

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2022

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2022

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of East Columbia Waterworks District (the "District"), a component unit of Caldwell Parish, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Columbia Waterworks District, as of December 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
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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 East Columbia Waterworks District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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EAST COLUMBIA WATERWORKS DISTRICT
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- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Columbia Waterworks District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I have 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 on pages 7 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise East Columbia Waterworks District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners and the Schedule of Prior Year Findings are presented for the 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 my opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners and the Schedule of Prior Year Findings are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 6, 2023, on my consideration of East Columbia Waterworks District's internal control over financial reporting and on my tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of East Columbia Waterworks District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report dated March 23, 2023, on the results of my statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Calhoun, Louisiana
April 6, 2023

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

Our discussion and analysis of East Columbia Waterworks District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the District's financial statements that begin on page 11.

BASIC FINANCIAL STATEMENTS

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

- a. Management's discussion and analysis (MD&A)
- b. Statement of net position
- c. Statement of revenue, expenses, and changes in net position
- d. Statement of cash flows
- e. Notes to the financial statements
- f. RSI other than MD&A, if applicable

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

Enterprise Fund Financial Statements

The Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and the changes in it. Net position - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net position is an indicator of whether the District's financial position is improving or deteriorating.

EAST COLUMBIA WATERWORKS DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

**COMPARATIVE ANALYSIS OF
FINANCIAL DATA**

The District's net position increased by \$21,400 during 2022. Operating revenue increased \$44,365 due to a 2021 rate increase and non-operating revenue decreased due to a decrease in federal grants. Operating expenses increased \$64,870 from the prior year with the largest increases in salaries and depreciation. The following presents an analysis of net position and changes in net position for the year ended December 31, 2022:

	<u>2022</u>	<u>2021</u>
Assets		
Current assets	\$352,143	\$344,689
Restricted assets	81,685	40,909
Capital assets	<u>3,677,240</u>	<u>3,750,734</u>
Total assets	<u>4,111,068</u>	<u>4,136,332</u>
Deferred Outflow of Resources - loan payment paid in advance	<u>NONE</u>	<u>9,075</u>
Liabilities		
Current liabilities	121,187	116,533
Long-term liabilities	<u>4,017,281</u>	<u>4,074,043</u>
Total liabilities	<u>4,138,468</u>	<u>4,190,576</u>
Net Position		
Net investment in capital assets	649,220	634,379
Restricted for debt service	81,685	40,799
Restricted for construction	NONE	110
Unrestricted (deficit)	<u>(758,305)</u>	<u>(720,457)</u>
Total net position (deficit)	<u>(27,400)</u>	<u>(45,169)</u>
Operating revenue	539,753	495,388
Operating expenses	489,381	424,511
Non-operating revenue (expenses)	<u>(28,972)</u>	<u>425,476</u>
Change in net position	21,400	496,353
Net position (deficit) - beginning, restated	<u>(48,800)</u>	<u>(541,522)</u>
Net position (deficit) - ending	<u><u>(\$27,400)</u></u>	<u><u>(\$45,169)</u></u>

EAST COLUMBIA WATERWORKS DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

OVERALL FINANCIAL POSITION

Unrestricted net position (deficit) was (\$758,305) at year end. The deficit in unrestricted net position is a result of recording a \$1,046,818 liability related to Utilities Relocation Assistance Funding (URAF) that had not been reported in the financial statements prior to the year ended December 31, 2019. Net position restricted for debt service was \$81,685. The net investment in capital assets was \$649,220 at year end.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$3,677,240. Capital assets include land, the original water system and improvements, and equipment costing \$1,000 or more. The District made improvements to the water system in the amount of \$49,679. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$3,028,020 in outstanding water revenue bonds. The District also had a long-term URAF liability to the Louisiana Department of Transportation and Development (DOTD) with a balance of \$1,045,618. Additional information about the District's debt and URAF liability is presented in Notes 5 and 6 to the financial statements.

ECONOMIC FACTORS

Operating revenue is expected to increase in 2023 due to a planned rate increase that should go into effect during 2023. Operating expenses are expected to decrease approximately \$26,000. Debt service on the Water Revenue Bonds, Series 2021 for 2023 will be \$108,900.

