CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT

Baton Rouge, Louisiana

FINANCIAL STATEMENTS

June 30, 2024

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT

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FAULK & WINKLER
CPAs - BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To Board of Commissioners
Capital Area Groundwater Conservation District
Baton Rouge, Louisiana

Opinions

We have audited the accompanying financial statements of the business-type activity and the aggregate remaining fund information of the **CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT (the District)**, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, the *Louisiana Governmental Audit Guide*, 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, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability, schedule of pension contributions, schedule of changes in net other post-employment benefit liability and related ratios, schedule of employer contributions to the net other post-employment benefit plan, and notes to the required supplementary information on pages 5 through 9 and pages 37 through 41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing in the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying budgetary comparison schedule and the schedule of compensation, benefits, and other payments to agency head, and the schedule of per diem paid to commission members are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 our opinion, as described above, and the budgetary comparison schedule, the schedule of compensation, benefits, and other payments to agency head and the schedule of per diem paid to commission members are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have issued our report dated December 20, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or 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.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 20, 2024

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the Capital Area Groundwater Conservation District (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. This MD&A should be read in conjunction with the financial statements which begin on Exhibit A.

OVERVIEW OF THE DISTRICT

The District was created under the provisions of Louisiana Revised Statutes 38:3071-3084 to provide for the effective administration, conservation, orderly development, and supplementation of groundwater resources within the conservation district, which is composed of the parishes of Ascension, East Baton Rouge, East Feliciana, Pointe Coupee, West Baton Rouge, and West Feliciana. The District monitors the usage of groundwater within the District and provides assistance through the United States Geological Survey for the development of new sources of groundwater. The District is governed by a board of commissioners composed of eighteen members appointed by the Governor of the State of Louisiana.

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the District at June 30, 2024 by $1.8 million.
- The change in net position resulted in an increase of $176,000 compared to an increase of $960,000 in the prior fiscal year resulting from an increase in contract services, legal fees, and depreciation and amortization expense in the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements required by GASB.

The District maintains two different funds: a proprietary fund (a business-type activity) and a fiduciary fund.

Proprietary Fund. The District has one type of proprietary fund, an enterprise fund, which is used to report the same functions presented as a business-type activity for the District, the fund accounts for all activity of the District.

The District's proprietary fund financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the statement of revenues, expenses, and changes in net position.

The statement of net position reports the District's net position. Net position, which is the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position. The net position is classified into three categories: net investment in capital assets, restricted, and unrestricted. The District has no restricted net position recorded as of June 30, 2024.

Fiduciary Fund. The District has one type of fiduciary fund, an other post-employment benefits trust fund. The fiduciary fund assets are not available to finance the District's operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund's net position is restricted for other post-employment benefits.

Basic Financial Statements—The basic financial statements present information for the District as a whole. Statements in this section include the following:

Statement of Net Position. This statement presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is net position, which may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Revenues, Expense, and Changes in Net Position. This statement presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on charges for services on pumpage fees.

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.

Notes to the financial statements—The notes provide information that is essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-5.

Other Information—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) and supplementary information that is deemed useful to readers of this report.

Financial Analysis of the District

Net position is an indicator of the District's financial position from year to year. The following is a summary of net position and a summary of changes in net position:

Capital Area Groundwater Conservation District
Baton Rouge, Louisiana

Summary of Net Position
June 30, 2024 and 2023

	2024	2023
Current and other assets	$ 2,305,364	$ 1,802,748
Long-term assets	1,487,240	1,487,438
Total assets	3,792,604	3,290,186
Deferred outflows of resources	60,000	104,726
Total assets and deferred outflows of resources	$ 3,852,604	$ 3,394,912
Current liabilities	1,036,584	631,384
Long-term liabilities	942,218	1,049,888
Total liabilities	1,978,802	1,681,272
Deferred inflows of resources	69,567	85,744
Net position:		
Net investment in capital assets	897,341	872,158
Unrestricted	906,894	755,738
Total net position	1,804,235	1,627,896
Total liabilities, deferred inflows of resources, and net position	$ 3,852,604	$ 3,394,912

Capital Area Groundwater Conservation District
Baton Rouge, Louisiana

Summary of Changes in Net Position
For the years ended June 30, 2024 and 2023

	2024	2023
Operating revenues	$ 3,655,865	$ 3,400,671
Operating expenses	3,471,359	2,474,277
Operating income	184,506	926,394
Non-operating revenue (expense)	(8,167)	33,902
Change in net position	176,339	960,296
Beginning net position	1,627,896	667,600
Ending net position	$ 1,804,235	$ 1,627,896

Operating revenues increased in the current fiscal year due to the enforcement by the District and vastly consistent review of the user-reporting base with no major additions or retirements of wells over the comparative period. Operating expenses increased by approximately $40%, or $997,000, compared to the prior year. The increase in expenses is attributable to increases in professional service costs related to metering of approximately $937,000 and an increase in legal fees related to litigation matters of approximately $291,000.

CAPITAL ASSET AND LONG-TERM LIABILITIES ADMINISTRATION

Capital Assets

At June 30, 2024, the District had approximately $1.5 million, net of accumulated depreciation and amortization, invested in a range of capital assets, including computer equipment, office furniture, land, and buildings. This amount has remained consistent when compared to the prior year. Capital assets are summarized as the following:

	2024	2023
Non-depreicable		
Land	$ 11,823	$ 11,823
Construction in progress	80,313	167,087
Depreciable, net of accumulated depreciation		
Equipment, furniture, and fixtures	143,912	5,849
Monitoring wells	624,341	641,274
Leasehold improvements	76,848	49,138
Amortizable, net of accumulated amortization		
Right-of-use asset - building	550,003	612,267
Total capital assets, net	$ 1,487,240	$ 1,487,438

The District's capital assets remained relatively consistent compared to the prior year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Long-term Liabilities

Long-term liabilities of the District includes a right of use lease for an office building at amounts of $589,899 and $615,280 as of June 30, 2024 and 2023, respectively. There is also an actuarially determined obligation for the net post-employment benefit (OPEB) obligation of $28,394 as of June 30, 2024, a reduction from the prior year OPEB obligation of $36,080. The net pension liability is $361,049, down from $435,063 in prior year, as of June 30, 2024 based on the actuarial valuation of the benefits.

BUDGETARY HIGHLIGHTS

Actual revenues and expenditures remained relatively consistent with budget as a whole. However, the District incurred considerable legal fees related to the defense of the implementation of metering systems on user wells administered by the District. Due to these expense overruns, the District was unable to initiate various third-party studies and action plans necessary to further the effort of protecting the aquifer.

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show accountability for the money the District receives. Questions about this report or need additional financial information, contact the District's Executive Director at (225) 293-7370 or 3074 Westfork Drive, Suite A, Baton Rouge, LA 70816.

