

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Financial Statements
For the Year Ended August 31, 2023

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

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INDEPENDENT AUDITORS' REPORT

**Board of Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of West Ouachita Sewerage District No. 5 (the District, a component unit of the Ouachita Parish Police Jury), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of August 31, 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

**Board of Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

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.

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 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control related 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 judgement, 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.

**Board of Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-8, the Schedule of Changes in Total OPEB Liability and Related Ratios on page 32, the Schedule of Employer's Proportionate Share of Net Pension Liability on page 33, the Schedule of Employer's Contributions to Pension Plan on page 34, and the Notes to the Required Supplementary Information for Pensions on page 35 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of Changes in Restricted Assets on page 36, the Schedule of Per Diem Paid to Board of Commissioners on page 37, Schedule of Compensation, Benefits and Other Payments to Agency Head on page 38, Schedule of Expenditures of Federal Awards on page 45, and Notes to the Schedule of Expenditures of Federal Awards on page 46, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Guidance Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 were derived from and relate 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, the schedule of Changes in Restricted Assets, Schedule of Per Diem Paid to Board of Commissioners, Schedule of Compensation, Benefits and Other Payments to Agency Head, Schedule of Expenditures of Federal Awards, and notes to the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Board of Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Insurance Coverage on page 39 but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 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 results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Woodland & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

February 28, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
(PART A)**

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Management's Discussion and Analysis
For the Year Ended August 31, 2023

As management of West Ouachita Sewerage District No. 5 (A Component Unit of the Ouachita Parish Police Jury) (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's activities for the year ended August 31, 2023. Please read it in conjunction with the District's financial statements.

Required Financial Statements

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

A summary of the District's Statements of Net Position is presented as follows:

Table 1
Condensed Statements of Net Position
As of August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Assets:			
Current and other assets	\$ 15,636,986	\$ 14,376,062	8.8%
Restricted assets	2,343,620	2,190,074	7.0%
Capital assets, net of depreciation	26,781,399	22,922,190	16.8%
Net pension asset	-	235,173	-100.0%
Total assets	<u>44,762,005</u>	<u>39,723,499</u>	<u>12.7%</u>
Deferred outflows of resources	<u>371,996</u>	<u>145,088</u>	<u>156.4%</u>
Liabilities:			
Current liabilities payable from current assets	1,378,760	413,426	233.5%
Current liabilities payable from restricted assets	714,176	711,336	0.4%
Noncurrent liabilities	7,867,321	8,117,233	-3.1%
Total liabilities	<u>9,960,257</u>	<u>9,241,995</u>	<u>7.8%</u>
Deferred inflows of resources	<u>80,943</u>	<u>276,531</u>	<u>-70.7%</u>
Net Position:			
Net investment in capital assets	18,904,149	14,526,440	30.1%
Restricted net position – debt service	1,629,443	1,972,645	-17.4%
Unrestricted net position	<u>14,559,209</u>	<u>13,850,976</u>	<u>5.1%</u>
Total net position	<u>\$ 35,092,801</u>	<u>\$ 30,350,061</u>	<u>15.6%</u>

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Management's Discussion and Analysis

For the Year Ended August 31, 2023

The total net position of the District at August 31, 2023 was \$35,092,801. Net position can be separated into three categories: Net investment in capital assets, restricted net position, and unrestricted net position.

Net investment in capital assets represents the District's long-term investment in capital assets, net of accumulated depreciation and outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. It is not available for current operations.

Net investment in capital assets of \$18,904,149 consists of capital assets at original cost of \$48,685,821, less accumulated depreciation of \$21,904,422 and related debt of \$7,877,250. Accumulated depreciation is the aggregate depreciation expense since acquisition. Depreciation expense is recorded based on the original cost of the asset and is expensed over the estimated useful life of the asset.

Restricted net position represents amounts that are restricted for debt service based on the terms of the District's bond agreements. The balance of \$1,629,443 consists of \$2,106,280 in cash balances that are held in the District's debt service, debt service reserve, and depreciation and contingency accounts, less the current portion of bonds payable of \$461,000 and accrued interest payable on bonds of \$15,837.

A summary of the District's Statements of Revenue, Expenses, and Changes in Net Position is presented as follows:

Table 2
Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Operating revenues	\$ 6,200,881	\$ 6,211,039	-0.2%
Operating expenses	<u>(4,235,422)</u>	<u>(3,834,773)</u>	10.4%
Operating income	1,965,459	2,376,266	-17.3%
Nonoperating income	<u>2,777,280</u>	31,461	8,727.7%
Increase (decrease) in net position	<u>\$ 4,742,740</u>	<u>\$ 2,407,727</u>	97.0%

The District's operating income remained approximately the same from 2022 to 2023. Operating expenses increased by approximately \$400,000, primarily resulting from increases in collection expense, maintenance and repairs, pension and retirement, and insurance.

The District's nonoperating income increased by approximately \$2,750,000. This increase is primarily due to the receipt of approximately \$1,995,000 in federal funding for the LA Water Sector Program and \$465,000 in state funding for the LA Capital Outlay Program, along with an increase in interest income from higher bank interest rates during 2023.

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Management's Discussion and Analysis
For the Year Ended August 31, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2023 and 2022, the District investment in capital assets including buildings and improvements, furniture and fixtures, equipment, vehicles, infrastructure, and land, less related accumulated depreciation, consisted of the following:

Table 3
Capital Assets
For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Buildings and improvements	\$ 417,680	\$ 417,680	0.0%
Furniture and fixtures	5,483	5,483	0.0%
Equipment	574,655	574,655	0.0%
Vehicles	444,904	392,447	13.4%
Infrastructure	42,199,570	41,646,018	1.3%
Construction in progress	4,544,752	333,043	1,264.6%
Land	498,778	498,778	0.0%
Totals	<u>48,685,821</u>	<u>43,868,104</u>	11.0%
Less: Accumulated depreciation	<u>(21,904,422)</u>	<u>(20,945,914)</u>	4.6%
Capital assets, net	<u>\$ 26,781,399</u>	<u>\$ 22,922,190</u>	<u>16.8%</u>

Major additions to capital assets for fiscal year 2023 consisted primarily of ongoing construction for the relocation of sewer lines, mains, and manholes associated with the expansion of the system into the Steep Bayou and other subdivisions, ongoing construction for the LA Water Sector Program project, capital upgrade costs for the joint agreement with the City of West Monroe, and purchase of two new vehicles.

