

**WATER DISTRICT NO. 1  
OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**  
*Annual Financial Report  
June 30, 2023 and 2022*

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
Annual Financial Report  
June 30, 2023 and 2022**

TABLE OF CONTENTS

	<b>Page</b>
<b><i>Management's Discussion &amp; Analysis</i></b>	1
 <b><i>Financial Section:</i></b>	
INDEPENDENT AUDITOR'S REPORT	8
 BASIC FINANCIAL STATEMENTS – Water Enterprise Fund:	
Comparative Statement of Net Position	11
Comparative Statement of Revenues, Expenses, and Changes In Net Position	12
Comparative Statement of Cash Flows	13
Notes to Financial Statements	14
 <b><i>Required Supplemental Information:</i></b>	
Schedule of Per Diem and Compensation of Board of Commissioners	48
Parochial Employees Retirement System:	
Schedule of Proportionate Share of the Net Pension Liability And Related Ratios	49
Schedule of Required Contributions	49
Schedule of Changes in Net OPEB Liability and Related Ratios	50
 <b><i>Other Supplemental Schedules:</i></b>	
Comparative Statement of Operating Expenses	51
Statements of Cash Receipts and Disbursements:	
Revenue Fund	52
Maintenance and Operating Fund	52
Renewal and Improvements Fund	53
Summary of Cash and Investments – Current Assets	53
Restricted Assets	54
Schedules of Maturities:	
\$3,660,000 Water Revenue Bonds, 2013 Series	55
\$5,975,000 Water Revenue Refunding Bonds, 2015 Series	56
Schedule of Compensation, Benefits and Other Payments to Agency Head	57
Schedule of Metered Water Customers (Unaudited)	58
Schedule of Insurance in Force (Unaudited)	59

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
Annual Financial Report  
June 30, 2023 and 2022**

TABLE OF CONTENTS, (CONTINUED)

Page

***Reports Required by Government Auditing Standards:***

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 <i>Government Auditing Standards</i>	60
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**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended June 30, 2023 and 2022*

Water District No. 1 of the Parish of Lafourche, State of Louisiana (the District) is presenting the following discussion and analysis in order to provide an overall review of the financial activities for the fiscal years ending June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the basic financial statements in order to enhance their understanding of the financial performance.

These activities of the District are accounted for much like that of a private business and use the full accrual method of accounting for transactions; and therefore all transactions are classified as "proprietary."

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- Total assets increased by approximately \$2.3 million while total liabilities decreased by \$1.4 million.
- Total net position increased by \$2.9 million or 3.3% from the prior year.
- Operating revenues increased by 33% while operating expenses also increased by approximately 25% from the prior year.
- Non-operating revenues increased by a little while non-operating expenses remained approximately the same.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of four parts: Management's Discussion and Analysis, the Financial Section, Required Supplemental Information, and Other Supplemental Schedules. The Financial Section also includes notes that explain in more detail some of the information in the financial statements.

**The *Basic Financial Statements*** - Comparative Statement of Net Position, the Comparative Statement of Revenues, Expenses and Changes in Net Position and the Comparative Statement of Cash Flows provide both long-term and short-term information about the overall financial data. The Comparative Statement of Net Position includes all assets, deferred inflows, liabilities, and deferred outflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). This financial statement reports the net position in its various components. Net position – the difference between assets plus deferred outflows and liabilities plus deferred inflows – is one way to measure financial health, or position.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended June 30, 2023 and 2022*

All of the current year's revenue and expenses are accounted for in the Comparative Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of operations over the past year and can be used to determine whether operations have successfully recovered all its costs through user fees and other charges, profitability, and credit worthiness.

The final required financial statement is the Comparative Statement of Cash Flows. The primary purpose of this statement is to provide information about cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting for operations, investing and financing activities and provides answers to such questions as where did the cash come from, what was the cash used for, and what was the change in cash balance during the reporting period.

Our auditor has provided assurance in the Independent Auditor's Report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor regarding the Required Supplemental Information and the Other Supplemental Schedules is providing varying degrees of assurance.

**FINANCIAL ANALYSIS**

To begin our analysis, a condensed summary of the Comparative Statement of Net Position (in millions of dollars) is presented in the following table:

	FY2023	FY2022	Dollar Inc (Dec)
Current Assets	\$ 16.2	\$ 15.3	\$ 0.9
Restricted Assets	4.5	4.6	(0.1)
Capital Assets	75.0	73.5	1.5
<b>Total Assets</b>	<b>95.7</b>	<b>93.4</b>	<b>2.3</b>
<b>Deferred Outflows</b>	<b>3.1</b>	<b>0.9</b>	2.2
Current Liabilities	1.7	1.6	0.1
Long Term Liabilities	0.5	2.0	(1.5)
<b>Total Liabilities</b>	<b>2.2</b>	<b>3.6</b>	<b>(1.4)</b>
<b>Deferred Inflows</b>	<b>2.8</b>	<b>2.8</b>	-
Net investment in capital assets	72.3	69.7	2.6
Restricted	2.2	2.8	(0.6)
Unrestricted	16.2	15.3	0.9
<b>Total Net Position</b>	<b>\$ 90.7</b>	<b>\$ 87.8</b>	<b>\$ 2.9</b>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended June 30, 2023 and 2022*

The liabilities to assets ratio, which indicates the degree to which the assets are financed through borrowing and other obligations, decreased due to scheduled debt payments from 3.9% at June 30, 2022 to 2.3% at June 30, 2023.

Restricted Net Assets (those established by debt covenants, enabling legislation, or other legal requirements) decreased by approximately .6%. Unrestricted Net Position increased by approximately \$.9 million to \$16.2 million. The Net Investment in Capital Assets increased by \$2.6 million absorbing the remaining change in net position.

The following denotes explanations for some of the major changes between fiscal years, as shown in the previous table:

- Current assets increased by 5.9% primarily due to operations. Restricted cash and investments remained basically the same.
- Capital assets increased by \$1.5 million primarily due to the addition of new construction projects being entered into and completed during the fiscal year and capital assets purchased in excess of depreciation.
- Current liabilities remained basically the same.
- Long term liabilities decreased by over 75% due to the decrease in pension liabilities (assets) and other post-employment benefits.