BASIC FINANCIAL STATEMENTS

Exhibit A

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

STATEMENT OF NET POSITION

June 30, 2024

ASSETS		
Current assets:		
Cash and cash equivalents	$	566,356
Accounts receivable		1,729,952
Prepaid expenses		9,056
Total current assets		2,305,364
Long-term assets:		
Capital assets:		
Non-depreciable		92,136
Depreciable, net		845,101
Amortizable, net		550,003
Total long-term assets		1,487,240
Total assets		3,792,604
DEFERRED OUTFLOWS OF RESOURCES		
Pension liability		59,895
Other post-employment benefits		105
Total deferred outflows of resources		60,000
Total assets and deferred outflows of resources	$	3,852,604
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$	991,668
Compensated absences		7,792
Right-of-use lease - due within one year		37,124
Total current liabilities		1,036,584
Long-term liabilities:		
Right-of-use lease		552,775
Other post-employment benefits liability		28,394
Net pension liability		361,049
Total long-term liabilities		942,218
Total liabilities		1,978,802
DEFERRED INFLOWS OF RESOURCES		
Other post-employment benefits		69,567
Total liabilities and deferred inflows of resources		2,048,369
NET POSITION		
Net investment in capital assets		897,341
Unrestricted		906,894
Total net position		1,804,235
Total liabilities, deferred inflows of resources, and net position	$	3,852,604

Notes on Exhibit A-5 are an integral part of this statement.

Exhibit A-1

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2024

OPERATING REVENUES	
Charges for services - pumpage fees	$ 3,655,865
OPERATING EXPENSES	
Personnel	431,757
Employee benefits	134,287
Metering	1,178,428
Professional fees - legal	791,398
Coastal protection and restoration authority	355,439
Professional fees - consulting contracts	205,144
Depreciation and amortization	109,406
Geological surveying	54,772
Professional fees - accounting	64,368
Occupancy	36,857
Information technology	34,757
Office supplies	30,907
Meetings and travel	29,302
Dues and subscriptions	14,537
Total operating expenses	3,471,359
Operating income	184,506
NON-OPERATING REVENUES (EXPENSE)	
Parish cooperative agreement	44,855
Interest income	375
Interest expense	(53,397)
Total non-operating revenues (expense), net	(8,167)
Change in net position	176,339
NET POSITION	
Beginning of year, restated	1,627,896
End of year	$ 1,804,235

Notes on Exhibit A-5 are an integral part of this statement.

Exhibit A-2

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS

For the year ended June 30, 2024

CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers	$ 2,801,560
Payments to suppliers	(2,393,824)
Payments to employees	(612,831)
Net cash used for operating activities	(205,095)
CASH FLOWS FROM NONCAPITAL ACTIVITIES	
Receipts from other governments	44,855
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on right-of-use lease	(25,381)
Interest paid	(49,558)
Acquisition of capital assets	(109,208)
Net cash used for capital and related financing activities	(184,147)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	375
Net decrease in cash	(344,012)
CASH AND CASH EQUIVALENTS	
Beginning of period	910,368
End of period	$ 566,356
RECONCILIATION OF OPERATING INCOME TO NET CASH USED FOR OPERATING ACTIVITIES:	
Operating income	$ 184,506
Adjustments for non-cash items:	
Depreciation and amortization	109,406
Change in operating assets and liabilities:	
Accounts receivable	(854,305)
Prepaid expenses	7,677
Accounts payable and accrued liabilities	394,408
Compensated absences payable	(4,790)
Net other post-employment benefits liability and related deferred outflows and inflows	(11,428)
Net pension liability and related deferred outflows and inflows	(30,569)
Net used for operating activities	$ (205,095)

Notes on Exhibit A-5 are an integral part of this statement.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2024

	Other Post Employment Plan - Trust Fund
ASSETS	
Cash and cash equivalents	$ 8,743
Investments	148,809
Total assets	$ 157,552
NET POSITION	
Restricted for other post-employment benefits	$ 157,552

Notes on Exhibit A-5 are an integral part of this statement.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2024

	Other Post Employment Plan - Trust Fund
ADDITIONS	
Change in market value	$ 2,172
Investment earnings	4,839
Total additions	7,011
DEDUCTIONS	
Administrative fees	3,000
Benefits paid to retiree participants	15,907
Total deductions	18,907
Change in net position	(11,896)
NET POSITION	
Beginning of year, restated	169,448
End of year	$ 157,552

Notes on Exhibit A-5 are an integral part of this statement.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation

The Capital Area Groundwater Conservation District (the District) was created under the provisions of Louisiana Revised Statutes 38:3071-3084 to provide for the effective administration, conservation, orderly development, and supplementation of groundwater resources within the conservation district, which is composed of the parishes of Ascension, East Baton Rouge, East Feliciana, Pointe Coupee, West Baton Rouge, and West Feliciana. The District monitors the usage of groundwater within the District and provides assistance through the United States Geological Survey for the development of new sources of groundwater. The District is governed by an eighteen member board of commissioners appointed by the governor.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are described below.

The financial statements comply with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34) and include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations,
- Financial statements prepared using accrual accounting for all of the District's activities.
- Fund financial statements to focus on the major funds.

Reporting Entity

The District is considered the financial reporting entity. The financial reporting entity consists of (a) the primary municipal government, and where applicable (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 61, established criteria for determining which component units should be considered part of the District for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

The criteria for determining which component units should be considered part of the District for financial reporting purposes are as follows:

- Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name;
- Fiscal interdependency between the District and the potential component unit;
- Imposition of will by the District on the potential component unit; and
- Financial benefit/burden relationship between the District and the potential component unit.

Based on the previous criteria, the District is not a component unit of any other government. The District is considered a related organization of the State of Louisiana. The accompanying financial statements present only the transactions of the District.

Additionally, the District's management has included the Funded Retiree Health Benefits for the Employees of the Capital Area Ground Water Conservation Commission Trust (OPEB Trust). The OPEB Trust exists for the benefit of current and former District employees who are members of the OPEB Trust. The OPEB Trust is governed by the Commissioners of the District and assets are used to fund retiree health benefits through the Office of Group Benefits of the State of Louisiana.

Basis of Presentation

The District’s financial statements consist of the Proprietary Fund and the Fiduciary Fund. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Government Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The daily operations of the District continue to be organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. The District does not have any governmental activity type funds.

The various funds of the primary government presented in the financial statements are described as follows:

Proprietary Fund/Enterprise Fund Types - Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) 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. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Fund Types- The OPEB Trust Fund is used to account for the accumulation of contributions for a defined benefit, single-employer other post-employment pension plan providing retirement health benefits to qualified employees.

The OPEB Trust Fund's financial statements are prepared on the accrual basis of accounting. Contributions from the District and its employees are recognized as revenue in the period in which employees provide service to the District. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Basis of Accounting and Measurement Focus

Fund financial statements

The Proprietary Fund and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include amounts in interest-bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

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. Investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The District's policy is tailored after Louisiana Revised Statute 49:327 and prohibits investments with maturities extending beyond twelve months. The policy also requires that three quotes be obtained from allowable financial institutions as to interest rates and that the amounts of the investment not exceed an amount insured by FDIC and pledged collateral at any one institution.

Accounts Receivable

Uncollectible amounts due for customer receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the inability to collect the receivable. Management has determined that all amounts are collectible as of June 30, 2024.

