

Avoyelles Parish Waterworks District #1

A Component Unit of the Avoyelles Parish Police Jury
Bordelonville, Louisiana

Annual Financial Statements
with Independent Auditor's Report

As of and For the Year Ended
June 30, 2023
with Supplemental Information Schedules

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Independent Auditor's Report

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Avoyelles Parish Waterworks District #1, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Avoyelles Parish Waterworks District #1'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 financial position of the business-type activities and each major fund of the Avoyelles Parish Waterworks District #1, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Avoyelles Parish Waterworks District #1, 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.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Avoyelles Parish Waterworks District #1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Avoyelles Parish Waterworks District #1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Avoyelles Parish Waterworks District #1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Avoyelles Parish Waterworks District #1's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head, the Schedule of Board of Directors, the Schedule of Insurance in Force, and the Schedule of Rates and Users are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head, the Schedule of Board of Directors, the Schedule of Insurance in Force, and the Schedule of Rates and Users are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head, the Schedule of Board of Directors, the Schedule of Insurance in Force, and the Schedule of Rates and Users are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2023 on our consideration of the Avoyelles Parish Waterworks District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Avoyelles Parish Waterworks District #1's internal control over financial reporting and compliance.

Kenneth D. Folden & Co., CPAs, LLC

Jonesboro, Louisiana
December 22, 2023

BASIC FINANCIAL STATEMENTS

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Statement of Net Position - Proprietary Fund
As of June 30, 2023

Assets

Current Assets:

Cash and equivalents	\$	218,233
Investments		209,064
Accounts receivable		62,057
Prepaid expenses		1,000
Inventory		18,215
Total Current Assets		<u>508,569</u>

Noncurrent Assets:

Cash and equivalents - restricted		278,987
Investments - restricted		26,075
Capital assets (net of accumulated depreciation)		1,712,143
Total Noncurrent Assets		<u>2,017,205</u>

Total Assets	\$	<u>2,525,774</u>
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Liabilities

Current Liabilities:

Accounts payable	\$	20,323
Interest payable		16,213
Payroll liabilities		5,156
Bond Administrative Fee payable		2,748
Total Current Liabilities		<u>44,440</u>

Current liabilities payable from restricted assets

Customer meter deposits		<u>93,933</u>
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Non-Current Liabilities:

Due within one year		62,000
Due in more than one year		1,037,168
Total Non-Current Liabilities		<u>1,099,168</u>

Total Liabilities		<u>1,237,541</u>
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Net Position

Net investment in capital assets		612,975
Restricted		305,062
Unrestricted		370,196
Total Net Position	\$	<u>1,288,233</u>

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

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
For the Year Ended June 30, 2023

Operating Revenues

Water sales	\$	656,638
Tap fees		12,700
Reconnect fees		1,950
Safe Drinking Water fee		16,328
Billing adjustments		(457)
Miscellaneous income		361
Total operating revenues		687,520

Operating Expenses

Personnel services		244,410
Supplies		105,684
Utilities		60,905
Repairs and maintenance		84,837
Contractural services		49,255
Miscellaneous		41,439
Depreciation		110,117
Total operating expenses		696,647

Operating Income (Loss)

(9,127)

Non-operating Revenues (Expenses)

Interest earnings		1,954
Interest expense		(32,430)
Bond administrative fee		(5,497)
Total non-operating revenues (expenses)		(35,973)

Capital Contributions

Change in net position (45,100)

Total Net Position - June 30, 2022 1,333,333

Total Net Position - June 30, 2023 \$ 1,288,233

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

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2023

Cash flows from operating activities

Cash received from customers	\$ 664,338
Cash payments to suppliers for goods and services	(399,219)
Cash payments to employees	(177,915)
Net cash provided by (used for) operating activities	<u>87,204</u>

Cash flows from capital and related financing activities

Acquisition of capital assets	(2,664)
Bond principal payments	(60,000)
Bond interest	(33,315)
Bond administrative fee	(5,647)
Net cash provided by (used for) capital and related financing activities	<u>(101,626)</u>

Cash flows from investing activities

Interest income	833
Other income	3,051
Net cash provided by (used for) investing activities	<u>3,884</u>

Net increase (decrease) in cash and cash equivalents (10,538)