A condensed summary of the Comparative Statement of Revenues, Expenses and Changes in Net Position (in millions of dollars) is presented in the following table:

	FY 2023	FY 2022	Dollar Inc (Dec)
Operating Revenues	\$ 15.2	\$ 11.4	\$ 3.8
Non-operating Revenues	3.4	2.7	0.7
<b>Total Revenues</b>	<b>18.6</b>	<b>14.1</b>	<b>4.5</b>
Depreciation/Amortization Expense	4.9	4.9	-
Other Operating Expenses	10.9	8.7	2.2
Non-operating Expenses	0.1	0.2	(0.1)
<b>Total Expenses</b>	<b>15.9</b>	<b>13.8</b>	<b>2.1</b>
<b>Income before Capital Contributions</b>	<b>2.7</b>	<b>0.3</b>	<b>2.4</b>
Capital Contributions	0.2	0.1	0.1
<b>Change in Net Position</b>	<b>2.9</b>	<b>0.4</b>	<b>2.5</b>
<b>Beginning Net Position</b>	<b>87.8</b>	<b>87.5</b>	<b>0.4</b>
<b>Ending Net Position</b>	<b>\$ 90.7</b>	<b>\$ 87.8</b>	<b>\$ 2.9</b>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023 and 2022**

Operating revenues increased by approximately \$3.8 million or 33% and non-operating revenues also increased slightly by \$.7 million. Depreciation expense and other operating expenses remained relatively the same as the prior year.

**BUDGETARY HIGHLIGHTS**

As required by its bond covenants, the District adopts an Operating and Capital Works Budget no later than June 30<sup>th</sup> of each year. The budget remains in effect the entire year unless it is revised.

A budget comparison and analysis is presented to the Board in monthly interim financial statements. The adopted budget was not revised. A comparison of budget and actual (in millions of dollars) is presented in the following table:

	Budget	FY2023	Dollar Variance
Operating Revenues	\$12.0	\$ 15.2	\$ 3.2
Non-operating Revenues	3.2	3.4	0.2
<b>Total Revenues</b>	<b>15.2</b>	<b>18.6</b>	<b>3.4</b>
Operating Expenses	9.2	10.9	(1.7)
Depreciation	4.7	4.9	(0.2)
Non-operating Expenses	0.2	0.1	0.1
<b>Total Expenses</b>	<b>14.1</b>	<b>15.9</b>	<b>(1.8)</b>
<b>Income before Capital Contributions</b>	<b>1.1</b>	<b>2.7</b>	<b>1.6</b>
Capital Contributions	-	0.2	0.2
<b>Change in Net Position</b>	<b>1.1</b>	<b>2.9</b>	<b>1.8</b>
<b>Beginning Net Position</b>	<b>70.8</b>	<b>87.8</b>	<b>17.0</b>
<b>Ending Net Position</b>	<b>\$71.9</b>	<b>\$ 90.7</b>	<b>\$ 18.8</b>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended June 30, 2023 and 2022*

**CAPITAL ASSETS**

The District reported a net of \$75 million of capital assets. This amount represents a slight increase (including additions and deductions and less depreciation) from the prior year as summarized below:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Land and Right of Ways	\$ 1,462,109	\$ 1,941,758	\$ 1,941,758
Construction in Progress	3,907,626	4,826,978	5,217,701
Water Plant & Building	39,552,026	40,771,222	42,235,199
Transmission & Distribution	115,218,883	117,929,566	122,360,141
Distribution Equipment	909,993	900,673	933,614
Administration Buildings	631,317	689,216	710,912
Furniture & Equipment	230,425	229,766	264,996
Transportation Equipment	542,460	1,083,700	1,087,610
Intangible Assets	101,243	170,553	135,904
<b>Total Cost of Assets</b>	<b>162,556,082</b>	<b>168,543,432</b>	<b>174,887,835</b>
Accumulated Depreciation/ Amortization	(90,163,213)	(95,056,456)	(99,914,245)
<b>Total Capital Assets, Net</b>	<b>\$ 72,392,869</b>	<b>\$ 73,486,976</b>	<b>\$ 74,973,590</b>
<b>Depreciation/Amortization Expense</b>	<b>\$ 4,755,547</b>	<b>\$ 4,908,108</b>	<b>\$ 4,917,267</b>

During the fiscal year \$6.3 million assets were capitalized, including \$4.6 million transferred from Construction in Progress. Additional detailed information about capital assets is presented in Note 6 to the financial statements.

**DEBT ADMINISTRATION**

The District reflected the following in outstanding long term obligations at year end as shown in the table below:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Water Revenue Bonds:			
\$6,450,000 dated 11/22/11	\$ 765,000	\$ -	\$ -
\$3,660,000, dated 3/19/13	830,000	425,000	-
\$5,975,000, dated 5/26/15	3,860,000	3,280,000	2,680,000
<b>Total Water Revenue Bonds</b>	<b>\$ 5,455,000</b>	<b>\$ 3,705,000</b>	<b>\$ 2,680,000</b>
Deferral on Refunding	(52,443)	(36,919)	(26,850)
OPEB Liability	1,265,836	1,025,170	1,027,814
Net Pension Liability	(971,186)	(2,764,116)	2,242,998
<b>Total outstanding</b>	<b>\$ 5,697,207</b>	<b>\$ 1,929,135</b>	<b>\$ 5,923,962</b>

More detailed information about long-term debt is presented in Notes 7-9 to the financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended June 30, 2023 and 2022*

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

For the fiscal year 2023, it is estimated that the District:

- Will serve an average of 33,238 customers
- Will generate water sales in the amount of 2,899,950 M gallons

**June 30, 2024 Summary of Projected Budget**

Water Service Revenue	\$ 13,957,258
Operating Expenses	<u>(10,348,827)</u>
Net Operating Revenue	3,608,431
Other Income	3,471,534
Other Expenses	<u>(109,324)</u>
Net Income before Depreciation	6,970,641
Depreciation	<u>(4,950,000)</u>
Net Income	<u><u>\$ 2,020,641</u></u>

Historically, a substantial portion of the District's income has been derived from a maintenance and operating tax levied by the District. By election on December 6, 2014, the voters approved to continue a maximum operating and maintenance tax of 3.57 mills per annum. For the fiscal year 2023, the Board of Commissioners approved a 3.57 mill levy on for operating and maintenance tax purposes, and such levy has been used for budget purposes for the 2024 fiscal year.