BASIC FINANCIAL STATEMENTS

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

STATEMENT OF NET POSITION
December 31, 2022

ASSETS

Current assets:

Cash	\$254,078
Investments	83,242
Receivables (net of allowance for bad debts)	12,472
Prepaid expenses	2,351
Total current assets	352,143

Noncurrent assets:

Restricted cash	81,685
Land	32,950
Property, plant and equipment (net of accumulated depreciation)	3,644,290
Total noncurrent assets	3,758,925
Total assets	4,111,068

LIABILITIES

Current liabilities:

Accounts payable	6,848
Payroll taxes payable	8,529
Sales tax payable	223
Accrued interest payable	4,210
Current portion of bonds payable	56,357
Customer deposits	45,020
Total current liabilities	121,187

Noncurrent liabilities:

Utility Relocation Assistance Funding liability	1,045,618
Bonds payable	2,971,663
Total noncurrent liabilities	4,017,281
Total liabilities	4,138,468

NET POSITION

Net investment in capital assets	649,220
Restricted for debt service	81,685
Unrestricted (deficit)	(758,305)
Total net position (deficit)	(\$27,400)

See accompanying notes and independent auditor's report.

EAST COLUMBIA WATERWORKS DISTRICT
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STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2022

OPERATING REVENUE

Water sales	\$505,154
Installation fees	7,430
Reconnect fees	1,875
Penalties	11,027
Other revenue	14,267
Total operating revenue	539,753

OPERATING EXPENSES

Commissioners per diem	2,900
Accounting	6,500
Materials and supplies	53,520
Maintenance and repairs	23,481
Contract labor	7,010
Office expense	15,743
Fees, dues, and permits	3,643
Utilities and telephone	30,688
Insurance	24,373
Employees health insurance	19,109
Salaries	155,522
Postage	4,892
Collections expense	1,200
Payroll taxes	11,898
Depreciation	122,651
Training	1,336
Uniforms	499
Miscellaneous	4,416
Total operating expenses	489,381

OPERATING INCOME

50,372

NON-OPERATING REVENUE (EXPENSES)

Interest income	797
Grant revenue	23,670
Interest expense	(53,439)
Total non-operating revenue (expenses)	(28,972)

INCREASE IN NET POSITION

21,400

NET POSITION - BEGINNING (Deficit), Restated

(48,800)

NET POSITION - ENDING (Deficit)

(\$27,400)

See accompanying notes and independent auditor's report.

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$541,022
Customer deposit receipts, net	3,479
Payments to suppliers	(207,802)
Payments to employees and board	(158,422)
Net cash provided by operating activities	<u>178,277</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase and construction of capital assets	(53,429)
Principal paid on debt and other long-term liabilities	(51,292)
Interest paid on debt	(48,933)
Grant proceeds	23,670
Increase in restricted cash	(40,776)
Net cash used by capital financing activities	<u>(170,760)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	797
Increase in investments	(546)
Net cash provided by investing activities	<u>251</u>

NET INCREASE IN CASH

7,768

CASH AT BEGINNING OF YEAR

246,310

CASH AT END OF YEAR\$254,078**Reconciliation of Operating Income to Net Cash****Provided by Operating Activities**

Operating Income	<u>\$50,372</u>
Adjustments:	
Depreciation	122,651
Decrease in restricted cash	(105)
Decrease in accounts receivable	1,271
Increase in prepaid expenses	(411)
Decrease in accounts payable	(3,610)
Increase in taxes payable	4,630
Increase in customer deposits	3,479
Total adjustments	<u>127,905</u>
Net cash provided by operating activities	<u>\$178,277</u>

See accompanying notes and independent auditor's report.

EAST COLUMBIA WATERWORKS DISTRICT
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Notes to the Financial Statements
As of and for the Year Ended December 31, 2022

INTRODUCTION

East Columbia Waterworks District (the "District") was created by the Caldwell Parish Police Jury on September 6, 1949, as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the District. The District is governed by a six member board of commissioners appointed by the police jury to serve five-year terms. The commissioners receive \$50 per regular and special meeting attended. The District serves approximately 936 customers and has four employees.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

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

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

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

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

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

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

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

C. Deposits and Investments

Cash includes amounts in interest-bearing and non-interest bearing demand deposits. State law limits the District's credit risk by restricting the District's investments to collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 2022, the District's investments consist of nonnegotiable certificates of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost. The District's interest rate risk is limited by the investment of funds for periods not to exceed 24 months.