Cash and cash equivalents - June 30, 2022 507,758

Cash and cash equivalents - June 30, 2023 \$ 497,220

Reconciliation of operating income to net provided by operating activities

Operating income	\$ (9,126)
Adjustments	
Depreciation	110,117
Net changes in assets and liabilities	
Accounts receivable	(5,982)
Customers' security deposits	3,013
Accounts payable	(8,517)
Payroll liabilities	(2,300)
Net cash provided for (used for) operating activities	<u><u>\$ 87,205</u></u>

**NOTES TO THE
FINANCIAL STATEMENTS**

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2023

INTRODUCTION

The Avoyelles Parish Waterworks District #1 (District), a component unit of the Avoyelles Parish Police Jury, was created on February 5, 1969 by the Avoyelles Parish Police Jury. The District operates under a president-board form of government whose appointments are made by the Avoyelles Parish Police Jury. The District serves 1,260 customers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District applies all relevant GASB pronouncements, as applicable to governmental entities. Also, the District's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

B. Reporting Entity

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. As the governing authority of the parish, for reporting purposes, the Avoyelles Parish Police Jury is the financial reporting entity for Avoyelles Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Avoyelles Parish Police Jury for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - i. The ability of the government to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2023

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Avoyelles Parish Police Jury approves the organization's governing body, and the potential for the organization to provide specific benefits to or impose specific financial burdens on the police jury, the District was determined to be a component unit of the Avoyelles Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Financial Statements

The accounts of the Avoyelles Parish Waterworks District #1 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the District is classified into one category: proprietary.

Proprietary Funds

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges: or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

The Enterprise Fund of the Avoyelles Parish Waterworks District #1 is the Public Utility Fund, which accounts for the operations of the waterworks systems. The intent of the District for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2023

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

D. Equity Classifications

The Avoyelles Parish Waterworks District #1 has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Avoyelles Parish Waterworks District #1 may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The District may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The District reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2023

F. Investments

The Avoyelles Parish Waterworks District #1's investments comply with Louisiana Revised Statute 33:2955. Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement.

In accordance with paragraph 69 of GASB Statement No. 72, the District reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

G. Inventories

Inventories consist of parts and materials and are recorded as an expense when consumed. Inventories are valued at the lower of cost, utilizing the first in-first out method of valuation.

H. Prepaid Expenses

Certain payments to vendors represent payments for future periods and are therefore reported as prepaid expense.

I. Restricted Assets

Certain proceeds are classified as restricted assets on the Statement of Net Position because applicable laws and regulations limit their use. Restricted assets of the proprietary fund include:

1. Meter funds are used to account for customers' meter deposits received from and returned to customers.
2. Capital Projects Construction Fund is used to account for bond proceeds to be expended for construction, improvements, and expansions to the waterworks system and as otherwise provided in the bond resolution.
3. Water Revenue Bond Sinking Funds (Debt Service Fund) is used to establish funds sufficient in amount to pay promptly and fully the principal and interest on the Bonds in a manner provided by the Bond Resolution. Transfers are made monthly from the water district operating account (Revenue Fund) under a formula provided by the bond covenants.
4. Water Revenue Bond Reserve Fund is to be funded monthly with a sum equal to twenty five percent (25%) of the amount to be paid into the Sinking Fund with respect to the Bonds, the payments to continue until such time as there have accumulated in the account a sum equal to the Reserve Fund Requirement. Moneys in the account shall be used only to make payments solely on the Bonds as to which there would otherwise be default.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2023

5. Water Revenue Bond Depreciation and Contingencies Fund is established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system, by transferring funds in the Revenue Fund after making payments required by (2), (3) and (4) above to the Contingencies Fund monthly, the amount equal to a sum of five percent (5%) of the Net Revenues for the preceding month, provided that such sum is available, until there has been accumulated a sum of one hundred thousand dollars (\$100,000), whereupon payments may cease and need be resumed thereafter only if the total amount of money on deposit in said fund is reduced below the sum of one hundred thousand dollars (\$100,000), in which event such payments shall be resumed and continue until said maximum amount is again accumulated. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingencies Fund may also be used to pay the principal of and the interest on bonds for the payment of which there is not sufficient money the Debt Service Fund and Reserve Fund, unless use of said money will leave in Contingencies Fund for the making of emergency repairs or replacements less than the sum of fifteen thousand dollars (\$15,000). The Contingency Fund is currently at its maximum of \$100,000.