Debt Administration

As of August 31, 2023 and 2022, the District's outstanding debt consisted of the following:

Table 4
Outstanding Debt
For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Bonds payable	\$ 7,581,750	\$ 8,037,750	-5.7%
Due to other governments	295,500	358,000	-17.5%
Totals	<u>\$ 7,877,250</u>	<u>\$ 8,395,750</u>	<u>-6.2%</u>

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Management's Discussion and Analysis

For the Year Ended August 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District contracts with Greater Ouachita Water Company (GOWC) to bill and collect monthly sewer fees. Monthly revenues collected by the District are used for operation and maintenance activities as well as the elimination of package sewer treatment plants within the District and to increase the capacity of the District's sewer collection and transport system to deliver domestic wastewater to the West Monroe Regional Wastewater Treatment Facility and the Sparta Recovery Treatment Facility.

To date, the District has replaced six package sewer treatment plants and one oxidation lagoon treatment facilities. The District has one package sewer treatment plants remaining within the current boundaries of WOSD No. 5 and is actively working on plans to replace these remaining package sewer treatment plants with upgraded facilities.

Ongoing and upcoming major improvement projects include:

LA Water Sector Program project, with an estimated completion date of fiscal year 2024 and an estimated total cost of \$5,460,000, of which \$1,365,000 is estimated to be the District's total share of the cost.

L & A, Inc. Project No. 23E010.00 – Pipe bursting WOSD No. 5 Line No. IA0000 from Avant Road to Wallace Dean Road, with an estimated construction cost of \$600,000 to be funded with LA Capital Outlay Funds (75%) and District funds (25%).

L & A, Inc. Project No. 23E010.01 – Pipe bursting WOSD No. 5 Line No. IA0600 on Defreeze Road, with an estimated construction cost of \$250,000 to be funded with LA Capital Outlay Funds (75%) and District funds (25%).

L & A, Inc. Project No. 23E026.00 – Pipe bursting WOSD No. 5 Line No. CA0000 from Lift Station "C" to west of Good Hope Road, with an estimated construction cost of \$1,250,000 to be funded with LA Capital Outlay Funds (75%) and District funds (25%).

Lift station "N" force main from New Natchitoches Road to Edwards Road, with an estimated time period of January 2024 to June 2025 and total cost of \$1,000,000.

West Monroe Regional Wastewater Treatment Facility Upgrade/Heavy Maintenance project, which has not been finalized yet. The District is holding \$1,500,000 in a savings account in order to have funds available when the project materializes.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact Ricky McMullen, District Manager of the West Ouachita Sewerage District No. 5, 327 Wallace Road, West Monroe, Louisiana, 71291.

BASIC FINANCIAL STATEMENTS

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Statement of Net Position

August 31, 2023

ASSETS

Current assets

Cash and cash equivalents	\$	12,795,036
Accounts receivable—customers, net		543,080
Due from third party collector		553,028
Due from other governments		1,581,712
Inventory		164,130
Total current assets		<u>15,636,986</u>

Noncurrent assets

Restricted assets

Cash and cash equivalents—customer deposits		237,340
Cash and cash equivalents—debt service		2,106,280
Total restricted assets		<u>2,343,620</u>

Capital assets

Buildings and improvements		417,680
Furniture and fixtures		5,483
Equipment		574,655
Vehicles		444,904
Lines, mains and manholes		33,420,207
Lift station—pumps		2,046,719
Lift station—structures		2,494,200
Treatment plant		2,873,501
Treatment plant—Sparta water reuse project		1,364,943
Total depreciable assets		<u>43,642,292</u>
Less: Accumulated depreciation		<u>(21,904,422)</u>
Net depreciable assets		21,737,869
Construction in progress		4,544,752
Land		498,778
Total capital assets, net		<u>26,781,399</u>

Total noncurrent assets		<u>29,125,019</u>
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Total assets		<u>44,762,005</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows on pensions		278,860
Deferred outflows on other post-employment benefits (OPEB)		93,136
Total deferred outflows of resources		<u>371,996</u>

(continued)

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Statement of Net Position

August 31, 2023

LIABILITIES

Current liabilities

Payable from current assets

Accounts and retainage payable	\$	1,288,226
Accrued payroll and benefits		18,137
Unearned revenue		40,897
Due to other governments—current portion		31,500
Total current liabilities payable from current assets		<u>1,378,760</u>

Payable from restricted assets

Bonds payable—current portion		461,000
Accrued interest payable		15,837
Customer deposits		237,340
Total current liabilities payable from restricted assets		<u>714,176</u>

Total current liabilities		<u>2,092,936</u>
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Noncurrent liabilities

Due to other governments		264,000
Bonds payable		7,120,750
Net pension liability		218,577
OPEB liability		263,994
Total noncurrent liabilities		<u>7,867,321</u>

Total liabilities		<u>9,960,257</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows on pensions		29,986
Deferred inflows on OPEB		50,957
Total deferred inflows of resources		<u>80,943</u>

NET POSITION

Net investment in capital assets		18,904,149
Restricted net position—debt service		1,629,443
Unrestricted net position		<u>14,559,209</u>
Total net position	\$	<u><u>35,092,801</u></u>

(concluded)

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

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended August 31, 2023

OPERATING REVENUES

Sewerage fees	\$	6,085,538
Penalties earned		74,390
Franchise fees		31,593
Miscellaneous		9,360
Total operating revenues		<u>6,200,881</u>

OPERATING EXPENSES

Advertising		1,616
Bad debt expense		82,367
Collection expense		222,000
Commissioners' fees		1,920
Communications and telephone		8,581
Depreciation and amortization		958,508
Dues and subscriptions		1,485
Gas and oil		35,508
Insurance		171,978
Maintenance and repairs		326,212
Miscellaneous		63,678
Payroll taxes		6,908
Pension and retirement expense (benefit)		108,809
Professional fees		220,867
Salaries and wages		423,157
Treatment plant operations		1,396,976
Utilities		204,852
Total operating expenses		<u>4,235,422</u>

Operating income		<u>1,965,459</u>
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NONOPERATING REVENUES (EXPENSES)

Intergovernmental—federal		1,995,135
Intergovernmental—state		465,236
Interest earned		350,610
Interest expense		(38,993)
Other nonoperating revenue		5,292
Total nonoperating income		<u>2,777,280</u>

Changes in net position		4,742,740
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Net position at beginning of year		<u>30,350,061</u>
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Net position at end of year	\$	<u><u>35,092,801</u></u>
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The accompanying notes are an integral part of these financial statements.