The District's capital and restricted equity budget for fiscal year 2023 provides for total expenses of \$11,474,800, including \$3.6 million for office improvements; \$1 million for new construction projects; and \$1.6 million in waterline replacements.

The District has budgeted to use \$230,000 from restricted equity for the Cleaning & Painting of Elevated Storage Tanks and \$125,000 to replace Caustic Soda – North & South Plant Scrubbers.

In summary, the proposed budget indicates that the District will not only meet cash requirements, but will also have fund balances as required by the outstanding bond resolutions.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023 and 2022*

**CONTACTING MANAGEMENT**

This Annual Financial Report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of our finances and to demonstrate accountability for the money we receive. If you have questions about this report or need additional financial information, contact:

Jennifer Savoie, Office Manager,  
P.O. Box 399, Lockport, LA 70374,  
1-800-344-1580

# ***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## ***INDEPENDENT AUDITOR'S REPORT***

To the Board of Commissioners  
Water District No. 1 of the Parish of Lafourche  
State of Louisiana

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

#### ***Opinions***

We have audited the accompanying financial statements of the business type activities of the Water District No. 1, of the Parish of Lafourche, State of Louisiana, a component unit of Lafourche Parish Government, as of and for the years ended June 30, 2022, and 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business type activities, as of and for the years ended June 30, 2022, and 2023, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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

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 Auditor's 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's 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free of 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 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 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, 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 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 ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 sufficient evidence to express an opinion or provide any assurance.

***Other Supplemental Schedules***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The Other Supplemental Schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplemental Schedules are 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. Such information, except for the schedule of Metered Water Customers and the Schedule of Insurance in Force marked "unaudited", 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements taken as a whole. The schedules marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, on our consideration of the 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 testing, and not to provide an opinion on the 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 internal control over financial reporting and compliance.

*Stagni & Company*

October 12, 2023  
Thibodaux, Louisiana



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STAGNI & COMPANY, LLC

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**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Comparative Statement of Net Position  
Water Enterprise Fund  
June 30, 2023 and 2022

**ASSETS**

**CURRENT ASSETS**

	2023	2022
Cash and cash equivalents	\$ 4,292,895	\$ 4,566,384
Investments	6,991,373	8,572,970
Receivables:		
Water sales	431,028	497,855
Unbilled water sales	495,558	459,967
Sewerage	54,911	86,022
Due from State of Louisiana	2,576,551	-
Other	81,545	78,661
Inventories	890,330	671,912
Prepaid insurance	405,190	397,065
	16,219,381	15,330,836

**RESTRICTED ASSETS (cash and investments):**

Water revenue bond current debt service cash account	1,161,475	1,253,112
Water revenue bond future debt service reserve account	1,967,000	1,967,000
Water revenue bond contingency account	200,000	200,000
Customer meter deposits cash	324,527	313,501
Customer meter deposits investments	850,000	850,000
	4,503,002	4,583,613

**CAPITAL ASSETS**

at cost (net of accumulated depreciation/amortization of \$99,914,245 for 2023 and \$95,056,456 for 2022)	74,973,590	73,486,976
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**TOTAL ASSETS**

	95,695,973	93,401,425
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charge on refunding	26,850	36,919
Deferred Pension Contributions	225,054	225,112
Deferred Pension - Other	2,539,334	322,731
Deferred other post employment benefit amounts	299,735	296,944
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,090,973</b>	<b>881,706</b>

**LIABILITIES**

**CURRENT LIABILITIES (payable from current assets):**

Accounts payable and accrued expenses	175,183	116,430
Retainage payable	131,235	116,273
Due to other entities for water sale collections	144,753	172,639

**CURRENT LIABILITIES (payable from restricted assets):**

Interest accrued	46,900	62,913
Customer meter deposits	1,168,810	1,163,455
	1,666,881	1,631,710

**LONG-TERM DEBT**

Due within one year	625,000	1,025,000
Due after one year	2,055,000	2,680,000
Net other post employment benefits liability	1,027,814	1,025,170
Net Pension Liability (Asset)	2,242,998	(2,764,116)
	5,950,812	1,966,054

**TOTAL LIABILITIES**

	7,617,693	3,597,764
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**DEFERRED INFLOWS OF RESOURCES**

Deferred other post employment benefit amounts	208,086	216,257
Deferred pension amounts	250,615	2,619,896
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>458,701</b>	<b>2,836,153</b>

**NET POSITION**

Net Investment in capital assets	72,293,590	69,781,976
Restricted for:		
Customer Deposits	1,168,810	1,163,455
Maintenance or Improvements from Restricted Equity	355,000	500,000
Debt Service	718,800	1,150,425
Unrestricted	16,174,352	15,253,358
<b>TOTAL NET POSITION</b>	<b>\$ 90,710,552</b>	<b>\$ 87,849,214</b>

See Notes to Financial Statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Comparative Statement of Revenues, Expenses and Changes in Net Position  
Water Enterprise Fund  
For the years ended June 30, 2023 and 2022

	2023	2022
<b>OPERATING REVENUES:</b>		
Metered sales to regular customers	\$ 11,411,186	\$ 10,388,598
Metered sales to industrial and municipal customers	10,474	16,180
Connection charges and other revenues	3,783,219	1,036,200
	15,204,879	11,440,978
<b>OPERATING EXPENSES:</b>		
Water purchased for resale	38,898	35,215
Water treatment expenses	4,833,530	4,431,270
Transmission and distribution expenses	2,251,423	2,113,182
Customer accounts expenses	1,527,601	1,465,957
Administrative and general expenses	2,252,828	632,270
Depreciation and Amortization	4,917,267	4,907,949
	15,821,547	13,585,843
Operating Income (Loss)	(616,668)	(2,144,865)
<b>NON-OPERATING REVENUE:</b>		
Investment income	301,990	24,085
Ad Valorem taxes	2,629,188	2,106,787
Grant income	415,059	-
Shared revenue	38,944	52,257
Other income	2,450	468,915
	3,387,631	2,652,044
<b>NON-OPERATING EXPENSES:</b>		
Interest on bonds	93,600	125,625
Amortization of debt discount and refunding	10,068	15,524
(Gain) loss on sale of fixed assts	(6,015)	66,262
(Gain) loss on investments	13,623	-
	111,276	207,411
Income (loss) before Capital Contributions	2,659,687	299,768
Capital contributions and reserve purchases	201,651	91,728
Change in net position	2,861,338	391,496
<b>Net Position:</b>		
Beginning of year	87,849,214	87,457,718
End of year	\$ 90,710,552	\$ 87,849,214