J. Capital Assets

The cost of property, plant and equipment, including significant betterments to existing facilities and infrastructure, is recorded in the enterprise fund on its balance sheet. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible capital assets are charged as an expense against operations and has been computed under the straight - line method based on the estimated useful lives of the individual assets. Estimated useful lives are as follows:

Description	Estimated Lives
Distribution system	50 years
Storage tanks	40 years
Pumping stations and buildings	20 years
Other equipment	3-10 years
Software	5 years

All capital assets are stated at historical cost, donated assets are valued at their estimated fair value on the date donated. For the fiscal year ended June 30, 2023, there was no interest charges capitalized on capital assets acquired or constructed.

K. Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The District reported no deferred outflows of resources.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2023

L. Compensated Absences

The District has adopted a policy for paid vacation and sick leave for all full time employees. Employees with 1-5 years of service are granted 14 days annual leave; employees with over 5 years of service are granted 14 days annual leave plus 1 day for each additional year of service to a maximum of 25 days. Unused vacation leave is lost at the end of the calendar year. Employees hired before June 30, 1996 are allowed to carry forward any unused vacation leave as of that date, however, vacation leave earned after that date is non-cumulative. Sick leave may be accumulated indefinitely. At June 30, 2023, the amount of unused paid leave is reported in these financial statements.

M. Deferred Inflows of Resources

The District reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The District will not recognize the related revenues until a future event occurs. The District reported no deferred inflows of resources.

N. Estimates

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

2. Cash, Cash Equivalents, and Investments

At June 30, 2023, the District had cash and equivalents (book balances) totaling \$497,220, detailed below.

The District may invest in United States bonds, treasury notes, or certificates of deposit at state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, an investment stipulated in Louisiana Revised Statute 39:1271, or any other federally insured investment.

At June 30, 2023, the District had investments totaling \$235,140.

	Unrestricted	Restricted	Total
Petty cash and change funds	\$ 500	\$ -	\$ 500
Demand deposits	30,509	278,987	309,496
Money market account	187,224	-	187,224
Total cash and cash equivalents	<u>218,233</u>	<u>278,987</u>	<u>497,220</u>
Certificates of deposit	209,064	26,076	235,140
Total	<u>\$ 427,297</u>	<u>\$ 305,063</u>	<u>\$ 732,360</u>

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2023

3. Receivables

The receivables of \$62,057 at June 30, 2023, are as follows:

Customer accounts receivable		
Current	\$	51,498
0-30		3,608
31-60		282
Over 60		5,072
Nonsufficient Funds		1,597
Total customer accounts receivable		62,057
Due from Louisiana Department of Health and Hospitals		-
Total	\$	62,057

4. Prepaid Expenses

The prepaid expenses of \$1,000 at June 30, 2023, are a cylinder deposit.

5. Restricted Assets

Restricted asset activity for the year ended June 30, 2023, are as follows:

Account Name	Balances June 30, 2022	Increases	Decreases	Balances June 30, 2023
Construction account checking	\$ 100	\$ -	-	100
Meter deposit checking	74,932	10,107	(6,315)	78,724
Meter deposit certificate of deposits	26,076	-	-	26,076
Water revenue bond sinking fund	48,439	98,962	(98,962)	48,439
Water revenue bond reserve fund	51,725	-	-	51,725
Water revenue bond depreciation & contingency fund	100,000	-	-	100,000
Total	\$ 301,271	\$ 109,069	\$ (105,277)	\$ 305,064

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2023

6. Capital Assets

The following is a summary of the capital asset activity for the year ended June 30, 2023:

	Balance, July 01, 2022	Additions	Deletions	Balance, June 30, 2023
Capital assets not depreciated				
Land	\$ 31,720		\$	\$ 31,720
Construction in progress				
Total capital assets not being depreciated	<u>31,720</u>	-	-	<u>31,720</u>
Capital assets being depreciated				
Water system	3,084,519	-	-	3,084,519
Buildings	116,750	-	-	116,750
Equipment	205,410	2,664	-	208,074
Office equipment	14,477	-	-	14,477
Total capital assets being depreciated	<u>3,421,156</u>	<u>2,664</u>	-	<u>3,423,820</u>
Less accumulated depreciation				
Water system	1,386,995	92,746	-	1,479,742
Buildings	57,896	2,964	-	60,859
Equipment	173,912	14,407	-	188,319
Office equipment	14,477	-	-	14,477
Total accumulated depreciation	<u>1,633,280</u>	<u>110,117</u>	-	<u>1,743,397</u>
Capital assets, net	<u>1,787,876</u>	<u>(107,453)</u>	-	<u>1,680,423</u>
Business-type capital assets - net	<u>\$ 1,819,596</u>	<u>\$ (107,453)</u>	<u>\$ -</u>	<u>\$ 1,712,143</u>