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Statement of Cash Flows

As of and for the Year Ended August 31, 2023

Cash flows from operating activities

Receipts from customers	\$ 6,216,417
Payments to suppliers	(1,734,650)
Payments for employee services	(429,655)
Net cash provided (used) by operating activities	<u>4,052,112</u>

Cash flows from noncapital financing activities

Support from non-employer contributing entities	5,292
Net cash provided (used) by noncapital financing activities	<u>5,292</u>

Cash flows from capital and related financing activities

Receipts from other governments	1,440,628
Purchases of capital assets	(4,817,719)
Principal paid to City of West Monroe for joint agreement	(62,500)
Principal paid on bonds	(456,000)
Interest paid on bonds	(50,897)
Net cash provided (used) by capital and related financing activities	<u>(3,946,488)</u>

Cash flows from investing activities

Interest received	350,610
Net cash provided (used) by investing activities	<u>350,610</u>

Net increase (decrease) in cash and cash equivalents 461,526

Cash and cash equivalents at beginning of year 14,677,130

Cash and cash equivalents at end of year \$ 15,138,656

(continued)

WEST OUACHITA SEWERAGE DISTRICT NO. 5

West Monroe, Louisiana

Statement of Cash Flows (concluded)

As of and for the Year Ended August 31, 2023

Reconciliation of operating income to net cash provided**(used) by operating activities:**

Operating income (loss)	\$ 1,965,459
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Adjustments to reconcile operating income to net cash provided (used) by operating activities

Depreciation	958,508
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources	
Accounts receivable	93,443
Due from third party collector	(4,201)
Inventory	(22,442)
Accounts and retainage payable	995,088
Accrued payroll and benefits	2,330
Unearned revenue	(1,084)
Customer deposits	9,745
Net pension asset	453,750
Deferred outflows—pensions	(222,738)
Deferred outflows—OPEB	(4,170)
OPEB liability	24,011
Deferred inflows—pensions	(194,124)
Deferred inflows—OPEB	(1,464)

Net cash provided (used) by operating activities	\$ <u>4,052,112</u>
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Cash and cash equivalents on the balance sheet as:

Current assets	
Cash and cash equivalents	\$ 12,795,036
Restricted assets	
Cash and cash equivalents	<u>2,343,620</u>

Total cash and cash equivalents	\$ <u>15,138,656</u>
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Supplemental disclosure of noncash operating activities

OPEB	\$ 18,377
Pensions	\$ 42,180

(concluded)

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

NOTES TO THE FINANCIAL STATEMENTS

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended August 31, 2023

Note 1 – Summary of Significant Accounting Policies

A. History

West Ouachita Sewerage District No. 5 (the District) was created on January 24, 1974, by the Ouachita Parish Police Jury, through adoption of Ordinance No. 7386, and therefore it is a component unit of the Ouachita Parish Police Jury (the Police Jury) and is an integral part of the Police Jury reporting entity. As a governmental entity, the District is exempt from federal and state income taxes. It is governed by a board of commissioners composed of three property taxpayers residing within the District, all of which are appointed by the Police Jury.

B. Reporting Entity

The Governmental Accounting Standards Board (GASB) is the accepted standard setting authority for generally accepted accounting principles as applied to governmental entities. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34*, establishes criteria for determining which component units of governments should be considered part of a primary government for financial reporting purposes.

The basic criterion for determining a component unit is accountability. As the Police Jury appoints a voting majority of the board of commissioners of the District and can impose its will upon the District, the District is considered a component unit of the Police Jury, the primary governing body of the parish and the governmental body with oversight responsibility.

The accompanying basic financial statements present information only on the fund maintained by the District and do not present information on the Police Jury, the general government services provided by that primary governmental unit, or other component units that comprise the primary government reporting entity.

C. Basis of Accounting

The District has adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. Statement 34 established standards for external reporting for all state and local governmental entities which includes a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. It also requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances on any bonds, mortgages, notes, or other borrowings attributed to the acquisition, construction, or improvement of those assets.

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- Restricted net position – This component of net position consists of the net position on which constraints have been placed externally by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of the net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District’s financial statements are prepared in accordance with accounting principles accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The financial statements of the District are a Business-Type Activity and are financed in whole or in part by fees charged to external parties for goods and services.

The District recognizes income on the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned, and expenses are recognized in the period incurred. When both restricted and unrestricted resources are available, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District’s principal ongoing operations. The principal operating revenues are charges to customers for service. Customers are billed monthly for services received during the month. The District estimates their unbilled revenues to reflect the weekly billing cycles. As such, 50% of the subsequent month’s billings are recognized as revenues for the previous month.

The District outsources its billing and collection of sewer services and collection and refunding of customer deposits via contract to Greater Ouachita Water Company (GOWC) for a recurring monthly fee of \$18,500. GOWC then outsources billings and collections of sewer fees via contract to Northeast LA Utilities (NLU) and GOWC remits payments to the District monthly.

The District also recognizes the fees intended to recover the cost of connecting new customers to the system as operating revenues. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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Services are billed as follows:

1. Residential, multi-housing, and multi-unit services are charged at \$45 per month.
 - a. The multi-housing is based on a 100% occupancy factor.
 - b. The multi-unit is based on a physical count each month.
2. Commercial service is charged at \$4.50 per 1,000 gallons of water per month (metered water usage - \$45 minimum bill).
3. Institutional billing is based on monthly water use at \$45 per 8,000 gallons used.
4. Industrial billing is based on average monthly water use plus the Industrial Cost Recovery factor and surcharge for excessive pollutant concentration.

The District provided services to 9,666 residential customers and 436 institutional and industrial customers as of August 31, 2023.

D. Accounts Receivable

The allowance for doubtful accounts is established to provide an estimate of receivables that are expected to be unrecoverable. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

E. Inventory

Inventory consists primarily of pump motors and is valued at estimated recoverable cost as determined by specific identification method. Other materials and supplies needed for maintenance and operations are included in inventory and are valued at lower of cost or net realizable value using first in, first out, basis.

F. Property and Equipment

Upon completion of new subdivisions, developers donate their systems to the District for servicing and maintenance. These systems are recorded at fair market value at the date of contribution. The District considers assets with an individual cost of \$2,000 or more and an estimated useful life of one year or more a capital asset. Property and equipment are recorded at their historical cost and depreciated on the straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

Buildings and Improvements	15-40 years
Lift Station Structures	40 years
Gravity Lines, Force Mains, and Manholes	40 years
Equipment	3-20 years
Lift Station Pumps	10 years
Vehicles	5 years
Furniture and Fixtures	3-15 years

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Customers are billed a flat rate for new connection taps which covers the cost of the tap to the District; therefore, new connection costs are expensed rather than capitalized.

G. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

H. Compensated Absences

The District's policy for paid vacation, which is non-cumulative, is as follows:

Employment 1 – 3 years	1 week per year
4 – 9 years	2 weeks per year
10 – 19 years	3 weeks per year
After 20 years	4 weeks per year

Employees accrue sick leave as follows:

Employment less than 6 months	0 days per year
6 months – 1 year	4 days per year
1 – 3 years	8 days per year
After 3 years	12 days per year

Sick leave may be carried forward from year to year with no limit on the number of hours that may be accrued. Employees are compensated up to a maximum of 30 days accumulated sick leave only upon normal retirement. No other time off is paid upon separation and, accordingly, the financial statements do not include any accruals.