See notes to financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Comparative Statement of Cash Flows  
Water Enterprise Fund  
For the years ended June 30, 2023 and 2022

	2023	2022
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 15,272,581	\$ 11,355,755
Cash payments to suppliers for goods and services	(16,045,937)	(13,571,188)
Cash payments made to employees for services	4,960,943	4,963,924
Net cash provided (used) by operating activities	4,187,587	2,748,491
<b>Cash flows from noncapital financing activities:</b>		
Ad valorem taxes received	2,629,188	2,106,787
Revenue sharing and Capital Outlay Grants	454,003	208,410
Other noncapital financing revenue	2,450	312,762
Net cash provided (used) by noncapital financing activities	3,085,641	2,627,959
<b>Cash flows from capital and related financing activities:</b>		
(Acquisition) of capital assets	(6,505,154)	(4,907,949)
Principal paid on revenue bond maturities	(1,025,000)	(1,750,000)
Interest on revenue bonds	(125,425)	(179,325)
Net cash provided (used) for capital and related financing activities	(7,655,579)	(6,837,274)
<b>Cash flows from investing activities:</b>		
Sales in excess of purchases and maturities/reclassification of investments	(273,739)	872,790
Interest and dividends on investments	301,990	24,085
Net cash provided (used) by investing activities	28,251	896,875
<b>Net increase (decrease) in cash and cash equivalents</b>	(354,100)	(563,949)
Cash and cash equivalents at the beginning of year	6,132,997	6,696,946
<b>Cash and cash equivalents at the end of year</b>	\$ 5,778,897	\$ 6,132,997
 Cash and cash equivalents are composed of:		
Unrestricted Cash and Cash Equivalents	\$ 4,295,266	\$ 4,566,384
Cash and cash equivalents from restricted cash:		
Water revenue bond current debt service account	1,161,475	1,253,112
Customer meter deposits	322,156	313,501
	\$ 5,778,897	\$ 6,132,997
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	(\$616,668)	(\$2,144,865)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and Amortization	4,917,267	4,907,949
Changes in assets and liabilities:		
(Increase) decrease in receivables	62,347	(70,183)
(Increase) decrease in inventory	(218,418)	(46,918)
(Increase) decrease in prepaid insurance	(8,125)	34,913
Increase (decrease) in accounts payable	30,867	35,485
Increase (decrease) in contracts and retainage payable	14,962	47,150
Increase (decrease) in customer deposits	5,355	(15,040)
Total adjustments	4,804,255	4,893,356
Net cash provided (used) by operating activities	\$ 4,187,587	\$ 2,748,491
 Noncash investing and financing activities:		
Acquisitions of Capital assets through capital contributions	\$201,651	\$91,728
Net Other Postemployment Benefits Obligation Increase	\$2,644	(\$240,666)
Net Pension Obligation (Asset) Increase (Decrease)	\$5,007,114	(\$1,792,930)
Amortization of debt discount and refunding	\$10,068	\$15,524
Revenue from Non-Employer Contributions	\$46,567	\$41,640

See notes to financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2023 and 2022

Water District No. 1 of the Parish of Lafourche, State of Louisiana, (the District) was created by the Police Jury of the Parish of Lafourche in accordance with the provisions of Act 343 of the Louisiana Legislature. The Board of Commissioners consists of 11 members who serve for an indefinite term, at the pleasure of the Lafourche Parish Council.

The District's boundaries encompass the entire Parish of Lafourche, except for the City of Thibodaux. The services provided include a complete public water utility system of water purification, distribution, and customer accounting and collection.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described as follows:

**Note 1      *Summary of Significant Accounting Policies***

***Reporting Entity***

Based on the following criteria the District is considered a component unit of the Lafourche Parish Council. The financial statements include all accounts of the District's operations. The criteria for including organizations as component units as a reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards include whether:

- The organization is legally separate (and can be sued in its own name)
- The Council holds the Corporate powers of the organization
- The Council appoints the voting majority of the Board of Commissioners
- The Council is able to impose its will on the organization
- The entity is able to impose a financial benefit/burden on the Council
- There is a fiscal dependency by the organization on the Council

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2023 and 2022

**Note 1      *Summary of Significant Accounting Policies (Continued)***

***Measurement Focus and Basis of Accounting***

The financial statements of the District are prepared on the accrual basis of accounting for proprietary funds. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Proprietary funds are reported using the economic resources measurement focus. Proprietary funds report operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The operating revenues of the District come from metered sales to residential, industrial and municipal customers as well as service connection charges and penalties from late payment of bills. Operating expenses include the cost of sales and services, administrative expenses, amortization of intangible assets and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

***Deposits and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law allows investments in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid (i.e. maturity date of 3 months or less from the date of purchase) deposits and investments (including restricted assets and the investment in LAMP) to be cash equivalents.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2023 and 2022

**Note 1**                      **Summary of Significant Accounting Policies (Continued)**

**Receivables**

In the opinion of management all trade receivables are fully collectible. The opinion is based upon historical experience and a review of receivable balances. No allowance for uncollectible accounts has been provided.