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2023

7. Long-Term Liabilities

Water Revenue Bonds - Series 2015

Long-term liability activity for the year ended June 30, 2023, is as follows:

Type of Debt	Balances June 30, 2022	Additions	Deductions	Balances June 30, 2023	Amounts Due In One Year
Water revenue bonds-Series 2015	\$ 1,159,168	\$ -	\$ (60,000)	\$ 1,099,168	\$ 62,000
Total	<u>\$ 1,159,168</u>	<u>\$ -</u>	<u>\$ (60,000)</u>	<u>\$ 1,099,168</u>	<u>\$ 62,000</u>

The District issued Taxable Water Revenue Bond, Series 2015 through the Louisiana Department of Health and Hospitals Water Revolving Loan Fund Program in the amount not to exceed \$2,100,000 with a fixed interest rate of 2.95% and an administrative fee of 0.5%. The guidelines of this program forgives 30% of the principal amount of each draw up to the maximum amount of principal forgiveness of \$630,000. The proceeds from this bond issue are used for the construction and acquisition of improvements to the System, specifically the construction and site preparation for a booster plant, water well and purchase and installation of radio read meters. During the year ended June 30, 2023, loan proceeds received totaled \$237,856, with \$71,357 of the principal forgiven, for a net loan proceed amount of \$166,499.

This Bond shall mature in twenty (20) installments of principal, payable annually on each December 1, and each annual installment shall be the applicable percentage shown in the following table, rounded to the nearest One Thousand Dollars (\$ 1,000) of the outstanding principal amount of this Bond of the day before the applicable Principal Payment Date.

Date (December 1)	Percentage of Principal	Date (December 1)	Percentage of Principal
2017	3.554%	2027	8.544%
2018	3.812%	2028	9.664%
2019	4.100%	2029	11.067%
2020	4.423%	2030	12.874%
2021	4.787%	2031	15.286%
2022	5.202%	2032	18.667%
2023	5.676%	2033	23.743%
2024	6.226%	2034	32.209%
2025	6.868%	2035	49.152%
2026	7.629%	2036	100.000%

The principal payment is due December 1. The principal payment for December 1, 2022 was \$60,000. Interest is payable semi-annually on June 1 and December 1. Interest paid during the fiscal year ending June 30, 2023 was \$33,315, and reported as interest expense.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2023

8. Payables

The payables of \$44,440 at June 30, 2023, are as follows:

Accounts	\$	12,921
Interest payable		16,213
Compensated absences		7,402
Payroll liabilities		5,156
Bond Administrative Fee payable		2,748
Total	\$	<u>44,440</u>

10. Restricted Net Position

In accordance with the terms of the security provisions and protective covenants for the Water Revenue Bonds - Series 2015, the District has restricted the following net position for debt service at June 30, 2023:

Debt service	\$	48,439
Bond sinking fund		51,725
Contingencies		100,000
	\$	<u>200,164</u>

11. Retirement Systems

Employees of the District are not covered under a State of Louisiana multi-employer plan. They are members of the social security retirement system.

12. Grants

The Louisiana Department of Health and Hospitals purchase of the Water Revenue Bonds - Series 2015 was financed by the Drinking Water Revolving Loan Fund, a federal program operated through the United States Environmental Protection Agency (EPA), amounts received are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the District. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

13. Risk Management

The District is exposed to various risks of loss for which the District purchases commercial insurance. The District maintains insurance policies to cover risks related to workers compensation, general liability, public officials errors and omissions, commercial property damage, and automobile coverage, including collision. There have been no reductions in insurance coverage during the last year. Settled claims have not exceeded coverage in the last three years.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2023

14. Litigation and Claims

The District is named in a personal injury lawsuit in which the District is one of over 500 named Defendants. The District's attorney expects the District to prevail in this suit as well.

15. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 22, 2023, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



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

Avoyelles Parish Waterworks District #1
Bordelonville, 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 and each major fund of the Avoyelles Parish Waterworks District #1, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Avoyelles Parish Waterworks District #1's basic financial statements and have issued our report thereon dated December 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Avoyelles Parish Waterworks District #1's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Avoyelles Parish Waterworks District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Avoyelles Parish Waterworks District #1'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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Avoyelles Parish Waterworks District #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Avoyelles Parish Waterworks District #1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kenneth D. Falden & Co., CPAs, LLC

Jonesboro, Louisiana
December 22, 2023

SUPPLEMENTAL INFORMATION

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2023

David Bordelon President		
Per diem	\$	<u>480</u>
	\$	<u>480</u>

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Compenstion of the Board of Directors
For the Year Ended June 30, 2023

David Bordelon	President	\$	480
James Armand	Director		400
Aloysia C. Ducote	Director		310
Marcel Gaillard	Director		300
Hayward Voiselle	Director		350
			<u>350</u>
		\$	<u>1,840</u>

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Insurance in Force
For the Year Ended June 30, 2023

Per bond reporting requirements, the following insurance policies are in force at June 30, 2023.

The District has insurance through Allied World Assurance Company through May 10, 2024 for the following Coverages:

Coverages:	Coverage Amount
Property	
Real Property & Business Property Blanket Limit	\$1,293,985
Coverage Extension Blanket Limit	500,000
Mobile Equipment Limit	193,953
Policy Deductible	1000
Equipment Breakdown Deductible (above ground and less than 50 ft below ground)	1000
Equipment Breakdown Deductible (greater than 50 ft below ground)	2500
Commercial General Liability	
Per Occurrence	1,000,000
General Aggregate	3,000,000
Products / Completed Operations Aggregate	3,000,000
Personal & Advertising Injury Limit	1,000,000
Damage to Premises Rented to You	1,000,000
Medical Payments	10,000
Public Officials and Management Liability	
Wrongful Acts (per act)	1,000,000
Employment Practices including third party discrimination (per offense)	1,000,000
Employee Benefit Plans (per offense)	1,000,000
Injunctive Relief (per act)	5,000
Injunctive Relief (aggregate limit)	3,000,000
Privacy & Network Security Wrongful Act (per act)	1,000,000
Breach Consultation Services (per act)	50,000
Breach Response Services (per act)	50,000
Public Relations & Data Forensics (per act)	50,000
Business Auto Coverage	
Combined Single Limit for Bodily Injury & Property Damage (each accident)	1,000,000
Hire Auto Liability	1,000,000
Non-Owned Auto Liability	1,000,000
"No-Fault" or Statutory Personal Injury Protection (each person)	N/A
Medical Payments	5,000
Uninsured/Underinsured Motorists	1,000,000
Hired Physical Damage	50,000
Owned Physical Damage - Comprehensive	ACV
Owned Physical Damage - Collision	ACV

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Insurance in Force
For the Year Ended June 30, 2023

The District has a workers compensation and employees liability Insurance through Bridgefield Casualty Insurance Company through October 5, 2023.

Coverages:	Coverage Amount
Bodily Injury by Accident (Each Accident)	\$1,000,000
Bodily Injury by Disease (Each Employee)	1,000,000
Bodily Injury by Disease (Policy Limit)	1,000,000

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Rates and Users
For the Year Ended June 30, 2023

Water Rates:

Residential: \$23.00 minimum for usage to 2,000 gallons of water
\$6.00 per each additional 1,000 gallons of water above 2,000 gallons

System Users: As of June 30, 2023, the System had 1,809 active customers.

System Billings: During the year ended June 30, 2023, the System billed \$638,720 for water service. The System had an average customer base of 1,785 with an average monthly billing of \$29.82 per customer.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

We have audited the basic financial statements of the Avoyelles Parish Waterworks District #1 as of and for the year ended June 30, 2023 and have issued our report thereon dated December 22, 2023. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2023 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

B. Findings - Financial Statements Audit

Current Year

No current year findings.

Prior Year

No prior year findings.



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board Members of Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana
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 July 01, 2022 through June 30, 2023. Avoyelles Parish Waterworks District #1's management is responsible for those C/C areas identified in the SAUPs.