I. Use of Estimates

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

J. New and Upcoming Accounting Pronouncements

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that have been implemented or are scheduled to be implemented in the future that may affect the District's financial report:

GASB Statement No. 100. *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement requires that quantitative effects on beginning balances be disclosed in a tabular format. This Statement is effective for fiscal years beginning after June 15, 2023, and the District will include the requirements, as applicable, in its August 31, 2024 financial statements.

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Note 2 – Cash and Cash Equivalents

Under state law, the District may invest funds in demand deposits, interest bearing demand deposits, or in time deposits with state banks organized under Louisiana law or any other state, and under the laws of the United States. At August 31, 2023, the District had cash and cash equivalents totaling \$15,138,656, of which \$15,138,561 was in the form of demand deposits and \$95 was in the form of petty cash.

Custodial credit risk - deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposits with the fiscal agent. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties.

Cash and cash equivalents were secured as follows at August 31, 2023:

Total bank balances	\$ 15,347,567
FDIC coverage	250,000
Pledged securities	15,097,567
Total secured balances	\$ 15,347,567

Note 3 – Accounts Receivable – Customers and Due From Other Entities

Accounts receivable—customers consisted of the following at August 31, 2023:

Receivables billed to customers	\$ 289,751
Unbilled revenues	258,036
Gross accounts receivable—customers	547,787
Less: Allowance for uncollectible accounts	(4,707)
Net accounts receivable—customers	\$ 543,080

Due from a third-party collector of \$553,028 at August 31, 2023, consists of funds received from customers by the billing company but not yet received by the District. Accordingly, these are given as a separate line and not included in accounts receivable.

Amounts due from other governments totaled \$1,581,712 at August 31, 2023. \$107,182 of this balance is due from the Louisiana Department of Transportation and Development (LA DOTD) for the adjustment of Sanitary Sewer Facilities along Arkansas Road. The remaining \$1,474,530 is due from the LA Water Sector Commission for the District’s Water Sector Program project for sewer improvements, which is new in fiscal year 2023.

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Note 4 – Changes in Capital Assets

The changes in capital assets for the year ended August 31, 2023 were as follows:

	Balance 09/01/2022	Additions	Deductions	Balance 08/31/2023
Nondepreciable assets				
Land	\$ 498,778	\$ -	\$ -	\$ 498,778
Construction in progress	333,043	4,267,359	(55,650)	4,544,752
Total nondepreciable assets	<u>831,821</u>	<u>4,267,359</u>	<u>(55,650)</u>	<u>5,043,530</u>
Depreciable assets				
Buildings & improvements	417,680	-	-	417,680
Furniture and fixtures	5,483	-	-	5,483
Equipment	574,655	-	-	574,655
Vehicles	392,447	52,457	-	444,904
Lines, mains, & manholes	33,403,409	16,798	-	33,420,207
Lift stations—pumps	2,046,719	-	-	2,046,719
Lift stations—structures	2,487,680	6,520	-	2,494,200
Treatment plant	2,343,267	530,234	-	2,873,501
Treatment plant—Sparta	1,364,943	-	-	1,364,943
Total depreciable assets	43,036,283	606,009	-	43,642,292
Less: Accum. depreciation	(20,945,914)	(958,508)	-	(21,904,422)
Net depreciable assets	<u>22,090,369</u>	<u>(352,499)</u>	<u>-</u>	<u>21,737,869</u>
Capital assets, net	<u>\$ 22,922,190</u>	<u>\$ 3,914,861</u>	<u>\$ (55,650)</u>	<u>\$ 26,781,399</u>

Depreciation of \$958,508 was expensed for 2023.

Note 5 – Long-Term Obligations

The changes in long-term obligations for the year ended August 31, 2023 were as follows:

	Balance 09/01/2022	Additions	Deductions	Balance 08/31/2023	Due Within One Year
Bonds payable	\$8,037,750	\$ -	\$ (456,000)	\$7,581,750	\$ 461,000
Due to other governments	358,000	-	(62,500)	295,500	31,500
OPEB liability	239,983	24,011	-	263,994	-
Net pension liability(asset)	(235,173)	453,750	-	218,577	-
Total LT obligations	<u>\$8,400,560</u>	<u>\$ 477,761</u>	<u>\$ (518,500)</u>	<u>\$8,359,821</u>	<u>\$ 492,500</u>

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Bonds Payable

In November 2011, the District issued \$1,918,000 Department of Environmental Quality (DEQ) Sewer Revenue Bonds Series 2011. These bonds are payable over 20 years with interest at the rate of .45% per annum and an administrative fee of .50% per annum.

Both principal and interest are due in total, to maturity, as follows:

Year Ending August 31,	Principal	Interest	Total
2024	\$ 97,000	\$ 3,872	\$ 100,872
2025	98,000	3,434	101,434
2026	99,000	2,990	101,990
2027	100,000	2,543	102,543
2028	101,000	2,090	103,090
2029-2032	414,000	3,749	417,749
Total	<u>\$ 909,000</u>	<u>\$ 18,677</u>	<u>\$ 927,677</u>

In June 2019, the District issued \$7,710,750 Louisiana Department of Environmental Quality (DEQ) Sewer Revenue Bond, Series 2019. These bonds are payable over 20 years with interest at the rate of .45% per annum and an administrative fee of .50% per annum.

Both principal and interest are due in total, to maturity, as follows:

Year Ending August 31,	Principal	Interest	Total
2024	\$ 364,000	\$ 29,208	\$ 393,208
2025	367,000	27,564	394,564
2026	370,000	25,905	395,905
2027	374,000	24,231	398,231
2028	378,000	22,539	400,539
2029-2033	1,942,000	86,763	2,028,763
2034-2038	2,036,000	42,015	2,078,015
2039-2040	841,750	3,796	845,546
Total	<u>\$ 6,672,750</u>	<u>\$ 262,023</u>	<u>\$ 6,934,773</u>

The District's debt service coverage ratio at August 31, 2023 was as follows:

Net operating income	\$ 1,965,459
Annual debt service	<u>\$ 494,081</u>
Debt service coverage ratio	<u>3.98</u>

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The DEQ loan agreements provide for the establishment of the following bank accounts:

“Sewer Revenue Bond Debt Service Fund” – The agreements for the Series 2011 and Series 2019 DEQ Revenue Bonds require the establishment of this account, whereby monthly transfers are accrued for the payment of principal and interest on the bonds. As of August 31, 2023, the balance in the Sewer Revenue Bond Debt Service Fund was \$259,369.