**Inventories**

Materials and supplies inventory is valued at cost using the first-in/first-out method.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods and services. The commitments are not treated as expenses until a liability for payment is incurred but are merely used to facilitate effective budget control and cash planning and management. The District does not employ encumbrance accounting where a portion of the applicable appropriation is reserved for open purchase orders.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets. Capital assets in service are depreciated using the straight-line method over the following useful lives:

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the years ended June 30, 2023 and 2022

**Note 1                      Summary of Significant Accounting Policies (Continued)**

**Capital Assets (continued)**

Type of Asset	Service Life
Water Plant and Buildings	7 - 44 years
Transmission and Distribution System	3 - 44 years
Distribution and Maintenance	5 - 10 years
Administration and Office Buildings	25 - 30 years
Furniture and Equipment	3 - 8 years
Transportation Equipment	
Intangible Assets	3 – 5 years

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has multiple items that are reported in this category:

- The deferred charge on refunding reported in the statement of net position of \$26,850 and \$36,919 for 2023 and 2022 respectively and results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt.
- The Deferred Outflow of resources related to pension contributions is the amount of the contributions paid after the pension plan measurement date (December 31, 2022 and 2021). These employer contributions from January-June 2023 and 2022 were \$225,054 and \$225,112, respectively. This amount will be amortized using a straight-line amortization method over a period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.





**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2023 and 2022

**Note 1      Summary of Significant Accounting Policies (Continued)**

**Compensated Absences (continued)**

- All employees upon attaining 1 full year of service shall be entitled to 1 day per year of personal preference leave. Time not taken by December 31st of each year shall be lost.

The current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. Accrued sick leave of \$46,691 and \$47,856 for 2023 and 2022, respectively and is included in accounts payable and accrued expenses on the Comparative Statement of Net Position.

**Long term Obligations**

In the proprietary fund types financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts.

**Restricted Assets**

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Deposits from customers on their accounts are also classified as restricted assets.

**Net Position**

Net position in proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. At year-end, restricted net position consisted of restricted cash and investments held for payment of future construction contracts and maintenance, held for payment of customer deposits, and held for payment of debt service.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2023 and 2022

**Note 1      *Summary of Significant Accounting Policies (Continued)***

***Contributed Capital***

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

***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.

***Risk Management***

The District has purchased commercial insurance to manage risk in the following areas; building and contents, boiler and machinery, general liability, commercial automobile, end to pollution, terrorism risk, directors and officers liability coverage, excess directors and officers liability, public official bonding, public employees blanket bond, workmen's compensation liability and employee health. There have been no significant reductions in insurance coverage in any area. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**Note 2      *Budget Information***

The annual budget is a management tool that assists users in analyzing financial activity for the ensuing fiscal year. State law does not require a budget be adopted or reported for Enterprise Funds and accordingly; no budget and actual comparisons are presented in this report.

Compliance with bond resolutions and covenants, authorizing and securing the currently outstanding revenue bonds does require the adoption of a budget. Prior to the close of each fiscal year the Board adopts a proposed budget. The budget for this fiscal year was adopted on June 16, 2022 at the regular board meeting.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2023 and 2022

**Note 3      Deposits with Financial Institutions and Investments**

Deposits (demand deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At June 30, 2023 and 2022, the carrying amounts of deposits were \$12,167,423 and \$14,029,885 and the bank balances were \$12,594,032 and \$14,537,013. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit risk is the risk that in an event of a bank failure, deposits may not be returned to the entity. As of June 30, 2023, and 2022, \$11,844,032 and \$13,787,013 of the bank balances was exposed to custodial credit risk.

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

FDIC and pledged securities valued at \$20,478,663 and \$18,545,790 for 2023 and 2022, respectively, secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the District's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

*Investments* at June 30, 2023 consisted of:

Investment	Carrying Amount	Fair Value	Maturities
Government Money Market	\$3,128,475	\$3,128,475	Less than a year
Certificates of Deposits	7,550,000	7,550,000	Less than a year
<b>TOTAL</b>	10,678,475	10,678,475	
LAMP	491,373	491,373	Avg. maturity 60 days or less
<b>TOTAL INVESTMENTS</b>	\$11,169,848	\$11,169,848	

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2023 and 2022

**Note 3      Deposits with Financial Institutions and Investments (Continued)**

*Investments* at June 30, 2022 consisted of:

Investment	Carrying Amount	Fair Value	Maturities
Government Money Market	\$3,220,112	\$3,220,112	Less than a year
Certificates of Deposits	9,150,000	9,150,000	Less than a year
<b>TOTAL</b>	12,370,112	12,370,112	
LAMP	472,970	472,970	Avg. maturity 60 days or less
<b>TOTAL INVESTMENTS</b>	<b>\$12,843,082</b>	<b>\$12,843,082</b>	

The District invests in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool, administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana which was formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed.

*Interest Rate Risk.* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Most of the investments are for the construction project and debt service obligation accounts and the district invests its moneys in short term maturity investments so as to have cash flows available to pay invoices on the construction projects and debt service as they become due and payable.

*Credit Risk and Custodial Credit Risk.* State law limits investments in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the District's policy to limit its investments in these investment types. LAMP was rated AAAM by Standard & Poor's as of the March 28, 2023 profile.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2023 and 2022

**Note 3      Deposits with Financial Institutions and Investments (Continued)**

The District invests in structured financial instruments, which are held by an agent in the District's name. Structured financial instruments generally include contracts, whose value depend on, or derive from, the value of an underlying asset, reference rate, or index. At June 30, 2023 and 2022 the District invested in federated government obligations money market fund with a 7 day yield at 4.68% and 1.13%, respectively.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk; therefore, the district does not have to disclose credit risk for the U.S. Treasury Obligations and U.S. agencies since they carry the explicit guarantee of the U.S. government.

**Note 4      Ad Valorem Taxes**

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage
Water District Operations	3.61	3.57

Each November based on the assessed value of property as of the prior January 1 the Parish Assessor of Lafourche sends ad valorem tax bills. Billed taxes become delinquent on January 1 of the following year.

A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed as of January 1, 2020. The assessed values for the property on January 1, on which the 2023 and 2022 levies were based, was \$776,312,495 and \$642,453,797, respectively.