Avoyelles Parish Waterworks District #1 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 01, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- i. Budgeting, including preparing, adopting, monitoring, and amending the budget.
- ii. Purchasing, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
- iii. Disbursements, including processing, reviewing, and approving,
- iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. Payroll/Personnel, including (1) payroll processing, (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.

Exception: The entity has written policy and procedures for purchasing, travel and expense reimbursement, and sexual harrasment; however, policies do not include required subcategories and is missing annual employee training and reporting for sexual harrasment.

Management's Response: Management will create and update the written policies and procedures as required.

2) Board or Finance Committee

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

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

Response: The board met monthly with a quorum excluding October and December 2022, January and May 2023.

- 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. Alternately, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Response: Minutes do not reference quarterly budget-to-actual comparisons for the proprietary fund.

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.

Response: The entity only has a proprietary 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.

Response: No prior year findings.

Exception: See responses.

Management's Response: The Board will review budget-to-actual comparisons and reference the review in the meeting minutes.

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);

Response: Bank reconciliations have been electronically logged showing they have been prepared within 2 months of the related statement closing date.

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

Response: 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.

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.

Response: There is no documentation reflecting management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Exception: See responses.

Management's Response: Management will research outstanding items on the bank reconciliations.

4) Collections

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).

Response: Management did not provide a comprehensive and complete listing of deposits sites.

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;

Response: The clerk is responsible for cash collections.

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

Response: The clerk is responsible for preparing and making bank deposits and reconciling collection documentation.

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

Response: The clerk is responsible for posting collection entries to the general ledger and reconciling ledger postings to each other and to the deposit.

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

Response: The clerk is responsible for collecting cash and reconciling the collections to the general ledger. The board reviews the ledger monthly.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was in force during the fiscal period.

Response: All employees who collect cash is covered under the insurance policy held by the District.

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). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

Response: Out of the seven receipts reviewed two used sequentially pre-numbered receipts. Out of the five that did not use sequentially pre-numbered receipts, three were transfers from other accounts and the other two used other collection documentation.

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

Response: All receipts were traced from collection documentation to the deposit slip.

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

Response: All deposit slips were traced 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).

Response: Out of the seven receipts reviewed, three were made within one business day of receipt.

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

Response: All deposits were traced from the actual deposit per the bank statement to the general ledger.

Management's Response: None.

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;

Response: The town clerk and an operator are involved in initiating, approving, and placing an order or making the purchase.

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

Response: The Board of Directors approves the payments and the clerk processes the payments to the 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;

Response: The clerk is responsible for processing payments to the vendors and can also add/modify 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

Response: The clerk processes the payments and another operator mails the payments.

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

Response: The Board of Directors reviews and approves all electronic disbursements.

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

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

Response: Two out of thirty five disbursements reviewed did not match the related original itemized invoices.

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

Response: No written signature/initials were shown indicating segregation of duties.

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

Response: Bank reconciliations show written indication that all electronic disbursements were reviewed and approved by an authorized person.

Exception: See responses.

Management's Response: Management will ensure that disbursements will be reviewed and show indication of review by written evidence.

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) was reviewed and approved, in writing, (or electronically approved), by someone other than the authorized card holder.

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.

Response: No written signature/initials indicating statements were reviewed and approved, no finance charges or late fees observed, and no written documentation indicating business/public purpose.

Exception: See responses.

Management's Response: Management will ensure that credit card statements are reviewed and business/public purpose is indicated.

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 the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policy and Procedures procedure #1a(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exception: Travel and travel-related expense reimbursements reviewed met all criteria excluding names of individuals participating in meals and written indication of review and approval by someone other than the person receiving the reimbursement on one reimbursement.

Management's Response: Management will ensure travel expense include names of individuals participating in meals and written review of the reimbursement.

8) Contracts

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

Response: C'est Bon Backup Service through Computer Systems Development Corporation initiated on October 22, 2022 for short term one year, ending on October 21, 2023.

- 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.

Exception: Contract met all requirements listed above; however meeting minutes do not include any discussion or approval of contract.

Management's Response: Board will approve all contracts.

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 #9a above, obtain attendance records and leave documentation for the pay period, and

- i. Observe 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.

Response: All payroll reviewed met the listed requirements excluding one employee's hours on time sheet did not match paycheck stub.

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 in 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.

Response: None.

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.