D. Receivables

Accounts receivable consist of amounts due from customers for water service provided prior to year end and fees due that the water system collects for other agencies. Receivables from water service are reported net of an allowance for uncollectible accounts which is an estimate based on past due accounts at year end. All accounts 30 days past due are subject to being disconnected for nonpayment. Accounts considered uncollectible are written off upon approval from the Board of Commissioners.

E. Restricted Assets

Certain resources set aside in accounts required by the letter of conditions for the 2021 Water Revenue Bonds are classified as restricted assets on the statement of net

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

position because their use is limited. It is the policy of the District to first use nonrestricted funds when both restricted and nonrestricted assets are available for the purposes specified by the letter of conditions.

F. Property, Plant, and Equipment

Property, plant, and equipment, which includes the original water system and improvements, and equipment is reported in the enterprise fund financial statements. All of the District's property, plant, and equipment is capitalized at historical cost. The District maintains a threshold level of \$1,000 or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. In accordance with GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, interest cost incurred before the end of the construction period is recognized as an expense in the period in which the cost is incurred and not capitalized as part of the historical cost of the asset.

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

	Estimated <u>Lives</u>
Infrastructure - Water system	25 - 40
Equipment	years 5-15 years

G. Long-Term Liabilities

Water revenue bonds payable and the Utility Relocation Assistance Funding (URAF) are reported as a long-term liabilities on the statement of net position.

H. Interest Costs

The following provides disclosure on interest costs for the year ended December 31, 2022:

Total interest cost expensed	\$53,439
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u>\$53,439</u>

EAST COLUMBIA WATERWORKS DISTRICT

Notes to the Financial Statements

I. Estimates

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

2. DEPOSITS IN FINANCIAL INSTITUTIONS

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

Non-interest bearing checking accounts	\$64,553
Interest bearing savings accounts	271,210
Investments - certificates of deposit	<u>83,242</u>
Total	<u>\$419,005</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At December 31, 2022, the District has \$433,790 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance and \$75,755 of pledged securities held by an unaffiliated bank in the name of the fiscal agent bank.

3. RECEIVABLES

At December 31, 2022, the District has net receivables of \$12,472 as follows:

Water sales	\$29,455
Fees collected for others	8,712
Allowance for uncollectible accounts	<u>(25,695)</u>
Net receivables	<u>\$12,472</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2022, is as follows:

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

	Balance at January 1, 2022	Increases	Decreases	Balance at December 31, 2022
Capital assets not being depreciated:				
Land	\$32,950			\$32,950
Capital assets being depreciated:				
Water system	5,320,245	\$49,679		5,369,924
Equipment	171,645		(\$49,976)	121,669
Total capital assets being depreciated	5,491,890	49,679	(49,976)	5,491,593
Less accumulated depreciation for:				
Water system	1,643,061	103,020		1,746,081
Equipment	131,045	19,631	(49,454)	101,222
Total accumulated depreciation	1,774,106	122,651	(49,454)	1,847,303
Total assets being depreciated, net	3,717,784	(72,972)	(522)	3,644,290
Total assets	<u>\$3,750,734</u>	<u>(\$72,972)</u>	<u>(\$522)</u>	<u>\$3,677,240</u>

Depreciation expense of \$122,651 for the year ended December 31, 2022 was reported in the statement of revenue, expenses, and changes in net position.

5. UTILITY RELOCATION ASSISTANCE FUNDING

During the year ended December 31, 2005, the District entered into four separate agreements with the Louisiana Department of Transportation and Development (DOTD) to relocate the District's water lines that were located within the limits of a road construction project. The agreements with DOTD provide that the District is responsible for repaying the Utility Relocation Assistance Funding (URAF) received during 2005, 2006, and 2007. Section 301(A) of Title 70 of the Louisiana Administrative Code provides that URAF funding is neither a loan nor a grant and there is no interest charged on the funds. However, the water system must eventually repay the portion of the cost it is responsible for or it will not be allowed to locate its facilities within the highway right-of-way. The agreements provide that the District may repay in partial amounts, in exchange for goods and/or services or any combination thereof. The District repaid \$400 during the year ended December 31, 2022. The amount due under the agreements at December 31, 2022, is \$1,045,618.