The authorization to levy ad valorem taxes was granted through Parish elections for the purpose of operating and maintaining the water system for the constituents. The millage levied for the year June 30, 2023 and 2022 was 3.57 mills. Taxes collected as of June 30, 2023 on the 2022 taxes levied was 98%. Taxes collected as of June 30, 2022 on the 2021 taxes levied was 95%.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2023 and 2022

**Note 5      *Deferred Compensation Plan***

Employees of the Water District are eligible to contribute to the Louisiana Deferred Compensation Plan under Internal Revenue Code 457 on a voluntary basis. The plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants can contribute up to a maximum of 100% of compensation, not to exceed \$18,000 per calendar year. Additionally, if age 50 or older, participants may elect the Age 50+ provision to defer an additional \$6,000 above the annual deferral limit. For the fiscal period ending June 30, 2022 and 2021, the contributions to the plan was \$39,913 and \$32,317 respectively.

During three years prior to normal retirement age as defined by the Plan, a participant may be eligible to contribute a “catch-up” amount if the participant did not contribute the maximum allowable amount during the years of eligibility in the Plan since January 1, 1979.

This provision cannot be used during the calendar year if the Age 50+ provision is elected, nor may a catch-up contribution be made during the calendar year of the normal retirement age, nor may a catch-up contribution be made if the participant previously participated in catch-up under this or any other Section 457 plan. Withdrawals from the plan occur at retirement, separation from service, death, or proven financial hardship.

The District has the responsibility for withholding and remitting contributions from participants to the plan. Great-West Life is the plan administrator and provides communication, record keeping of the accounts, and investment of the plan assets. All amounts of compensation deferred all property rights and rights purchased and all income, property, or rights held in trust for the exclusive benefit of the participants or their beneficiaries. The assets of the plan are not considered District assets, nor subject to claims or creditors of the District.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2022 and 2023

**Note 6 Capital Assets**

Capital assets and depreciation summary follows:

Description	June 30, 2021	Net Additions/Disposals	June 30, 2022	Net Additions/Disposals	June 30, 2023
<b>Capital assets, not being depreciated</b>					
Land and Right of Way	\$ 1,462,109	\$ 479,649	\$ 1,941,758	\$ -	\$ 1,941,758
Construction Projects in Progress	3,907,626	919,352	4,826,978	390,723	5,217,701
<b>Total capital assets, not being depreciated</b>	<u>5,369,735</u>	<u>1,399,001</u>	<u>6,768,736</u>	<u>390,723</u>	<u>7,159,459</u>
<b>Capital assets, being depreciated</b>					
Water Plant and Building	39,552,026	1,219,196	40,771,222	1,463,977	42,235,199
Transmissions and Distribution System	115,218,883	2,710,683	117,929,566	4,430,575	122,360,141
Distribution and Maintenance Equipment	909,993	(9,320)	900,673	32,941.00	933,614
Administration and Office Buildings	631,317	57,899	689,216	21,696	710,912
Furniture and Equipment	230,425	(659)	229,766	35,230	264,996
Transportation Equipment	542,460	541,240	1,083,700	3,910	1,087,610
Intangible Assets	101,243	69,310	170,553	(34,649)	135,904
<b>Total capital assets, being depreciated</b>	<u>157,186,347</u>	<u>4,588,349</u>	<u>161,774,696</u>	<u>5,953,680</u>	<u>167,728,376</u>
<b>Accumulated Depreciation/Amortization</b>					
Water Plant and Building	(22,803,472)	(1,508,809)	(24,312,281)	(1,614,838)	(25,927,119)
Transmissions and Distribution System	(65,271,577)	(3,303,399)	(68,574,976)	(3,210,689)	(71,785,665)
Distribution and Maintenance Equipment	(860,574)	(5,348)	(865,922)	(5,745)	(871,667)
Administration and Office Buildings	(549,460)	(22,786)	(572,246)	(10,994)	(583,240)
Furniture and Equipment	(178,970)	(10,186)	(189,156)	18,591	(170,565)
Transportation Equipment	(476,590)	(23,544)	(500,134)	(9,241)	(509,375)
Intangible Assets	(22,570)	(19,171)	(41,741)	(24,873)	(66,614)
<b>Total accumulated depreciation/amortization</b>	<u>(90,163,213)</u>	<u>(4,893,243)</u>	<u>(95,056,456)</u>	<u>(4,857,789)</u>	<u>(99,914,245)</u>
<b>Total capital assets, being depreciated net</b>	<u>67,023,134</u>	<u>(304,894)</u>	<u>66,718,240</u>	<u>1,095,891</u>	<u>67,814,131</u>
<b>Total capital assets, net</b>	<u>\$ 72,392,869</u>	<u>\$ 1,094,107</u>	<u>\$ 73,486,976</u>	<u>\$ 1,486,614</u>	<u>\$ 74,973,590</u>
Depreciation/Amortization Expense	<u>\$ 4,755,547</u>		<u>\$ 4,908,108</u>		<u>\$ 4,917,267</u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 6      Capital Assets (Continued)**

Fiscal Year Ended	30-Jun-22	30-Jun-23
Assets Capitalized	\$ 3,318,061	\$ 6,126,715
Assets Disposed	\$ 217,942	\$ 173,035
Total Depreciation	\$ 4,742,793	\$ 4,892,553
Total Amortization	\$ 12,754	\$ 24,714

**Note 7      Long-Term Debt**

Long-term debt is as follows:

Water Revenue Bonds	2023	2022
Consisted of the following:		
\$3,660,000 Water Revenue Refunding Bonds dated March 19, 2013, with a Final maturity on March 1, 2023 and with interest at 2.0% to 2.5%	\$ -	425,000
\$5,975,000 Water Revenue Refunding Bonds dated May 26, 2015, with a final maturity on January 1, 2027 and with interest at 2.0-3.5%	2,680,000	3,280,000
<b>TOTAL</b>	<b>\$2,680,000</b>	<b>\$3,705,000</b>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 7      Long-Term Debt (Continued)**

The annual requirements to amortize all bonds outstanding, including interest payments are as follows:

Year Ended June 30, 2022	Amount
2023	1,150,425
2024	718,800
2025	726,925
2026	734,000
2027	740,025
TOTALS	\$4,070,175

Year Ended June 30, 2023	Amount
2024	718,800
2025	726,925
2026	734,000
2027	740,025
TOTALS	\$2,919,750

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 7 Long-Term Debt (Continued)**

Long-term debt activity follows:

	July 1, 2021	Additions/ (Retirements)	June 30, 2022	Additions/ (Retirements)	June 30, 2023
Water Revenue Bonds Payable	\$5,455,000	\$(1,750,000)	\$3,705,000	\$(1,025,000)	\$2,680,000
Deferral on Refunding	(52,443)	15,524	(36,919)	10,069	(26,850)
Net OPEB Obligation	1,265,836	(240,666)	1,025,170	2,644	1,027,814
Net Pension Liability (Asset)	(971,186)	(1,792,930)	(2,764,116)	5,007,114	2,242,998
<b>TOTAL</b>	<b>\$5,697,207</b>	<b>\$(3,768,072)</b>	<b>\$1,929,135</b>	<b>\$3,994,827</b>	<b>\$5,923,962</b>

**Note 8 Flow of Funds; Restrictions on Use**

Under the terms of the bond indenture for each issue of Water Revenue Bonds, all income and revenues to be derived from the operation of the system are irrevocably and irreparably pledged in an amount sufficient for the payment of principal and interest on such bonds, and is set aside in the following manner:

- All revenue must be periodically deposited in the Revenue Fund to provide for payment of all reasonable and necessary expenses for administration, operation and maintenance.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 8      *Flow of Funds; Restrictions on Use (Continued)***

- On or before the 20th day of each month, the District must set aside in a restricted bank account designated as Bond Fund, an amount equal to 1/6 of the interest due on the next interest payment date and 1/12 of the principal due on the next principal payment date. Such funds may be used only for the payment of principal and interest installments as they become due. The balances in these accounts are shown as restricted assets - Water Revenue Bond Current Debt Service Account.
- For bonds issued November 22, 2011, March 19, 2013 and May 26, 2015, the District established and must maintain the "Reserve Fund", by transferring from bond proceeds, the sum that will at least equal the Reserve Fund Requirement. The money in the Reserve Fund shall be retained solely for the purpose of paying the principal of and interest on the bonds.
- On or before the 20th day of each month, the District must deposit into a restricted bank account designated as the Renewal and Replacement Fund, an amount equal to 5% of the gross revenue for the preceding month. In the event that the balance in this fund exceeds \$200,000 at the end of the fiscal year, such excess is to be transferred to the Renewal and Improvements Fund. Money in this fund may be used only for caring for extensions, additions, improvements, renewals, and replacement necessary to properly operate the Water System. Money in this fund may also be used to pay principal or interest falling due at any time there is not sufficient money for payment in the other bond funds. Money in this fund shall never be used for the making of extensions, additions, improvements, renewals, and replacements to the Water System if the use of said money will leave in said Renewal and Replacement Fund for the making of emergency repairs or replacements less than the sum of \$100,000. The \$100,000 balance in this fund was accumulated in a prior year and the second \$100,000 was accumulated in 2002.
- All of the revenues received in any fiscal year that are not required to be paid in such fiscal year into any of the above noted funds, in excess of 25% of the current fiscal year's budgeted amount for administration, operation and maintenance expenses, is to be considered surplus and transferred to the Surplus Fund. Such funds are to be used for the purpose of constructing or acquiring extensions, additions, improvements, renewals or replacements to the water system, or for the purpose of retiring all or a portion of the Bonds, Outstanding Parity Bonds, or and Additional Parity Bonds.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 9      Post-Employment Healthcare and Life Insurance Benefits**

**Plan Description.** The Lafourche Parish Water District (the Water District) provides certain continuing health care for its retired employees. The Lafourche Parish Water District’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Water District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Water District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

**Benefits Provided.** Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement, provided the employee has at least 30 years of service at retirement. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

**Employees covered by benefit terms.** At June 30, the following employees were covered by the benefit terms:

	2022	2023
Inactive employees or beneficiaries currently receiving benefit payments	10	7
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	68	67
	78	74

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)**

**Contribution Rates.** Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Total OPEB Liability.** The Water District's total OPEB liability of \$1,027,814 and \$1,025,170 was measured as of June 30, 2023 and 2022, respectively and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and other inputs.**

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	3.0%, including inflation
Discount rate	3.54% annually
Healthcare cost trend rates	5.5% annually until year 2032, then 4.5%
Mortality	SOA RP-2014 Table

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	3.0%, including inflation
Discount rate	3.65% annually
Healthcare cost trend rates	5.5% annually until year 2032, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2022 and 2023, the end of the applicable measurement period. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2023.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)**

**Changes in the Total OPEB Liability (Asset).** The table below reflects the Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal years ending June 30, 2019 and 2020, respectively:

	<b>2023</b>	<b>2022</b>
Beginning Net OPEB Obligation	\$1,025,170	\$1,265,836
Service Cost	23,600	38,221
Interest	36,709	27,755
Differences between expected and actual	33,096	(83,988)
Changes in assumptions	(10,770)	(146,833)
Contribution	(79,991)	(75,821)
Change in Net OPEB Obligation	2,644	(240,666)
Ending Net OPEB Obligation	\$1,027,814	\$1,025,170

**Sensitivity of the total OPEB liability to changes in the discount rate .**

The following presents the total OPEB liability of the Water District as of June 30, 2022, as well as what the Water District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1.0% Decrease (2.54%)</b>	<b>Current Discount Rate (3.54%)</b>	<b>1.0% Increase (4.54%)</b>
Total OPEB liability	\$ 1,131,009	\$ 1,025,170	\$ 933,078

The following presents the total OPEB liability of the Water District as of June 30, 2023, as well as what the Water District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1.0% Decrease (2.65%)</b>	<b>Current Discount Rate (3.65%)</b>	<b>1.0% Increase (4.65%)</b>
Total OPEB liability	\$ 1,140,324	\$ 1,027,814	\$ 930,183

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)**

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.**

The following presents the total OPEB liability of the Water District at June 30, 2022, as well as what the Water District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	<b>1.0% Decrease (4.5%)</b>	<b>Current Trend (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	\$ 926,183	\$1,025,170	\$ 1,142,158

The following presents the total OPEB liability of the Water District at June 30, 2023, as well as what the Water District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	<b>1.0% Decrease (4.5%)</b>	<b>Current Trend (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	\$ 922,252	\$1,027,814	\$ 1,153,020

