7 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2022**

I have audited the basic financial statements of the Waterworks District No. 7 of East Feliciana Parish as of and for the year ended June 30, 2022, and have issued my report thereon dated December 15, 2022. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2022, resulted in an unmodified opinion.

**Section I Summary of Auditor’s Reports**

Report on Compliance and Internal Control Material to the Financial Statements

A. Internal Control

- Material Weaknesses                    \_\_\_    Yes                      X      No
- Significant Deficiencies                \_\_\_    Yes                      X      No
- Compliance Material to Statements   \_\_\_    Yes                      X      No

B. Federal Awards

N/A

**Section II Financial Statement Findings**

N/A

**Section III Federal Award Findings and Questioned Costs**

N/A

**Section IV Management Letter**

N/A

# *Minda B. Raybourn*

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

To the Board of Commissioners  
Waterworks District No. 7 of East Feliciana Parish  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Waterworks District No. 7 of East Feliciana Parish's (the "District") management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*No exceptions to this procedure..*

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

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

*The District has procedures it follows for receipts/collections but are not in writing.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

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

*The District has procedures it follows for travel. Item 1 is in writing. Items 2 – 4 are not in writing.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*The District has policies it follows for information technology disaster recovery/business continuity but they are not in writing..*

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

*Item 1 is in writing but not item 2 and 3.*

*Management Response: the District will implement the policies and procedures noted above.*

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

---

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

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

*No exceptions to this procedure.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*No exceptions to this procedure.*

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

*This is not applicable.*

### ***Bank Reconciliations***

---

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

*The listing of bank accounts and management's representation were obtained.*

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

*No exception to this procedure.*

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

*The bank reconciliations were prepared within 2 months of the closing date. The bank reconciliations were not initialed or logged. However, they are prepared by the external accountant.*

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

*No exceptions to this procedure.*

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

---

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

*A list of deposit sites and management's representation was obtained*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for cash collections do not share cash drawers/registers.  
*No exception to this procedure.*
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.  
*There are two employees collecting cash. One employee is responsible for the deposit. The other employee is responsible for reconciling cash collection documentation to the deposit.*
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.  
*The external accountant reconciles cash collections to the general ledger by revenue source and is not responsible for collecting cash.*
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.  
*The external accountant reconciles cash collections to the general ledger by revenue source and is not responsible for collecting cash.*
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.  
*The District has a bond policy on employees who have access to cash.*
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

*There were no exceptions to procedures a through e.*

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

---

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

*Management's representation was obtained. The entity has one location that processes payments.*

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*The Manager can order if the purchase is under \$500. If over \$500, the board President or designee must approve.*

- b) At least two employees are involved in processing and approving payments to vendors.

*The Manager or President will verify the purchase depending on the amount. The invoice will then be provided to the Secretary for processing.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*New vendors are added after board approval by the external accountant to the accounting system.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*No exception to this procedure.*

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



10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

*No exceptions to this procedure.*

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exceptions to this procedure.*

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

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*A listing and management's representation were obtained.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should

describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*No exceptions to this procedure.*

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

---

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

*The listing of travel expenses and management’s representation were obtained.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

### ***Contracts***

---

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

*Management’s listing and management’s representations were obtained.*

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

*No exceptions to this procedure.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

*No exceptions to this procedure.*

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

*No exceptions to this procedure.*

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

*There were no exceptions to this procedure.*

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

---

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*A listing and management's representation were obtained.*

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

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

*No exceptions to this procedure.*

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*No exceptions to this procedure.*

### ***Ethics***

---

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

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

### ***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

*A listing of bonds and management representation were obtained. The District did not have issuances of debt in 2021/2022.*

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

*No exception to this procedure.*

### ***Fraud Notice***

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

*Management asserted there were no misappropriations. Management's representations were obtained.*

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

*No exception to this procedure.*

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

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25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*I performed the procedure and discussed the results with management.*

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

*I performed the procedure and discussed the results with management.*

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5

computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*I performed the procedure and discussed the results with management.*

### ***Sexual Harassment***

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

*Documentation for sexual harassment training was not provided.*

*Management Response: The District employees and officials will complete training as soon as possible.*

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

*No exception to this procedure.*

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

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

*The District did not file the report.*

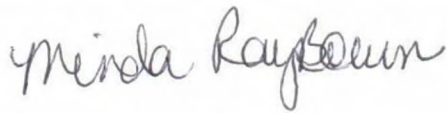
*Management Response: The District will complete the report as soon as possible.*

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.

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

Minda B. Raybourn CPA  
Franklinton, LA  
December 15, 2022