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

6. BONDS PAYABLE

The following is a summary of bonds payable transactions for the year ended December 31, 2022:

	Direct Borrowing 2021 Water Revenue Bonds
	<u> </u>
Balance at January 1, 2022	\$3,083,405
Additions	NONE
Reductions	(55,385)
Balance at December 31, 2022	<u><u>\$3,028,020</u></u>

Water Revenue Bonds, Series 2021 in the amount of \$3,129,000 were sold to the United States Department of Agriculture (USDA), Rural Development on February 2, 2021, and the proceeds were used to pay the principal and accrued interest on bond anticipation notes that provided interim financing for a portion of the costs of water system improvements. The principal and interest on the water revenue bonds will be repaid over a 40 year period in monthly amortized payments of \$9,075 that commenced on March 2, 2021, and will continue monthly thereafter for a total of 480 monthly payments. The unpaid principal of the water revenue bonds bears interest at the rate of 1.750% per annum. Principal and interest due within one year are \$56,357 and \$52,543, respectively. The water revenue bonds are secured and payable in principal and interest by a pledge of the income and revenue derived from the operation of the District's water system. The bond resolution contains provisions that in the event of default in the payments of any principal or interest on the bonds or in the making of the payments into any fund required to be maintained by the resolution, or in the failure or refusal to comply the provisions of the resolution, that the owner of the bond shall be entitled to appoint a receiver to take possession of the water system and operate, maintain, manage, and control the water system.

Principal and interest on the Water Revenue Bonds, Series 2021 are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2023	\$56,357	\$52,543	\$108,900
2024	57,351	51,549	108,900
2025	58,363	50,537	108,900
2026	59,393	49,507	108,900
2027	60,440	48,460	108,900
2028 - 2032	318,576	225,924	544,500
2033 - 2037	347,685	196,815	544,500
2038 - 2042	379,454	165,046	544,500
2043 - 2047	414,126	130,374	544,500
2048 - 2052	451,966	92,534	544,500

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2053 - 2057	\$493,263	\$51,237	\$544,500
2058 - 2061	331,046	9,391	340,437
Total	<u>\$3,028,020</u>	<u>\$1,123,917</u>	<u>\$4,151,937</u>

7. RESTRICTED CASH

The Letter of Intent to Meet Conditions dated September 25, 2018, that was issued by the District to USDA Rural Development requires the District to establish the following reserves as a condition of the issuance of the Water Revenue Bonds, Series 2021:

- A. Debt Service Reserve - The District must establish a Debt Service Reserve Fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual loan payment. Ten percent of the proposed loan installment would equal \$908 per month; to be deposited monthly until a total of \$108,900 has been accumulated. Prior written concurrence from USDA Rural Development must be obtained before funds may be withdrawn from this fund during the life of the loan.

- B. Short-Lived Asset Reserve - The District must establish a Short-Lived Asset Reserve Fund and deposit at least \$29,928 annually for the life of the loan to pay for the repairs and/or replacement of major system assets. It is the District's responsibility to assess the facilities short-lived asset needs on a regular basis and adjust the amount deposited to meet those needs.

The following is a summary of transactions in the bond reserve accounts for the year ended December 31, 2022:

	<u>Debt Service Reserve</u>	<u>Short- Lived Asset Reserve</u>	<u>Total</u>
Balance at January 1, 2022	\$12,818	\$27,982	\$40,800
Deposits	10,896	29,928	40,824
Interest earnings	18	43	61
Balance at December 31, 2022	<u>\$23,732</u>	<u>\$57,953</u>	<u>\$81,685</u>

EAST COLUMBIA WATERWORKS DISTRICT
Notes to the Financial Statements

8. RESTATEMENT OF BEGINNING NET POSITION

The following provides a summary of the change in beginning net position:

Beginning net position (deficit) as previously reported	(\$45,169)
Understatement of customer meter deposit liability	<u>(3,631)</u>
Beginning net position (deficit), restated	<u>(\$48,800)</u>