“Sewer Revenue Bond Debt Service Reserve Fund” - The agreements for the Series 2011 and Series 2019 DEQ bonds provide that at least 20% of the reserve fund requirement be transferred into the reserve fund each bond year, so that the reserve fund is fully funded no later than five years after the delivery date. As of August 31, 2023, the balance in the Sewer Revenue Bond Debt Service Reserve Fund was \$510,318 for the Series 2011 Bonds and \$408,948 for the Series 2019 Bonds.

“Sewer Revenue Bond Depreciation & Contingency Fund” - The agreements for the Series 2011 and Series 2019 DEQ bonds each provide that a sum equal to 5% of the preceding month's net revenues shall be transferred to this account each month until such time as \$500,000 has accumulated in this fund, whereby such payments may cease. As of August 31, 2023, the balance in the Sewer Revenue Bond Depreciation & Contingency Fund was \$927,645.

Note 6 – Joint Agreement with the City of West Monroe

On August 1, 1984, the District entered into a 25-year intergovernmental agreement with the City of West Monroe (the City) for joint use of the Regional Wastewater Treatment Facility, which is solely owned and exclusively operated by the City. The agreement was renewed for a term of 25 years on July 26th, 2012, with an additional 10-year option available to the District, provided that the District provides written notice at least 12 months prior to the original term expiration. The operations and maintenance of the treatment facility are prorated between the District and the City based on usage, which is determined by the flows measured at the influent metering station. The treatment plant operation costs to the District were \$1,399,665 for the year ended August 31, 2023. The agreement also provides for the sharing of costs to upgrade the facility during the term of the agreement. The District incurred capital upgrading costs of \$530,234 for the year ended August 31, 2023. The cumulative cost of capital upgrading includes a long-term liability to the City of West Monroe as described below.

In fiscal year 2012, the District participated in a capital project with the City of West Monroe to upgrade the quality and quantity of wastewater effluent from the West Monroe/West Ouachita Sewerage District No. 5 Regional Wastewater Treatment Facility. The City financed a portion of the project by means of a \$1,250,000 loan from the Department of Environmental Quality (DEQ) State Revolving Fund Loan Program. The loan is payable over 20 years with an interest rate of .45% and an administrative fee rate of .50%.

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The financing arrangement for the project calls for the District to share in 50% repayment of the loan as payments are incurred. The District’s total principal obligation to the City consists of 20 principal payments totaling \$625,000 and interest and administrative fees of .45% and .50%, respectively. Both principal and interest are due in total, to maturity, as follows:

<u>Year Ending</u> <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 31,500	\$ 1,259	\$ 32,759
2025	32,000	1,116	33,116
2026	32,000	972	32,972
2027	32,500	827	33,327
2028	33,000	680	33,680
2029-2032	134,500	1,218	135,718
Total	<u>\$ 295,500</u>	<u>\$ 6,072</u>	<u>\$ 301,572</u>

Note 7 – Parochial Employees’ Retirement System of Louisiana

Plan Description

The Parochial Employees’ Retirement System of Louisiana (the System or PERS) is the administrator of a cost sharing, multiple employer, defined benefit pension plan. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute (LRS). Substantially all employees of the District participate in Plan A of the System.

Benefits Provided

Employees hired prior to January 1, 2007, who retire at or after age 65 with a minimum of seven (7) years of service, at or after age 60 with 10 years of service, at or after age 55 with 25 years of service, or with 30 years of service regardless of age are entitled to a retirement benefit.

Employees who were hired after January 1, 2007, who retire at age 67 with 7 years of experience, age 62 with 10 years of experience or age 55 with 30 years of experience are entitled to a retirement benefit.

Generally, the monthly amount of the retirement allowance shall consist of an amount equal to three percent of the member’s final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

1. Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

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Any member of Plan A, who is eligible for normal retirement a time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits and married no less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

2. Deferred Retirement Option Program (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three-year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of the Plan must agree that the benefits payable to the participant are not the obligations of the state or PERS, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

3. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and are not eligible for normal retirement and have been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

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Cost of Living Increases

The Board is authorized to provide a cost-of-living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the period from September 1, 2022, to December 31, 2022, and for the period from January 1, 2023, to August 31, 2023, the actuarially determined contribution rates were 7.10% and 7.49%, respectively, of member's compensation for Plan A. However, the actual rates for those periods was 11.50%. Contributions to the pension plan from the District were \$48,252 for the year ended August 31, 2023.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

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

At August 31, 2023, the Employer reported a liability of \$218,577 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

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. At December 31, 2022, the District's proportion was 0.056791%, which was an increase of 0.006865% from its proportion measured as of December 31, 2021.

For the year ended August 31, 2023, the District recognized pension expense of \$91,674 plus the District's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions of (\$45,638).

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At August 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,081	\$ (24,082)
Changes in assumptions	6,976	-
Net difference between projected and actual earnings on pension plan investments	230,747	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	503	(5,904)
Employer contributions subsequent to measurement date	32,553	-
Total	\$ 278,860	\$ (29,986)

The \$32,553 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Liability in the year ending August 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ended August 31:

Year	Amount
2024	\$ 9,762
2025	35,583
2026	72,270
2027	103,445

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2022, the valuation date, are as follows:

Actuarial cost method:	Entry Age Normal
Expected remaining service lives:	4 years
Investment rate of return:	6.40% net of investment expenses, including inflation
Projected salary increases:	4.75%

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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 present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

Mortality: Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants

Inflation rate: 2.30%

The discount rate used to measure the total pension liability was 6.40% for Plan A. 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 contributions from participating employers and non-employer contributing entities will be made at actuarially determined contribution rates and, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System'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 long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates 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 rates 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 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.70% for the year ended December 31, 2022.

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Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	33%	1.17%
Equity	51%	3.58%
Alternatives	14%	0.73%
Real Assets	2%	0.12%
Totals	100%	5.60%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.70%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013, through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the Net Pension Liability using the discount rate of 6.40%, as well as what the District’s proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40%) than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Discount rate	5.40%	6.40%	7.40%
Share of NPL	\$ 540,547	\$ 218,577	\$ (51,355)

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended August 31, 2023, the District recognized revenue as a result of support received from non-employer contributing entities of \$5,292 for its participation in PERS.

Payables to the Pension Plan

At August 31, 2023, the District had \$14,836 payable to the pension plan for employer and member contributions. The payable is based on the legally required contributions by the District and members and is derived from the payroll period ended August 31, 2023.

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended August 31, 2023

Note 8 – Other Post-employment Benefits (OPEB) Plan

General Information about the OPEB Plan

Plan Description. The District participates in a group defined health retirement plan ("the Plan"), authorized by Louisiana Revised Statute, which is administered by the Office of Group Benefits. The plan provides medical, dental, and vision insurance benefits to eligible retirees. The Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The premium rates are established and may be amended by the Ouachita Parish Police Jury.