Inventories

The District does not record any inventories of materials or supplies. These items are recorded as expenses when purchased rather than when consumed. Materials and supplies on hand at year end are not considered material and, accordingly, the failure to record such inventories is not considered to be a significant departure from generally accepted accounting principles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease Asset Receivable

Leased asset receivables are a result of leases in which the District has entered into a contract with a lessee that delivers the right to use a nonfinancial asset of the District as specified by the contract for a period of time in an exchange or exchange-like transaction. Such receivables are reported on the statement of net position at present value of the lease payments to be received during the lease term. Additionally, the District would recognize a deferred inflow of resources that is reported at the value of the lease receivable plus any payments received at or before the commencement of the lease for future periods. Assets of agreement entered into in which the District is the lessor are retained as capital assets of the District and are reported in the statement of net position as described under capital assets. The District has not entered into any agreements delivering control of a right to use a nonfinancial asset to a lessee as described at June 30, 2024.

Capital Assets

Capital assets are recorded at historical cost. Depreciation is recorded using the straight-line method over the useful lives of the assets. Generally, the District includes all capital acquisitions with a cost of $1,000 in its capital asset inventory. However, certain items at a cost below that amount may be capitalized if benefits of the item will extend beyond one year and/or the District wants to monitor the item. Useful lives for depreciable assets are as follows:

Equipment, furniture, and fixtures	5-10 years
Monitoring wells	50 years
Online bill payment system	5 years
Leasehold improvements	10 years

Right-of-Use Assets

Right-of-use (ROU) assets are a result of leases in which the District has entered into a contract with a lessor that conveys control of the right to use the lessor's nonfinancial asset as specified by the contract for a period of time in an exchange-like transaction. Such assets are reported on the statement of net position net of amortization. ROU assets are amortized at the lesser of the useful life or lease term. Useful lives for amortizable assets are as follows:

ROU asset - Building	10 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITA) are a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the proprietary fund financial statement net of amortization. SBITA are amortized during the extent of the agreement. The District has not entered into any material agreements gaining control of the right to use another party's information technology as described above as of June 30, 2024.

Compensated Absences

Employees of the District earn and accumulate vacation and sick leave at varying rates depending on their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, however, employees or their heirs are compensated for only up to 300 hours of unused vacation leave. This is computed at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave more than 300 hours plus unused sick leave is used to compute retirement benefits in accordance with GASB Codification Section C60.150.

Net Pension Liability

For purposes of measuring the net pensions liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and additions to/deductions from LASERS fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows and Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund and Fiduciary Fund Net Position

Governmental accounting standards requires the classification of net position into three components:

- Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and amortization and less any debt that remains outstanding that was used to finance those assets.
- Restricted - consist of net position that is restricted by external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws and regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - all other net position is reported in this category.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense to the restricted net position before unrestricted net position is utilized.

Budget Policy and Budgetary Accounting

The District adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The Commissioners must approve any revisions that alter the total expenditures. Although budget amounts lapse at year end, the District retains its unexpended fund balances to fund expenditures in the succeeding year.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for uncollectible accounts, depreciation, amortization, compensated absences, net pension liability, net other post-employment benefit (OPEB) liability and deferred outflows and inflows related to pension and OPEB liabilities.

Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 20, 2024, the date the financial statements were available to be issued. See Note 13.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current Accounting Standards Implemented

Accounting Changes and Error Corrections

During the fiscal year, the District implemented policies under GASB Statement No. 100, *Accounting Changes and Error Corrections*, which is an amendment of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. This statement has no impact on the District's financial statements for the year ended June 30, 2024.

NOTE 2 - CASH, CASH EQUILVALENTS, AND INVESTMENTS

Cash balances of deposits in financial institutions were $643,591 and $8,743 for the District and its OPEB Trust Fund, respectively, at June 30, 2024. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the District's deposits may not be returned. To guard against this risk, under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

The District had a custodial credit risk of $68,896 as of June 30, 2024. Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities.

The District is authorized by LRS 39:1211-1245 and 33:2955 to invest temporarily idle monies in various risk-averse instruments including U.S. Government direct and agency obligations, certificates of deposit of qualified financial institutions, certain debt mutual funds, the Louisiana Asset Management Pool (LAMP) and other investments. The proprietary fund of the District had no investments as of June 30, 2024.

Investments

Investments held by the OPEB Trust Fund can be invested in marketable equity, fixed income and/or real estate securities in accordance with the Trust documents and state law. As of June 30, 2024, assets classified as investments existed only in the OPEB Trust.

NOTE 2 - CASH, CASH EQUILVALENTS, AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of June 30, 2024, the maturities of the OPEB Trust Fund's investments in fixed income debt securities were as follows:

		Investment Maturities		
	Fair Value	Less than 1 Year	1-5 Years	Moody's Credit Rating
U.S. Treasury Agency Notes	$ 148,809	$ 49,316	$ 99,493	Aaa

Interest Rate Risk. There is no formal investment policy over interest rate risk.

Credit Risk. The Trust Fund limits investments to those permitted for political subdivisions of the State of Louisiana under Revised Statute Section 33:2955.

Concentration of Credit Risk. The Trust Fund limits its investments in mutual funds to 25% of funds available to be invested. There is no formal investment policy over concentration of credit risk.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Trust Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty, or by the counterparty's trust department or agent, but not in the Trust Fund's name. As of June 30, 2024, all of the Trust Fund's investments were held by an agent in the name of the Trust Fund.

Fair Value of Investments

The Trust Fund's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 - Investments reflect prices quoted in active markets.
- Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The District’s assets at fair value as of June 30, 2024 are set forth by level 1, within the fair value hierarchy.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Accounts receivable and related usage fees from customers were comprised largely of two industrial customers of the District. As of June 30, 2024, these two customers represented approximately 62% of total pumpage fee revenues for the District.

NOTE 4 - CAPITAL ASSETS

The summary of changes in business-type activities capital assets for the year ended June 30, 2024, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 11,823	$ -	$ -	$ 11,823
Construction in progress	167,087	31,438	118,212	80,313
Total capital assets not being depreciated	178,910	31,438	118,212	92,136
Capital assets being depreciated:				
Equipment, furniture and fixtures	35,638	161,248	-	196,886
Monitoring wells	846,635	-	-	846,635
Online bill payment system	5,000	-	-	5,000
Leasehold improvements	49,138	34,734	-	83,872
Total capital assets being depreciated	936,411	195,982	-	1,132,393
Less accumulated depreciation for:				
Equipment, furniture and fixtures	29,789	23,185	-	52,974
Monitoring wells	205,361	16,933	-	222,294
Online bill payment system	5,000	-	-	5,000
Leasehold improvements	-	7,024	-	7,024
Total accumulated depreciation	240,150	47,142	-	287,292
Total capital assets being depreciated, net	696,261	148,840	-	845,101
Capital assets being amortized:				
Right-of-use asset - building	622,644	-	-	622,644
Less accumulated amortization for:				
Right-of-use asset - building	10,377	62,264	-	72,641
Total lease assets being amortized, net	612,267	(62,264)	-	550,003
Business-type activities capital assets, net	$ 1,487,438	$ 118,014	$ 118,212	$ 1,487,240

NOTE 5 - ACCOUNTS RECEIVABLE

The District has an accounts receivable balance of $1,729,952 as of June 30, 2024, of which one customer accounts for 74% of the total accounts receivable balance. See Note 13.