9. DEFICIT NET POSITION

The District has a deficit net position in the amount of \$27,400 at December 31, 2022. The deficit is a result of the District's 2019 decision to record the liability incurred under URAF agreements during 2005, 2006, and 2007. Prior to 2019, the District did not report the liability under the agreements on its statement of net position due to the repayment terms specified in the agreements and the District's opinion that it was unlikely that DOTD would require the District to repay the funding. However, during the fiscal years ended December 31, 2018, and 2019, DOTD invoiced the District and requested an annual payment. The Board of Commissioners agreed to pay \$400 per year. For the year ended December 31, 2022, the District had a net increase in net position of \$21,400 and reduced the deficit by that amount. The District plans to increase water rates during 2023.

10. CONTINGENCIES

During the year ended December 31, 2022, the District expended \$20,670 in federal grant funds from USDA, Rural Development and also \$3,000 in American Rescue Plan Act funds. These expenses are subject to audit and adjustment by the grantors therefore, to the extent that the District has not complied with the rules and regulations governing the grant funds, refunds of any money received may be required. In the opinion of the District's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grant funds; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

11. RISK MANAGEMENT

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

SUPPLEMENTAL INFORMATION SCHEDULES

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2022

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

The schedule of compensation, benefits, and other payments to agency head and board of commissioners is presented in compliance with Louisiana Revised Statute 24:513 A (3) and House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:3819, the District's commissioners receive \$50 per regular and special meeting attended.

SCHEDULE OF PRIOR YEAR FINDINGS

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

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, LouisianaSCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD AND BOARD OF COMMISSIONERS
For the Year Ended December 31, 2022**BOARD COMPENSATION**

Agency Head - Jeffrey Masters - President	\$600
Richard Copeland	600
Shelby Cruse	600
Judith McKee	550
Terry McClanahan	<u>550</u>
Total	<u>\$2,900</u>

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, LouisianaSCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2022

<u>Finding Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Status of Finding</u>
2021-001	2004	Inadequate Segregation of Accounting Duties	Unresolved - see 2022-002 in current year findings.

Independent Auditor's Report
Required by *Government Auditing Standards* and the Uniform Guidance

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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

**Independent Auditor's Report on
Internal Control Over Financial Reporting and on
Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor, the financial statements of East Columbia Waterworks District (the "District"), a component unit of Caldwell Parish, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise East Columbia Waterworks District's basic financial statements, and have issued my report thereon dated April 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

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Columbia, Louisiana
Independent Auditor's Report
on Compliance and on
Internal Control, etc.,
December 31, 2022

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify a deficiency in internal control described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action as item 2022-001 that I consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Columbia Waterworks District's financial statements are free from material misstatement, I performed tests of the District's 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in my audit that is described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Calhoun, Louisiana
April 6, 2023

EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

SCHEDULE OF CURRENT YEAR FINDINGS AND
MANAGEMENT'S PLANNED CORRECTIVE ACTION
For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued - Unmodified opinion.
2. Internal control over financial reporting:
Material weakness(es) identified? - Yes
3. Noncompliance material to financial statements noted? - No

Section II - Financial Statement Findings

2022-001. Inadequate Segregation of Accounting Duties

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

Condition: The accounting duties of collecting, depositing, and posting customer payments to customers accounts may be performed by either of the office employees.

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

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

Recommendation: None.

Management's Planned

Corrective Action: It is not economically feasible to correct this deficiency based on the size of the District and its limited revenues.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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

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

BOARD OF COMMISSIONERS
EAST COLUMBIA WATERWORKS DISTRICT
Columbia, Louisiana

LOUISIANA LEGISLATIVE AUDITOR:

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period January 1, 2022 through December 31, 2022. East Columbia Waterworks District's (the "District") management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user 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 that 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.

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- 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 of statements, and (5) monitoring card usage (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 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

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

Results of procedure: The District's written policies and procedures addressed all of the above categories and subcategories except for the following:

- 1) Written policies and procedures for the purchasing category do not include a section on how vendors are added to the vendor list.
- 2) Written policies and procedures for the contracting category do not include sections on (1) types of services requiring written contracts, (2) standard terms and conditions, and (3) legal review.
- 3) Written policies and procedures for the ethics category do not include a requirement that documentation is maintained to demonstrate that all employees and officials are notified of any changes to the District's ethics policy.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

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- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results of procedure: No exceptions were found as a result of this procedure.