Employees covered by benefit terms. At September 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>7</u>
Total	<u>8</u>

Total OPEB Liability

The District's total OPEB liability of \$263,994 was measured as of August 31, 2023 and was determined by an actuarial valuation as of September 1, 2021.

Actuarial assumptions and other inputs – The total OPEB liability in the September 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.40%
Salary Increases, including inflation:	2.50%
Discount Rate:	4.13%
Health Care Cost Trend Rates:	The expected rate of increase in health insurance premiums was based on the Society of Actuaries' Getzen Model (updated for 2022). The initial rate of 11.89% in the first year, 16.23% in the second year, 7.00% in the third year, then decreasing to an ultimate rate of 3.83% after 54 years, was used.

The discount rate was based on the 8/31/2023 Fidelity General Obligation AA 20-Year Yield.

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended August 31, 2023

Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table for males or females, as appropriate, with generational adjustments for mortality improvement based on Scale MP-2021.

Mortality rates for retirees and surviving spouses were based on the PubG.H-2010 Healthy Retiree Mortality Table for males or females, as appropriate, with generational adjustments for mortality improvement based on Scale MP-2021.

The actuarial assumptions used in the September 1, 2021 valuation were based on those used in the Parochial Employees' Retirement System of Louisiana valuation and actuarial experience.

Changes in the Total OPEB Liability:

Balance at August 31, 2022	\$ 239,984
Changes for the year:	
Service cost	12,431
Interest	9,537
Differences between expected and actual experience	(5,446)
Changes in assumptions or inputs	24,010
Changes in benefit terms	-
Benefit payments	(16,522)
Administrative payments	-
Net changes	24,010
Balance at August 31, 2023	\$ 263,994

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) and one percentage point higher (5.13%) than the current discount rate (4.13%).

	1.0% Decrease	Current Discount Rate	1.0% Increase
Discount rate	3.13%	4.13%	5.13%
Total OPEB liability	\$ 283,545	\$ 263,994	\$ 243,174

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended August 31, 2023

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current healthcare cost trend rates.

	<u>1.0% Decrease</u>	<u>Current Trend Rate</u>	<u>1.0% Increase</u>
Total OPEB liability	\$ 227,000	\$ 263,994	\$ 306,520

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

For the year ended August 31, 2023, the District recognized OPEB expense of \$34,898. At August 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,579	\$ (18,142)
Changes of assumptions or other inputs	29,558	(32,815)
Total	<u>\$ 93,136</u>	<u>\$ (50,957)</u>

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2024	\$ 12,930
2025	\$ 4,452
2026	\$ 4,452
2027	\$ 4,452
2028	\$ 4,452
Thereafter	\$ 11,442

Note 9 – Franchise Fees

The District entered into a franchise agreement in 1992 with a corrugated container plant located outside their taxing district boundaries. This agreement calls for payment of an unrestricted franchise fee equivalent to the taxes which would have been levied had the plant been in the boundaries of the District. The plant also pays a monthly user fee. The franchise fees were \$31,593 for the year ended August 31, 2023.

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Year Ended August 31, 2023

Note 10 – Related Party Transactions

The District is covered by certain umbrella insurance policies including liability and property, worker's compensation, and group health insurance policies through the Ouachita Parish Police Jury (the Police Jury). During 2023, the District incurred costs of \$171,978 from the Police Jury for this coverage.

Note 11 – Risk Financing Activities Transactions

Through its primary government, the Ouachita Parish Police Jury, the District participates in a self-funded program (the fund) for potential losses under general liability, property and automobile coverage, and worker's compensation. The fund pays the premiums for reinsurance and pays all deductibles up to \$150,000 per occurrence, except for \$500 that is paid by the District. The premiums, which are modified for experience and other factors, are computed annually. The reinsurance policy covers all losses over the \$150,000 deductible with an aggregate general liability coverage of \$3,000,000. Two funds are established, one for general liability and property loss and one for worker's compensation. These funds had a total balance of \$7,496,119 in net position as of December 31, 2022. The District contributed \$84,978 into the fund during the year ended August 31, 2023.

Note 12 – Concentrations of Risk

Accounts receivable primarily represent amounts due from customers located within the boundaries of the District. The District requires a security deposit of \$30 for each new customer being serviced by the system. Failure of the District's customers to perform as required could impact the District's ability to collect approximately \$305,740 after applying the security deposits of \$237,340.

Note 13 – Litigation

The District has resolved all litigations. There are no pending cases against the District at this time.

Note 14 – Subsequent Events

The District has evaluated subsequent events through February 28, 2024, the date which the financial statements were available to be issued and determined that there were no events that occurred subsequent to the reporting period that are required to be disclosed.

**REQUIRED SUPPLEMENTARY INFORMATION
(PART B)**

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Schedule of Changes in Total OPEB Liability and Related Ratios

For the Year Ended August 31, 2023

(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 12,431	\$ 14,912	\$ 13,888	\$ 12,911	\$ 10,539	\$ 10,282
Interest	9,537	5,176	5,814	5,590	6,374	6,366
Differences between expected and actual experience	(5,446)	(16,376)	6,247	84,186	32,781	(989)
Changes in assumptions or other inputs	24,010	(7,064)	6,590	(42,684)	18,932	-
Benefit payments	(16,522)	(14,978)	(18,836)	(30,512)	(31,406)	-
Net change in total OPEB liability	<u>24,010</u>	<u>(18,330)</u>	<u>13,702</u>	<u>29,490</u>	<u>37,220</u>	<u>15,659</u>
Total OPEB liability - beginning	<u>239,983</u>	<u>258,313</u>	<u>244,611</u>	<u>215,120</u>	<u>177,900</u>	<u>162,241</u>
Total OPEB liability - ending	<u>\$ 263,994</u>	<u>\$ 239,983</u>	<u>\$ 258,313</u>	<u>\$ 244,611</u>	<u>\$ 215,121</u>	<u>\$ 177,900</u>
Covered-employee payroll	\$ 351,027	\$ 342,465	\$ 326,743	\$ 318,774	\$ 339,982	\$ 331,690
Total OPEB liability as a percentage of covered-employee payroll	75.2%	70.1%	79.1%	76.7%	63.3%	53.6%
Discount Rate	4.13%	3.91%	1.95%	2.33%	2.63%	3.69%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes of benefit terms.

There were no changes of benefit terms for the six years ended August 31, 2023.

Changes of assumptions and other inputs.

Mortality Rates

2021-23: PubG.H-2010 Employee and Healthy Annuitant, Generational with MP-2021.

2020: PubG.H-2010 Employee and Healthy Annuitant, Generational with MP-2020.