Response: Management provided representation that all third-party payroll related amounts and forms have been paid and submitted by required deadlines.

Exception: See responses.

Management's Response: None.

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

Response: All employees/officials except one employee selected for review completed the required ethics training during the calendar year.

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.

Response: No changes in the ethics policy.

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

Response: No official appointed ethics designee.

Exception: See responses.

Management's Response: Management will appoint an ethics designee.

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.

Response: No new debt service.

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).

Response: None.

Management's Response: None.

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.

Response: Management provided representation of no missappropriations of public funds and assets during the fiscal period.

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.

Response:

Management's Response: None.

13) Information Technology Disaster Recovery/Business Continuity

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

Response: We performed the procedure and discussed the results with management.

i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for testing/verifying backing up restoration) 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.

Management's Response: None.

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.

Response: All employees/officials selected for review completed the required sexual harassment training during the calendar year.

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).

Response:

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. Amount of time it took to resolve each complaint.

Response: Annual sexual harassment report completed and includes the applicable requirements.

Management's Response: None.

We were engaged by Avoyelles Parish Waterworks District #1 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 Avoyelles Parish Waterworks District #1 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.

Kenneth D. Folden & Co., CPAs, LLC

Jonesboro, Louisiana
December 22, 2023

**WATERWORKS DISTRICT #1
OF
AVOYELLES PARISH
P.O. BOX 64
BORDELONVILLE, LA 71320
(318) 997-2122**

December 22, 2023

Kenneth D. Folden & Co., CPAs, LLC
302 Eighth Street
Jonesboro, Louisiana 71251

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period July 01, 2022 through June 30, 2023, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We acknowledge that we are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; non-payroll disbursements; credit/debit/fuel/purchasing cards; travel and travel related expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas (as applicable).
Yes No
2. For the fiscal period July 01, 2022 through June 30, 2023, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.
Yes No
3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.
Yes No
4. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.
Yes No
5. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.
Yes No
6. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between June 30, 2023, and (DATE).
Yes No
7. We represent that the listing of bank accounts for the fiscal period that we provided to you is complete. We also represent that we have identified and disclosed to you our main operating account.
Yes No
8. We represent that the listing of deposit sites for the fiscal period that we provided to you is complete.
Yes No

9. We represent that the listing of collection locations for the fiscal period that we provided to you is complete.
- Yes No
10. We represent that the listing of locations that process payments for the fiscal period that we provided to you is complete.
- Yes No
11. We represent that the non-payroll disbursement transaction population for each location that processes payments for the fiscal period that we provided to you is complete.
- Yes No
12. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, that we provided to you is complete.
- Yes No
13. We represent that the listing of all travel and travel-related expense reimbursements during the fiscal period that we provided to you is complete.
- Yes No
14. We represent that the listing of all agreements/contracts (or active vendors) for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period that we provided to you is complete.
- Yes No
15. We represent that the listing of employees/elected officials employed during the fiscal period that we provided to you is complete.
- Yes No
16. We represent that the listing of employees/officials that received termination payments during the fiscal period that we provided to you is complete.
- Yes No
17. We represent that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines during the fiscal period.
- Yes No
18. We represent that the listing of bonds/notes issued during the fiscal period that we provided to you is complete.
- Yes No
19. We represent that the listing of bonds/notes outstanding at the end of the fiscal period that we provided to you is complete.
- Yes No
20. We represent that the listing of misappropriations of public funds and assets during the fiscal period that we provided to you is complete.
- Yes No

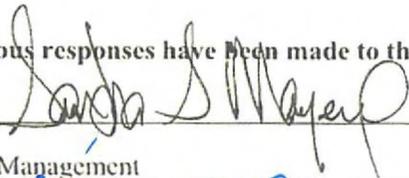
21. We are not aware of any material misstatements in the C/C areas identified in the SAUPs.
Yes No

22. We have disclosed to you any other matters as we have deemed appropriate.
Yes No

23. We have responded fully to all inquiries made by you during the engagement.
Yes No

24. We have disclosed to you all known events that have occurred subsequent to June 30, 2023, that would have a material effect on the C/C areas identified in the SAUPs, or would require adjustment to or modification of the results of the agreed-upon procedures.
Yes No

The previous responses have been made to the best of our belief and knowledge.

Signature  Date December 22, 2023
Title Management

Signature  Date December 22, 2023
Title Board Member