NOTE 6 - COMPENSATED ABSENCES

Annual and Sick Leave

The District's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service and are credited at the end of each month of regular service. Accumulated leave is carried forward to succeeding years without limitation. Requests for leave must be made to the employee's immediate supervisor and approved by the Executive Director or his/her designee. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statement of net position, the amount unpaid at June 30, 2024 being $7,792.

Activity for compensated absences for the year ended June 30, 2024, was as follows:

Balance as of June 30, 2023	Additions	Reductions	Balance as of June 30, 2024	Due Within One Year
$ 12,582	$ 15,459	$ 20,249	$ 7,792	$ 7,792

Compensatory Leave

Non-exempt employees, according to the guidelines contained in the Fair Labor Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. Compensatory leave was not accrued at June 30, 2024.

NOTE 7 - RIGHT-OF-USE LEASE LIABILITY

The District's leases its operating facility which is recognized as a right-of-use lease liability with a balance of $589,899 at June 30, 2024. The lease has an interest rate of 8.19% and matures in April 2033. Monthly installments of principal and interest vary from $5,288 to $8,276.

The future principal and interest lease payments as of June 30, 2024, were as follows:

Year ending June 30,	Principal	Interest	Total
2025	$ 37,124	$ 46,774	$ 83,898
2026	49,654	43,128	92,782
2027	54,223	38,874	93,097
2028	60,544	34,236	94,780
2029	66,134	28,954	95,088
2030 and thereafter	322,220	52,586	374,806
	$ 589,899	$ 244,552	$ 834,451

NOTE 8 - PENSION AND RETIREMENT PLAN

The District is a participating employer in one cost-sharing defined benefit pension plan. The plan is administered by one public employee retirement system, the Louisiana State Employees' Retirement System (LASERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan to the State Legislature. The system is administered by a separate board of trustees and is a component unit of the State of Louisiana.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing, calling or downloading the reports as follows:

LASERS:
8401 United Plaza Blvd.
P. O. Box 44213
Baton Rouge, Louisiana 70804-4213
(225) 925-0185
www.lasersonline.org

Plan Descriptions

Louisiana State Employees' Retirement System (LASERS) administers a cost-sharing defined benefit pension plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in LRS 11:411-414. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member's hire date, employer and job classification.

NOTE 8 - PENSION AND RETIREMENT PLAN (CONTINUED)

Cost of Living Adjustments

The pension plan in which the District participates has the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. COLAs may be granted to the system, if approved with a two-thirds vote of both houses of the Legislature, provided the plan meets certain statutory criteria related to funded status and interest earnings.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Contributions to the plan are required and determined by State statute (which may be amended) and is expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2024, for the District and covered employees were as follows:

	Contribution Rates	
	District	Employees
Louisiana State Employees' Retirement System		
Regular employees hired before 7/1/2006	41.30%	7.50%
Regular employees hired on or after 7/1/2006	41.30%	8.00%
Regular employees hired on or after 11/1/2011	41.30%	8.00%
Regular employees hired on or after 7/1/2015	41.30%	8.00%

The contributions made to LASERS was $50,015 for the year end June 30, 2024. The District's contributions equaled the require contribution for the year.

(Continued)

NOTE 8 - PENSION AND RETIREMENT PLAN (CONTINUED)

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

The following schedule lists the District's proportionate share of the net pension liability allocated by the pension plan based on the June 30, 2023 measurement date. The District uses this measurement to record its net pension liability and associated amounts as of June 30, 2023 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2023 along with the change compared to the June 30, 2022 rate.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2024	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
LASERS	$ 361,049	0.00539%	0.00576%	-0.00037%

The following schedule lists each pension plan's proportionate share of recognized pension expense for the District for the year ended June 30, 2024:

	Total
Louisiana State Employees' Retirement System	$ 30,569

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to each pension plan and total from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,816	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	2,064	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	-
Differences between allocated and actual contributions	-	-
Employer contributions subsequent to the measurement date	50,015	-
	$ 59,895	$ -

NOTE 8 - PENSION AND RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The District reported a total of $50,015 as deferred outflow of resources related to pension contributions made subsequent to the measurement period, which will be recognized as a reduction in net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year	LASERS
2024	$ 9,869
2025	(13,039)
2026	17,783
2027	(4,733)
	$ 9,880

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan as of June 30, 2024 are as follows:

	Measurement/ Valuation Date	Expected Remaining Serivice Lives	Investment Rate of Return
LASERS	June 30, 2023	2 years	7.25%; net of investment expense

The actuarial assumptions used in the June 30, 2023 valuation were based on results of an actuarial experience study for the period July 1, 2014 through June 30, 2018 using the entry age normal actuarial cost method.

Mortality

Non-disabled members – The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.

Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

NOTE 8 - PENSION AND RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Termination, Disability, and Retirement

Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members.

Salary Increases

Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase range applicable to regular members has a lower range of 3.0% and upper range of 12.8%.

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.30% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.19% for 2023. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2023, are summarized in the following table:

Expected Long-Term Rates of Return

Asset Class	Percentage
Cash	0.80%
Domestic Equity	4.45%
International Equity	5.44%
Domestic Fixed Income	2.04%
International Fixed Income	5.33%
Alternative Investments	8.19%

NOTE 8 - PENSION AND RETIREMENT PLAN (CONTINUED)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rates used for the plan is 7.25% for the year ended June 30, 2023.

The following table presents the District's proportionate share of the net pension liability (NPL) using the discount rate of the Retirement System as well as what the District's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement System:

	1.0% Decrease	Current Discount Rate	1.0% Increase
LASERS			
Discount Rates	6.25%	7.25%	8.25%
Shares of Net Pension Liability	$ 472,764	$ 361,049	$ 266,403

Payables to the Pension Plan

The District recorded accrued liabilities to the Retirement System for the year ended June 30, 2024 mainly due to the accrual for payroll at the end of each of the fiscal years. The amount due is included in liabilities under the amounts reported as accounts, salaries and other payables. There were no payments due to the retirement system at June 30, 2024.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides certain continuing health care and life insurance benefits for its retired employees. The District's OPEB Plan (the OPEB Plan) is a single employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the District. Assets have been accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P50 *Postemployment Benefits Other Than Pensions Reporting For Benefits Provided Through Trusts That Meet Specified Criteria—Defined Benefit.*

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

Medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region. The OGB plan is a fully insured arrangement in which the District is a participating employer. The OPEB plan in this valuation is a Defined Benefit Single Employer Plan for financial reporting purposes. Medical benefits are provided to employees upon actual retirement or the end of the D.R.O.P., if applicable.