2019: PubG.H-2010 Employee and Healthy Annuitant, Generational with MP-2019.

2018: PubG.H-2014 Employee and Healthy Annuitant, Generational with MP-2018.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Schedule of Employer's Proportionate Share of Net Pension Liability

For the Year Ended August 31, 2023

(Unaudited)

Plan Year Ended	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability(asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
<u>Parochial Employees' Retirement System</u>					
2022	0.056791%	\$ 218,577	\$ 386,059	57%	91.7%
2021	0.049926%	\$ (235,173)	\$ 332,683	-71%	110.5%
2020	0.051122%	\$ (89,638)	\$ 330,043	-27%	104.0%
2019	0.049914%	\$ 2,350	\$ 309,870	1%	99.9%
2018	0.051201%	\$ 227,248	\$ 329,878	69%	88.9%
2017	0.071192%	\$ (52,842)	\$ 397,024	-13%	98.1%
2016	0.068026%	\$ 140,100	\$ 317,095	44%	98.1%
2015	0.061655%	\$ 162,294	\$ 280,466	58%	92.2%
2014	0.061672%	\$ 16,862	\$ 300,643	6%	99.2%

*Amounts presented were determined as of the measurement date (plan year ended December 31).

*This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Schedule of Employer's Contributions to the Pension Plan

For the Year Ended August 31, 2023

(Unaudited)

<u>Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Employer's covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
<u>Parochial Employees Retirement System of Louisiana</u>					
2023	\$ 48,252	\$ 48,252	\$ -	\$ 419,582	11.5%
2022	\$ 43,191	\$ 43,191	\$ -	\$ 367,861	11.7%
2021	\$ 36,835	\$ 36,835	\$ -	\$ 300,686	12.3%
2020	\$ 38,560	\$ 38,560	\$ -	\$ 323,887	11.9%
2019	\$ 35,699	\$ 35,699	\$ -	\$ 310,422	11.5%
2018	\$ 44,268	\$ 44,268	\$ -	\$ 373,139	11.9%
2017	\$ 52,053	\$ 52,053	\$ -	\$ 410,981	12.7%
2016	\$ 37,072	\$ 37,072	\$ -	\$ 273,014	13.6%
2015	\$ 41,789	\$ 41,789	\$ -	\$ 277,602	15.1%

*Amounts presented were determined as of the end of the fiscal year (August 31).

*This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

WEST OUACHITA SEWERAGE DISTRICT NO. 5

West Monroe, Louisiana

Notes to the Required Supplementary Information for Pensions

For the Year Ended August 31, 2023

(Unaudited)

Parochial Employees' Retirement System of Louisiana

Changes of Benefit Terms

There were no changes of benefit terms for the nine years ended August 31, 2023.

Changes of Assumptions

The investment rate of return was decreased from 6.5% to 6.4% and the inflation rate was decreased from 2.4% to 2.3% for the valuation year ended December 31, 2020.

The investment rate of return was decreased from 6.75% to 6.50% and projected salary increases decreased from 5.25% to 4.75% for the valuation year ended December 31, 2018.

The investment rate of return was decreased from 7.00% to 6.75% for the valuation year ended December 31, 2017.

The investment rate of return was decreased from 7.25% to 7.00% and projected salary increases decreased from 5.75% to 5.25% for the valuation year ended December 31, 2015.

SUPPLEMENTARY INFORMATION

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Schedule of Changes in Restricted Assets

For the Year Ended August 31, 2023

	<u>Customer Deposits</u>	<u>Debt Service</u>	<u>Debt Service Reserve</u>	<u>Depreciation and Contingency</u>	<u>Total</u>
Balance at September 1, 2022	\$ 189,689	\$ 253,564	\$ 898,866	\$ 847,956	\$ 2,190,074
Plus:					
Deposits and transfers	43,308	-	-	59,082	102,390
Interest earned	<u>4,343</u>	<u>5,805</u>	<u>20,400</u>	<u>20,606</u>	<u>51,155</u>
Total funds available	<u>237,340</u>	<u>259,369</u>	<u>919,266</u>	<u>927,644</u>	<u>2,343,619</u>
Balance at August 31, 2023	<u>\$ 237,340</u>	<u>\$ 259,369</u>	<u>\$ 919,266</u>	<u>\$ 927,644</u>	<u>\$ 2,343,619</u>

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Schedule of Per Diem Paid to Board of Commissioners
For the Year Ended August 31, 2023

<u>Board Member</u>	<u>Position</u>	<u>Amount</u>
Don Leach	President	\$ 720
Jeff Glover	Vice President	720
Anne Sanders	Treasurer	480
TOTAL		<u>\$ 1,920</u>

The members of the Board of Commissioners are paid \$60 per regular meeting and \$25 per special meeting. Commissioners are paid shortly after year-end for the meetings that were attended during the year.

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended August 31, 2023

Agency Head Name: Ricky McMullen, District Manager

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 82,343
Benefits - Retirement	9,469
Benefits - Insurance	10,806
Vehicle provided by government	693
TOTAL	<u><u>\$ 103,311</u></u>

OTHER INFORMATION

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

West Monroe, Louisiana

Schedule Of Insurance Coverage

August 31, 2023

(Unaudited)

Property or Risk and Insurance Company	Insurance Type and Term	Maximum Coverage
Employees Safety National Casualty Corporation	Workers' Compensation 1/1/2023 to 1/1/2024	Statutory
Multi-Peril Intact Insurance	Comprehensive General Liability 1/1/2023 to 1/1/2024	\$3,000,000 - Aggregate \$1,000,000 - Per Occurrence
Vehicles Intact Insurance	Auto Liability 1/1/2023 to 1/1/2024	Combined Single Limit \$1,000,000
3 Commissioners and All Employees Intact Insurance	Fidelity Bond 1/1/2023 to 1/1/2024	\$100,000 Per Occurrence \$1,000 Deductible

This schedule, prepared from the policies, is intended only as a descriptive summary.
Policies are covering the Ouachita Parish Police Jury, which includes and covers the District.

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



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Keeping you on course!

**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***

**Board of Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of West Ouachita Sewerage District No. 5 (the District, a component unit of the Ouachita Parish Police Jury), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 28, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 to those in charge of governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control that we consider to be a material weakness, which is described in the accompanying schedule of findings as item 2023-001.