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 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and bank reconciliation for each selected 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 (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.

Results of procedure: For one selected bank reconciliation, one check was outstanding for more than 12 months from the statement closing date and for another selected bank reconciliation, six checks were outstanding for more than 12 months from the statement closing date. There was no documentation that the items had been researched.

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No other exceptions were found as a result of this procedure.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 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 agency fund additions are not responsible for collecting cash, unless another employee 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 that the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were

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made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). 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 bank deposit per bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Results of procedure: The two employees who are responsible for cash collections share the same cash drawer.

The two employees who are responsible for cash collections can also prepare the bank deposit.

The two employees who are responsible for cash collections can post collections to the customer account software as well as to the general ledger; however, only one employee has access to on-line banking and this employee performs a daily reconciliation of the bank deposits to the general ledger postings.

The employee responsible for reconciling cash collections to the general ledger may also collect cash without another employee verifying the reconciliation.

No other exceptions were found as a result of this procedure.

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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 procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to 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 payments or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - 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.

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

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

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- 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 procedure #5B above, 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.

Results of procedure: An employee responsible for processing payments is also responsible for adding/modifying vendor files.

An employee responsible for processing payments is also responsible for mailing the checks to vendors.

No other exceptions were found as a result of this procedure.

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

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- 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. (those instances requiring such approval that may constrain the legal authority of certain public officials such as the mayor of a Lawrason Act municipality, should not be reported); and
 - 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 #6B 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 inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results of procedure: A late charge was assessed on a selected fuel card statement.
No other exceptions were found as a result of this procedure.

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

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

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- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures (procedure #1A(vii)).
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Results of procedure: No exceptions were found as a result of this procedure.

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 whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment, the documented approval).
 - 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.

Results of procedure: No exceptions were found as a result of this procedure.

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9. Payroll and Personnel

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

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Results of procedure: No exceptions were found as a result of this procedure.

10) Ethics

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

Results of procedure: One selected employee did not complete one hour of ethics training.
No other exceptions were found as a result of this procedure.

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 the debt covenants (including contingency funds, short-lived asset funds, or other funds required by debt covenants).

Results of procedure: No exceptions were found as a result of this procedure.

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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.

Results of procedure: No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe 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 there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - 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.

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

Results of procedure: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A above, 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 that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- 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 that 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.

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Results of procedure: Two selected board members did not complete one hour of sexual harassment training.

No other exceptions were found as a result of this procedure.

Management's Response

- Procedure 1(A)(ii) Will add section to written policies and procedures stating the Office/General Manager enters and approves all vendors along with the requirement for a W-9 Form and an Insurance Certificate if needed.
- Procedure 1(A)(vi) Will add sections on types of services requiring written contracts, standard terms and conditions, and legal review to written policies and procedures.
- Procedure 1(A)(ix) Will add that the Office/General Manager is the designated person responsible for notifying all board members and employees of any changes to the District's ethics policy.
- Procedure 3(A)(iii) Check #14642 from the O&M account was voided on 10/14/22. Will void and reissue check #1122, #1124, #1140, #1152, #1181, and #1191 from the Membership account.
- Procedure 4(B)(i-iv) and Procedure 5(B)(iii-iv) Due to the small size of the District, it is not feasible to have adequate segregation of duties over collections and disbursements.
- Procedure 6(B)(ii) The statements are now being delivered by email. This vendor processes and mails out statements on the last day of the month. Before changing to email format, we were not always receiving the statements via USPS in time to meet the due date of the 10th. Receiving the statements via email should eliminate any future late fees.
- Procedure 10(A)(i) All new employees are now required to take Sexual Harassment and Ethics training on their first day of employment. This practice has been added to the written policies and procedures.

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Procedure 14(A) Beginning in 2023, board members will be notified that they are required to attend sexual harassment training.

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

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

This report is intended solely to describe the scope of testing performed on 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.



Calhoun, Louisiana
March 23, 2023