Eligibility provisions are as follows:

Employment Date	Normal Requirement (Age and Service Requirements)
Before July 1, 2006	60 & 10 or 55 & 25 or 30 years of service
July 1, 2006 - June 30, 2015	60 & 5 years of service
After July 1, 2015	62 & 5 years of service

Life insurance coverage under the OGB program is available to retirees by election and the blended rate (active and retired) is used. The employer pays 50% of the cost of the retiree life insurance based on that blended rate. Insurance coverage amounts are reduced by 25% at age 65 and by an additional 25% at age 70 according to the OGB plan provisions.

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active plan members	2
	3

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	Consistent with the pension plan in which the employee participates. The LASERS regular member rates were assumed for employees who do not participate in one of four state retirement systems.
Discount rate	3.93% annually 3.65% annually (previous year)
Healthcare cost trend rates	Getzen Model, with initial trend of 5.5%

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Mortality	RP-2014 table projected with MP-2018 table

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2024, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of ongoing valuations of the assumptions from July 1, 2008 to June 30, 2024.

Changes in the Net OPEB Liability

The following table presents the District's net other post-employment benefit liability at June 30, 2024:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	$ 205,528	$ 169,448	$ 36,080
Changes for the year:			
Service costs	5,622	-	5,622
Interest	7,243	-	7,243
Differences between expected and actual experience	(9,762)	-	(9,762)
Changes in assumptions	(6,778)	-	(6,778)
Net investment income	-	4,839	(4,839)
Change in market value	-	2,172	(2,172)
Benefit payments	(15,907)	(15,907)	-
Administrative expense	-	(3,000)	3,000
Net changes:	(19,582)	(11,896)	(7,686)
Balance at June 30, 2024	$ 185,946	$ 157,552	$ 28,394

(continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current discount rate:

	1% Decrease 2.93%	Current Rate 3.93%	1% Increase 4.93%
Net OPEB liability	$ 54,486	$ 28,394	$ 7,059

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current healthcare trend rates:

	1% Decrease 4.50%	Current Rate 5.50%	1% Increase 6.50%
Net OPEB liability	$ 4,043	$ 28,394	$ 57,884

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of $22,582. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (7,321)
Differences between projected and actual earnings on OPEB plan investments	105	-
Changes of assumptions	-	(62,246)
Total	$ 105	$ (69,567)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	Amount
2025	$ 32,604
2026	32,605
2027	4,021
2028	232
Total	$ 69,462

NOTE 10 - DEFERRED COMPENSATION

Certain employees of the District are eligible to participate in the State of Louisiana deferred compensation plan adopted under the provisions of the Internal Revenue Service Code Section 457. Employees may contribute up to 100% of their salary, not to exceed $20,500 a year, to the plan on a pre-tax basis. The Executive Director also established a separate individual retirement account under the provisions of Internal Revenue Service Code Section 401(k). The contributions to this account are fully vested immediately and are remitted to a third-party administrator each pay period where they are deposited to an account in the employee's name. The District does not assume any liability for these funds and does not have control over the funds once they are remitted to the third-party administrators. During the year ended June 30, 2024, the District contributed $74,545 to the retirement account established.

NOTE 11 - RELATED PARTY TRANSACTIONS

Board of Commissioners

Louisiana Revised Statute 38:3074 specifies that of the eighteen members of the Board of Commissioners of the District, three are appointed from nominations by the industrial users of the District and that another three are appointed from nominations by privately or publicly owned entities that furnish water for rural or municipal use. As a result, several members of the Board of Commissioners are employees of those entities which are regulated by the Commission.

All eighteen members of the District's Board of Commissioners served without compensation for the year ended June 30, 2024; however, the Board of Commissioners are reimbursed for traveling costs incurred related to attendance of scheduled commission meetings. Travel reimbursements totaled $1,363 for the year ended June 30, 2024.

NOTE 11 - RELATED PARTY TRANSACTIONS

Board of Commissioners (Continued)

Additionally, at June 30, 2024, the District is involved in a legal matter relating to outstanding accounts receivable balances and related pumpage fees with an industrial customer, who's president also serves as a member of the commission.

NOTE 12 - RESTATEMENT OF NET POSITION

During 2024, the District restated its net position related to deferred inflows related to pensions and accounts payable for geological surveying cost. These error corrections were identified as a result of audit procedures while the District's audit for the year ended June 30, 2024 was being performed. Once identified, the District and its outsourced consultants compiled the underlying facts related to the errors and proposed adjustments to its previously issued financial statements. The effects of this restatement on the District's net position are as follows:

	Amount
Net position at June 30, 2023, as previously reported	$ 1,567,548
Effects of restatement:	
Overstatement of deferred inflows - pension	37,348
Overstatement of accounts payable	23,000
Net position at June 30, 2023, as restated	$ 1,627,896

During 2024, the District's OPEB Trust Fund restated its net position related to an overstatement of total assets at June 30, 2023. This error correction was identified as a result of audit procedures while the District's audit for the year ended June 30, 2024 was being performed. Once identified, the District and its outsourced consultants compiled the underlying facts related to the errors and proposed adjustments to its previously issued financial statements. The effects of this restatement on the District's OPEB Trust Fund net position are as follows:

	Amount
Net position at June 30, 2023, as previously reported	$ 180,602
Effects of restatement:	
Understatement of OPEB liability	(11,154)
Net position at June 30, 2023, as restated	$ 169,448

(Continued)

NOTE 13 - SUBSEQUENT EVENT

Subsequent to June 30, 2024, the District settled and dismissed ongoing litigation with its largest customer (Company). The ligation arose from the Company's objection of the District's policy enforcing the reporting of customer pumpage through the District's reporting software. As a result, the Company has not remitted payments to the District since the inception of the District's policy through two quarters. The District's receivable balance related to this customer was $1,283,405. The District and the Company settled to a payout, which covered the total receivable balance. The District has also agreed to waive all late fees associated with the outstanding receivable balance through the date of the settlement.

REQUIRED SUPPLEMENTARY INFORMATION

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS (1)

For the year ended June 30, 2024

Louisiana State Employees' Retirement System (LASERS):

As of the fiscal year ended:	2024	2023	2022
Employer's Proportion of the Net Pension Liability	0.0054%	0.0058%	0.0066%
Employer's Proportionate Share of the Net Pension Liability	$ 361,049	$ 435,063	$ 361,941
Employer's Covered-Employee Payroll	122,316	55,797	77,000
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	33.88%	12.83%	21.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.40%	63.70%	72.80%

As of the fiscal year ended:	2021	2020	2019
Employer's Proportion of the Net Pension Liability	0.0038%	0.0037%	0.0036%
Employer's Proportionate Share of the Net Pension Liability	$ 315,443	$ 267,700	$ 246,677
Employer's Covered-Employee Payroll	73,507	67,852	68,245
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	23.30%	25.35%	27.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.00%	62.90%	64.30%

As of the fiscal year ended:	2018	2017	2016
Employer's Proportion of the Net Pension Liability	0.0037%	0.0035%	0.0033%
Employer's Proportionate Share of the Net Pension Liability	$ 257,621	$ 271,463	$ 222,205
Employer's Covered-Employee Payroll	68,250	62,005	57,741
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	26.49%	22.84%	25.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.00%	57.70%	62.70%

As of the fiscal year ended:	2015
Employer's Proportion of the Net Pension Liability	0.0031%
Employer's Proportionate Share of the Net Pension Liability	$ 195,966
Employer's Covered-Employee Payroll	50,951
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	26.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.00%

(1) The amounts presented have a measurement date of LASERS's prior June 30th fiscal year end.