**Board of Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 and described in the accompanying schedule of findings. The District's response was not subject 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* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

February 28, 2024



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

**Board of Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Ouachita Sewerage District No. 5's (the District, a component unit of the Ouachita Parish Police Jury), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Board Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Board Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

Report on Internal Control over Compliance

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

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

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

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

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

February 28, 2024

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	Assistance Listing Number	Pass-Through Grantor No.	2023 Expenditures	2023 Passed Through to Subrecipients
United States Department of the Treasury				
<i>Passed through the Louisiana Division of Administration:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	LAWSP1013	\$ 1,245,064	\$ -
<i>Passed through the Ouachita Parish Police Jury:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>750,070</u>	<u>-</u>
Total United States Department of the Treasury			<u>\$ 1,995,134</u>	<u>\$ -</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 1,995,134</u>	<u>\$ -</u>

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
August 31, 2023

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal award programs of the West Ouachita Sewerage District No. 5 (the District), a component unit of the Ouachita Parish Police Jury, for the year ended August 31, 2023. The District's reporting entity is defined in Note 1 to the District's financial statements. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.

The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 – Basis of Accounting

Expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenses when they are incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited in their reimbursement.

Note 3 – Indirect Cost Rate

The District did not elect to use the 10% de minimis indirect cost rate for the year ended August 31, 2023.

WEST OUACHITA SEWERAGE DISTRICT NO. 5

(A Component Unit of the Ouachita Parish Police Jury)

Monroe, Louisiana

Schedule of Findings

For the Year Ended August 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes No

Significant deficiency(s) identified not considered to be material weaknesses? Yes None Noted

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant deficiency(s) identified not considered to be material weakness(es)? Yes No

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Major Programs:

Assistance Listing Number	Program Title
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? Yes No

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
Monroe, Louisiana

Schedule of Findings
For the Year Ended August 31, 2023

Section II – Findings related to the financial statements that are required to be reported under *Government Auditing Standards*.

2023-001 Internal Controls over Cutoff / Financial Reporting

Criteria or Specific Requirement

The District is responsible for establishing and maintaining internal controls over cutoff / financial reporting to ensure accurate reporting.

Condition Found

The year-end financial close accounting was not complete/accurate. The most significant of these items are as follows:

- A state project being completed by the pass-through entity was not correctly recorded on the District's accounting records. Construction in progress was understated by \$472,990 (\$4,046,050 unadjusted balance), retainage payable was understated by \$7,754, and state revenue was understated by \$465,236 (\$0 unadjusted balance).
- Engineering fees associated with a capital project were posted to professional fees resulting in an understatement of construction in progress (\$4,046,050 unadjusted balance) and overstatement of professional fees (\$317,117 unadjusted balance) in the amount of \$118,745.
- Engineering fees for work performed at the end of the fiscal year were not accrued. Construction in progress was understated by \$90,892 (\$4,046,050 unadjusted balance), professional fees were understated by \$3,540, and accounts payable were understated by \$94,432 (\$1,038,214 unadjusted balance).
- The District booked the total retainage payable displayed on each invoice rather than recording only the incremental changes since the last invoice. As a result, the retainage payable balance was overstated by \$176,172 (\$315,957 unadjusted balance rather than actual amount of \$139,785).

Cause

Internal controls did not operate as designed.

Effect

The unadjusted balances of various accounts were misstated.

Recommendations to Prevent Future Occurrences

The District should work more closely with the consulting accountant to ensure that all necessary information is shared and the consulting accountant should be more proactive in understanding the client and ensuring that all year-end financial close items are properly accounted for.

Management's Response

Refer to corrective action plan.

WEST OUACHITA SEWERAGE DISTRICT NO. 5

Monroe, Louisiana

Summary Status of Prior Year Findings

For the Year Ended August 31, 2023

The following is a summary of the status of the prior year findings included in our audit report dated March 31, 2023, covering the audit of the financial statements of West Ouachita Sewerage District No. 5 (the District) as of and for the year ended August 31, 2022.

Financial Statements Findings Reported in Accordance with *Government Auditing Standards*

2022-001 Late Submission of Audit Report to the Louisiana Legislative Auditor

Condition Found

The District's audit for the year ended August 31, 2022 was not submitted to the Louisiana Legislative Auditor within six months of year end as required by law.

Status

Resolved.

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
Monroe, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended August 31, 2023

2023-001 Internal Controls over Cutoff / Financial Reporting

Management's Corrective Action Plan

The District will be more proactive in working with the consulting accountant to ensure that the consultant has a clear understanding of the District's activities and projects. A special meeting addressing fiscal year-end close will be held between the District and the consultant after year-end to ensure accurate reporting moving forward.

Person Responsible for Corrective Action Plan

Ricky McMullen, District Manager

Anticipated Completion

February 28, 2024

STATEWIDE AGREED-UPON PROCEDURES REPORT



1904 Stubbs Avenue, Suite B
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

Keeping you on course!

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the West Ouachita Sewerage District No. 5 Board of Commissioners
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 1, 2022 through August 31, 2023. **West Ouachita Sewerage District No. 5's** (the District's) 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 the LLA's SAUPs for the fiscal period September 1, 2022 through August 31, 2023. Additionally, the 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, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates 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, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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.

Result: The District did not have written policies and procedures that address information technology disaster recovery/business continuity or prevention of sexual harassment.

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 meets 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 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 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.

Result: No exceptions were identified 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 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 or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a 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 it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Result: No exceptions were identified 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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 responsible for cash collections do not share cash drawers/registers.
 - ii. Each employee responsible for collecting cash is also 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 also 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; and
 - 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, is (are) not also 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 that 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 Bank Reconciliations procedure #3A (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). 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 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.

Result: The District does not have sequentially pre-numbered receipts.

5) Non-Payroll Disbursements (excluding 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 employee job duties (if the agency has no written policies and procedures, then 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 or 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 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
- 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 whether 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.

Result: No exceptions were identified 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
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (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 procedure #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 (e.g., 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 observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Result: No exceptions were identified 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 and 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 Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Result: No exceptions were identified 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); 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.

Result: No exceptions were identified as a result of this procedure.

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 whether 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 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's 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.

Result: Daily attendance and leave were not approved in writing by a supervisor. The District does not maintain authorized salaries or pay rates in their personnel files.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A 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 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.

Result: One of the five employees tested did not complete the required training.

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).

Result: No exceptions were identified as a result of this procedure.

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.

Result: No exceptions were identified as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

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

Result: 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, 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 the report 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. The amount of time it took to resolve each complaint.

Result: The District did not have an annual sexual harassment report for the current fiscal year. None of the five employees tested completed the required training.

Management's Responses to Results

The District will have written policies and procedures for disaster recovery in the new year. The District will buy new receipts with unique numbers to replace the old receipts. Management will sign off on time sheets to approve time off and salary rates will be documented in the employee personnel files. All employees will take ethics course yearly; one employee left and then returned during the new year that caused him not to have his ethics course. We are currently still waiting to receive the sexual harassment course that the OPPJ has to issue. We contacted them multiple times and still have not received the course yet.

Restriction on Use

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.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

February 28, 2024