The notes to the required supplementary information are an integral part of this schedule.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

SCHEDULE OF PENSION CONTRIBUTIONS

LAST TEN FISCAL YEARS

For the year ended June 30, 2024

Louisiana State Employees' Retirement System (LASERS):

As of the fiscal year ended	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Excess (Deficiency)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
6/30/2024	$ 53,672	$ 53,672	$ -	$ 129,956	41.30%
6/30/2023	50,517	50,517	-	122,316	41.30%
6/30/2022	22,542	22,542	-	55,797	40.40%
6/30/2021	30,415	30,415	-	77,000	39.50%
6/30/2020	29,476	29,476	-	73,507	40.10%
6/30/2019	27,616	27,616	-	67,852	40.70%
6/30/2018	25,865	25,865	-	68,245	37.90%
6/30/2017	24,434	24,434	-	68,250	35.80%
6/30/2016	23,066	23,066	-	62,005	37.20%
6/30/2015	21,364	21,364	-	57,741	37.00%

The notes to the required supplementary information are an integral part of this schedule.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

**SCHEDULE OF CHANGES IN NET
OTHER POST EMPLOYMENT BENFITS LIABILITY (ASSET)
AND RELATED RATIOS (1)**

LAST TEN FISCAL YEARS (2)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	$ 5,622	$ 7,411	$ 676	$ 811	$ 1,621	$ 1,473	$ 1,645
Interest cost	7,243	11,213	2,649	2,910	3,473	3,422	3,057
Differences between expected and actual experience	(9,762)	-	208,140	(4,553)	2,735	6,251	-
Changes of assumptions	(6,778)	(114,325)	13,976	(968)	(19,287)	(3,850)	(7,590)
Benefit payments	(15,907)	(20,309)	(5,577)	-	-	(413)	(413)
Net change in total OPEB liability	(19,582)	(116,010)	219,864	(1,800)	(11,458)	6,883	(3,301)
Total OPEB liability - beginning	205,528	321,538	101,674	103,474	114,932	108,049	111,350
Total OPEB liability - ending (a)	$ 185,946	$ 205,528	$ 321,538	$ 101,674	$ 103,474	$ 114,932	$ 108,049
Plan fiduciary net position							
Contributions - employer	$ -	$ -	$ -	$ -	$ 23,461	$ 16,745	$ 21,991
Net investment income	4,839	3,356	237	517	3,075	5,737	2,429
Change in market value	2,172	1,166	-	-	-	-	-
Benefit payments	(15,907)	(20,309)	(22,865)	-	-	-	-
Administrative expense	(3,000)	(6,889)	(3,608)	(326)	-	-	-
Net change in fiduciary net position	(11,896)	(22,676)	(26,236)	191	26,536	22,482	24,420
Plan fiduciary net position - beginning	169,448	192,124	218,360	218,169	191,633	169,151	144,731
Plan fiduciary net position - ending (b)	$ 157,552	$ 169,448	$ 192,124	$ 218,360	$ 218,169	$ 191,633	$ 169,151
District's net OPEB liability (asset) - ending (a) - (b)	$ 28,394	$ 36,080	$ 129,414	$ (116,686)	$ (114,695)	$ (76,701)	$ (61,102)
Plan fiduciary net position as a percentage of the total OPEB liability	84.73%	82.45%	59.75%	214.76%	210.84%	166.74%	156.55%
Covered employee payroll	320,692	293,405	170,000	73,507	73,507	67,852	68,250
Net OPEB liability as a percentage of covered employee payroll	8.85%	12.30%	76.13%	-158.74%	-156.03%	-113.04%	-89.53%

(1) There are no assets in an accumulated trust that meet the criteria of GASB codification P.22.101 or P52.101 to pay related benefits for the OPEB plan.

(2) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The notes to the required supplementary information are an integral part of this schedule.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE NET OTHER-POST EMPLOYMENT BENEFIT PLAN

LAST TEN FISCAL YEARS (1)

	2024	2023	2022
Actuarially determined contribution	$ 18,742	$ 43,999	$ -
Contributions in relation to the actuarially determined contribution			
Employer-paid retiree premiums	-	-	5,577
Contribution deficiency (surplus)	$ 18,742	$ 43,999	$ (5,577)
Covered employee payroll	$ 320,692	$ 293,405	$ 170,000
Contributions as a percentage of covered employee payroll	0.00%	0.00%	3.28%

	2021	2020	2019
Actuarially determined contribution	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution			
Employer-paid retiree premiums	-	23,461	17,158
Contribution deficiency (surplus)	$ -	$ (23,461)	$ (17,158)
Covered employee payroll	$ 73,507	$ 73,507	$ 67,852
Contributions as a percentage of covered employee payroll	0.00%	31.92%	25.29%

	2018
Actuarially determined contribution	$ -
Contributions in relation to the actuarially determined contribution	
Employer-paid retiree premiums	22,404
Contribution deficiency (surplus)	$ (22,404)
Covered employee payroll	$ 68,250
Contributions as a percentage of covered employee payroll	32.83%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The notes to the required supplementary information are an integral part of this schedule.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2024

NOTE 1 - NET PENSION LIABILITY

Changes in benefit terms and assumptions for the District's employee benefit plans are as follows:

LASERS

	Investement Rate of Return		Inflation rates		Changes of Benefit Terms	
Measurement Date	Rate	Change	Rate	Change	Years	Change
June 30, 2023	7.25%	0.00%	2.30%	0.00%	2	-
June 30, 2022	7.25%	-0.15%	2.30%	0.00%	2	-
June 30, 2021	7.40%	-0.15%	2.30%	0.00%	2	-
June 30, 2020	7.55%	-0.05%	2.30%	-0.45%	2	-
June 30, 2019	7.60%	-0.05%	2.75%	-0.50%	2	(1)
June 30, 2018	7.65%	-0.05%	3.25%	0.00%	3	-
June 30, 2017	7.70%	-0.05%	3.25%	0.00%	3	-
June 30, 2016	7.75%	0.00%	3.25%	0.25%	3	-
June 30, 2015	7.75%		3.00%		3	

NOTE 2 - NET OTHER POST EMPLOYMENT BENEFITS LIABILITY

Changes in benefit terms and assumptions for the District's OPEB plan are as follows:

	Discount rates		Inflation rates		Healthcare Trend Rates	
Fiscal Year Ended	Rate	Change	Rate	Change	Rate	Change
June 30, 2024	3.93%	0.28%	2.00%	0.00%	5.50%	0.00%
June 30, 2023	3.65%	0.00%	2.00%	0.00%	5.50%	0.00%
June 30, 2022	3.65%	1.47%	2.00%	0.00%	5.50%	0.25%
June 30, 2021	2.18%	-0.48%	2.00%	0.00%	5.25%	-0.25%
June 30, 2020	2.66%	-0.13%	2.00%	0.00%	5.50%	0.00%
June 30, 2019	2.79%	-0.19%	2.00%	0.00%	5.50%	0.00%
June 30, 2018	2.98%		2.00%		5.50%	

SUPPLEMENTARY INFORMATION

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance - favorable (unfavorable)
REVENUES				
Charges for services:				
Pumpage fees	$ 3,323,000	$ 3,323,000	$ 3,655,865	$ 332,865
EXPENSES				
Personnel	435,600	435,600	431,757	3,843
Employee benefits	188,397	188,397	134,287	54,110
Metering	1,450,000	1,450,000	1,178,428	271,572
Parish cooperative agreement	267,000	267,000	-	267,000
Professional fees - legal	410,000	410,000	791,398	(381,398)
Coastal protection and restoration authority	436,000	436,000	355,439	80,561
Professional fees - consulting contracts	156,000	156,000	205,144	(49,144)
Depreciation and amortization	-	-	109,406	(109,406)
Geological surveying	133,503	133,503	54,772	78,731
Professional fees - accounting	102,000	102,000	64,368	37,632
Occupancy	147,800	147,800	36,857	110,943
Information technology	84,000	84,000	34,757	49,243
Office supplies	31,200	31,200	30,907	293
Field expenses	11,200	11,200	-	11,200
Meetings and travel	22,300	22,300	29,302	(7,002)
Dues and subscriptions	15,000	15,000	14,537	463
Total expenses	3,890,000	3,890,000	3,471,359	418,641
Operating income	(567,000)	(567,000)	184,506	(85,776)
NON-OPERATING REVENUES (EXPENSE)				
Parish cooperative agreement	-	-	44,855	44,855
Interest income	-	-	375	375
Interest expense	-	-	(53,397)	(53,397)
Total non-operating revenue (expense)	-	-	(8,167)	(8,167)
Change in net position	$ (567,000)	$ (567,000)	176,339	$ (139,173)
NET POSITION				
Beginning of year, restated			1,627,896	
End of year			$ 1,804,235	

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD

For the year ended June 30, 2024

Agency Head: Gary J. Beard, Executive Director

Purpose		Amount
Salary	$	186,362
Insurance benefits		6,493
Retirement benefits		74,545
	$	267,400

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
BATON ROUGE, LOUISIANA

SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS

For the year ended June 30, 2024

Name	Amount
Jonathan S. Leo	$ 1,363
Nolan R. Brown III	-
Kenneth Dawson	-
Patrick J. Engemann	-
John “Lane” Ewing Jr.	-
Patrick J. Kerr	-
Karen Gautreaux	-
Patrick Hobbins	-
Angela R. Machen, PhD	-
Camille Manning-Broome	-
Jesse Means III	-
D. Gregory “Greg” Phares	-
Matthew Reonas, PhD	-
William C. “Bill” Dawson	-
Basil O. “Bob” Brady Jr.	-
Glenn G. Shaheen	-
Cyril E. Vetter	-
Rachael Y. Lambert	-
Total	$ 1,363

OTHER INDEPENDENT AUDITORS' REPORT

FAULK & WINKLER
CPAs - BUSINESS ADVISORS

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

To Board of Commissioners
Capital Area Groundwater Conservation District
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, *Louisiana Governmental Audit Guide,* 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 and the aggregate remaining fund information, of the **CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT (DISTRICT)** as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2024-001 to be material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2024-002 to be a significant deficiency.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the *Louisiana Governmental Audit Guide* and which is described in the accompanying schedule of findings and recommendations as item 2024-003.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and *the Louisiana Governmental Audit Guide* in considering the District'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 the District's Board of Commissioners and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 20, 2024

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2024

1) Summary of Auditors' Results:

A) The type of report issued on the financial statements: **Unmodified opinion.**

B) Significant deficiencies in internal control that were disclosed by the audit of financial statements: **2024-002.**

C) Material weaknesses: **2024-001.**

D) Noncompliance which is material to the financial statements: **2024-003.**

2) Finding relating to the financial statements reported in accordance with *Government Auditing Standards*: **2024-001, 2024-002, and 2024-003.**

3) FINDINGS – FINANCIAL STATEMENTS

2024-001 Internal Controls over Pumpage Fee Revenue

Fiscal Year Finding Originated: 2022

Criteria: The District is responsible for the design, implementation, and maintenance of internal controls related to billing, collections, and the reconciliation of pumpage usage.

Condition: Customers of the District self-report water usage on a quarterly basis through the District's billing software, which documents water usage and calculates the rate applied per gallon reported. An invoice is then created through the software and the customer submits the payment through the District's software, which is then deposited into the District's operating account. While performing our audit, it was noted that the District was not properly monitoring customer reporting, as a large customer of the District failed to report their usage when due. Additionally, this prevented the District from accurately recognizing pumpage revenues timely in financial statements.

Cause: The District is unable to validate the accuracy of the usage reported in addition to ensuring usage is submitted timely through its current self-reporting model.

Effect: Given the structure of how fees are reported and paid to the District, it may not be collecting all the revenue to which it is entitled.

Recommendation: We recommend that management explore technologies to validate self-reported amounts. Additionally, management should implement procedures to enhance controls over monitoring the timeliness of self-reported submissions and ensure fees are applied in regard to any submission violations.

View of responsible officials: Management concurs with the recommendations above and has performed the following action subsequent June 30, 2024:

- Began utilizing a new billing software which allows invoices to be created based on meter readings performed by the District for some customers. Additionally, the District's new billing software provides notification of self-reporting customers that have not reported usage by the due date.

(Continued)

2024-002 Credit Card Documentation of Business Purpose and Credit Limits Available

Fiscal Year Finding Originated: 2022

Criteria: Internal controls over credit card purchases should include documentation of management approval and the business purpose of each transaction and a limit established of the credit available to amounts necessary for business operations.

Condition: While performing statewide agreed upon procedures, we were unable to observe documentation of management's review of credit card statements. Additionally, there are no established procedures to document the business purpose of the use of the District's credit card nor have the limits of available credit been reviewed to determine if established credit limits are appropriate for normal business operations.

Cause: Due to the small operating environment, the District's use of credit cards has made purchases easier but extends the risk of the misappropriation of assets.

Effect: The District is more susceptible to misappropriation of its assets, whether intentional or unintentional, without proper internal controls over credit cards.

Recommendation: We recommend that the District evaluate its current policies and procedures and consider the inclusion of the documentation of the business purpose as part of management's approval process as well as establishing credit limits made available to card holders.

View of responsible officials: Management concurs with the recommendations above and has performed the following action subsequent June 30, 2024:

- Began documenting the business purposes of all transactions and reducing the credit limit available to the card holder to ensure that there are no large purchases being made without prior approval.

4) FINDINGS – NONCOMPLIANCE

2024-003 Local Government Budget Act

Fiscal Year Finding Originated: 2022

Criteria: In accordance with Louisiana Revised Statute (R.S.) 39:1305, *Louisiana Government Budget Act* (*LGBA*), the budget should include a budget message as well as signed by the budget preparer with a summary of proposed budget plan, explaining the most important features and estimates. Also, the budget should be submitted and made available for public inspection, not later than fifteen days prior to the beginning of the fiscal year.

Condition: The District did not include a budget message as defined in the statue and did not advertise the budget in the official publication.

Cause: Turnover in key personnel and transitions in operating facilities caused disruptions in the District properly complying with the criteria required under the *LGBA*.

4) FINDINGS – NONCOMPLIANCE (CONTINUED)

2024-003 Local Government Budget Act (Continued)

Effect: The District is not compliant with the *LGBA*.

Recommendation: We recommend that the District to implement policies and procedures to ensure compliance with the *LGBA* for future reporting periods.

View of responsible officials: Management concurs with the recommendations above and has performed the following action subsequent June 30, 2024:

- The District's adopted budget for its fiscal year ending June 30, 2025, which was properly advised and included the budget messaged as required by the *LGBA*.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT
Baton Rouge, Louisiana

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended June 30, 2024

2023-001 Internal Controls over Pumpage Fee Revenue

This finding has been reclassified as 2024-001.

2023-002 Segregation of Duties

This matter is considered resolved.

2023-003 Credit Card Documentation of Business Purpose and Credit Limits Available

This finding has been reclassified as 2024-002.

2023-004 Local Governmental Budget Act

This finding has been reclassified as 2024-003.

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT

For the year ended June 30, 2024

FAULK&WINKLER
CPAs - BUSINESS ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
And Louisiana Legislative Auditor
Capital Area Groundwater Conservation District
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. The **CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT'S** (the District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. Written Policies and Procedures:

A. 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:

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

ii. ***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.

iii. ***Disbursements***, including processing, reviewing, and approving.

iv. ***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).

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

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

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

viii. ***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, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***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.

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

xi. ***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.

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

2. Board or Finance Committee:

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

i. Observe whether the managing board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3. Bank Reconciliations:

A. 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 addition 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 selected each account, and observe that:

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

ii. 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 within one month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

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

4. Collections (excluding electronic fund transfers):

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

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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:

i. Employees that are responsible for cash collections do not share cash drawers/registers.

ii. 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.

iii. 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.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

C. 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 in force during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A 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:

i. Observe that receipts are sequentially pre-numbered.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

v. Trace the actual deposit per the bank statement to the general ledger.

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

A. 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).

B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

ii. At least two employees are involved in processing and approving payments to vendors;

iii. 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;

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

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

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

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

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

6. Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (cards):

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

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

i. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, 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.)]; and

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

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

7. Travel and Travel-Related Expense Reimbursement (excluding card transactions):

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, 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:

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

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

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy and procedures #1A(vii); and

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8. Contracts:

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. 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:

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

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

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

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

9. Payroll and Personnel:

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

B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

ii. Observe that supervisors approved the attendance and leave of the selected employees or officials;

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

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

C. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/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' cumulate leave records, agree the pay rates to the employee and officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

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

10. Ethics:

A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain ethics documentation from management, and:

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

ii. 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.

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

11. Debt Service:

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

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

12. Fraud Notice:

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

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

13. Information Technology Disaster Recovery/Business Continuity:

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

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

ii. 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.

iii. 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.

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

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

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

14. Prevention of Sexual Harassment:

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

B. 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).

C. 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:

i. Number and percentage of public servants in the agency who have completed the training requirements;

ii. Number of sexual harassment complaints received by the agency;

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

v. Amount of time it took to resolve each complaint.

CAPITAL AREA GROUNDWATER CONSERVATION DISTRICT

Baton Rouge, Louisiana

SCHEDULE OF ASSOCIATED FINDINGS

For the year ended June 30, 2024

Associated Findings:

No associated findings were found as a result of applying the procedures listed above, except as follows:

1. Written Policies and Procedures:

A (i) Budgeting – The District has a written policy that addresses preparing and adopting the budget, however, it does not address monitoring and amending the budget.

A (ii) Purchasing – The District has a written policy for Purchasing, however, it does not address (1) how purchases are initiated, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

A (iv) Receipts/Collections – The District has a written policy for Receipts, however, it does not address the receiving and recording of receipts.

A (vi) Contracting – The District has a written policy for Contracting, however, it does not address (5) monitoring process.

A (vii) Credit Cards – The District has a written policy for Credit Cards, however, it does not address (1) how cards are to be controlled and (2) allowable business uses.

A (ix) Ethics – The District has a written policy for Ethics, however, it does not address (4) requirement that documentation is maintained to demonstrate all employees and officials were notified of any changes to the District's ethics policy.

A (xi) IT Disaster Recovery/Business Continuity – The District has a written policy for IT Disaster Recovery/Business Continuity, however, it does not address (3) periodic testing 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.

A (xii) Prevention of Sexual Harassment – The District has a written policy for Sexual Harassment, however, it does not address the requirements for (3) annual reporting to ensure compliance with R.S. 42:342-344.

2. Board or Finance Committee:

A (ii) Board minutes did not reference review of budget-to-actual comparisons quarterly as required for proprietary funds.

A (iv) Board minutes did not include evidence of written updates of the progress of resolving audit findings according to management's corrective action plan at each meeting until the findings were considered fully resolved.

3. Bank Reconciliations:

A (i) One of the four bank reconciliations selected did not include evidence that it was prepared within two months of related statement closing date.

A (ii) All four bank reconciliations did not have written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks reviewed each bank reconciliation within one month of the date the reconciliation was prepared.

4. Collections:

D (iv) Two of the three deposits tested did not include evidence that they were deposited within one business day of receipt at the collection location.

5. Non-Payroll Disbursements:

C (ii) One of the five disbursements tested did not include evidence of segregation of duties.

6. Credit Cards:

B (i) Two of the three credit cards tested did not contain evidence on the monthly statement that they were reviewed and approved by someone other than the authorized card holder.

C Of the twenty-four credit card transactions tested, the following exceptions were noted:

- **(1)** One transaction for $10 did not include the original itemized receipt.
- **(2)** Two transactions totaling $259 did not include written documentation of the business purpose of the transactions.
- **(3)** Two transactions totaling $115 did not include documentation of the individuals participating in meals purchased.

7. Travel-Related Expense Reimbursements:

A (ii) Two of the five travel reimbursements tested did not include original itemized receipts that identified what was purchased.

A (iv) Two of the five travel reimbursements tested did not include written approval on the travel authorization forms. However, the supervisory signature was observed on the reimbursement check.

9. Payroll:

B (ii) Of the two employees tested, one employee did not have evidence of their timesheet being properly approved.

10. Ethics:

A (ii) We could not observe signature verification that the two employees tested read the ethics policy during the fiscal year.

13. Information Technology Disaster Recovery/Business Continuity:

We performed the related procedures and discussed the results with management.

Management's Response:

Management of the District concurs with the exceptions identified are in the process of addressing these matters.

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.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 20, 2024