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

For the year ended June 30, 2022, the Water District recognized OPEB expense of \$74,907 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,734	\$ (80,919)
Changes in assumptions	217,210	(135,538)
Total	\$ 296,944	\$ (216,457)

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)**

For the year ended June 30, 2023, the Water District recognized OPEB expense of \$71,472 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 102,272	\$ (74,150)
Changes in assumptions	197,463	(133,936)
<b>Total</b>	<b>\$ 299,735</b>	<b>\$ (208,086)</b>

Amounts reported at June 30, 2022 as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2023	\$8,931
2024	8,931
2025	8,931
2026	8,931
2027	8,931
Thereafter	35,831

Amounts reported at June 30, 2023 as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2024	11,164
2025	11,164
2026	11,164
2027	11,164
2028	11,164
Thereafter	35,830

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 10      Pension Plan**

The District has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. That Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

**Plan Description and Provisions**

All full-time employees are members of the Parochial Employees Retirement System of Louisiana (PERS) a cost sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S. 11:1901-2025 of the Louisiana Revised Statutes (LRS). The (PERS) was originally established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana. A Board of Trustees, an Administrative Director, an Actuary and Legal Counsel operate the System. The System provides retirement benefits to an employee of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and elect to become members of the System. All members of the (PERS) are participants in either Plan A or Plan B. Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date.

All permanent eligible government employees who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. The District participates in Plan A. The types of benefits provided under this plan include:

**Retirement Benefits**

Any members can retire providing he/she meets one of the following criteria, if they were hired prior to January 1, 2007:

- At any age with 30 or more years of creditable service.
- Age 55 with 25 years of creditable service.
- Age 60 with a minimum of 10 years of creditable service.
- Age 65 with a minimum of 7 years of creditable service

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 10      Pension Plan (Continued)**

If members were hired after January 1, 2007, a member can retire providing he/she meets one of the following criteria:

- Age 55 with 30 years of service
- Age 62 with 10 years of service
- Age 67 with 7 years of service

Generally, the monthly amount of the retirement allowance of any member of Plan A 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.

**Survivor Benefits**

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

**Deferred Retirement Option Plan Benefits**

In lieu of terminating employment and accepting a service retirement, any member who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease.

The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in 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.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 10 Pension Plan (Continued)**

**Disability Benefits**

A member hired prior to January 1, 2007 shall be eligible to retire and to receive a disability benefit if he/she has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. If a member was hired after January 1, 2007, shall be eligible to retire and to receive disability benefit if he/she has at least seven years of creditable service. 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.

**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 full 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 retiree 62 and older. (R.S. 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.

**Contributions**

Contributions by employers are actuarially determined each year. For the year ended December 31, 2022, the employer's actuarially determined contribution rate was 7.10%, however, the actual rate was 11.50% for Plan A. For the year ended December 31, 2021, the employer's actuarially determined contribution rate was 11.11%, however, the actual rate was 12.25%.

Member contributions are established by state statute at 9.50% of compensation for Plan A members. The contributions are deducted from the member's salary and remitted by the participating employer.

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes except Orleans and East Baton Rouge parishes. The system also received revenue sharing funds each year as appropriated by the Legislature.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 10 Pension Plan (Continued)**

Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member’s compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

***Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources:***

As of June 30, 2023 and 2022, the District reported a total of \$2,242,998 and \$(2,764,116) respectively for its proportionate share of the net pension liability (asset) of the Parochial Employees Retirement System of Louisiana (PERS).

The net pension liability for June 30, 2023 and 2022 was measured as of December 31, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

<u>Plan</u>	<u>Proportionate share</u>	
	<u>12/31/21</u>	<u>12/31/22</u>
PERS	.586807%	.582780%

For the year ended June 30, 2023 and 2022, the District recognized pension expense as follows:

<u>Plan</u>	<u>Pension expense</u>
2022 PERS	\$ 467,592
2023 PERS	\$ 974,069

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 10**                      **Pension (Continued)**

For June 30, 2022 for the December 31, 2021 measurement date the deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

<u>Plan</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
<u>PERS</u>		
-Changes in proportion	\$ 11,573	\$ (28,650)
-Earnings on pension plan investments		(2,390,912)
-Net difference between projected and actual earnings on pension plan investments	167,004	(200,334)
-Changes in assumptions	144,154	-
-Contributions subsequent to the measurement date	225,112	-
	<u>\$ 547,843</u>	<u>\$ (2,619,896)</u>

For June 30, 2023 for the December 31, 2022 measurement date the deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

<u>Plan</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
<u>PERS</u>		
-Diff between Projected and Actual Earnings	\$2,367,887	\$-
-Net difference between projected and actual earnings on pension plan investments	82,929	(247,123)
-Changes in assumptions	71,583	-
-Changes in proportion	16,935	(3,492)
-Contributions subsequent to the measurement date	225,054	-
	<u>\$ 2,764,388</u>	<u>\$ (250,615)</u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 10 Pension (Continued)**

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021 (217,003) and in the year ended June 30, 2022 (225,112).

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2023			Year ended June 30, 2022	
2024	\$79,175		2023	\$(448,728)
2025	391,146		2024	(953,135)
2026	756,884		2025	(639,032)
2027	1,061,514		2026	(256,270)

**Actuarial assumptions:**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2021 are as follows:

<u>Plan</u>	<u>PERS</u>
Inflation	2.30%
Salary increases	4.75%
Investment rate of return	6.40%
Actuarial cost method	Entry age normal
Expected remaining service lives	4 years

Mortality rates assumption used was set based on an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Retirees multiplied by 130% for males and 125% for females each with full generational projection using MP2018 scale for annuitant and beneficiary mortality.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 10 Pension (Continued)**

The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the District and the non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee.

Based on these assumptions, the Plans' 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 plan investments was applied as the discount rate 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 integrates CAPM 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 7.00% for the year ended December 31, 2021.

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

<u>Plan</u>	<u>PERS</u>
Inflation	2.30%
Salary increases	4.75%
	(2.75% Merit/2.50% Inflation)
Investment rate of return	6.40%
Actuarial cost method	Entry age normal
Expected remaining service lives	4 years

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 10**                      ***Pension (Continued)***

Mortality rates for PERS were based on the 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.

The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the District and the non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee.

Based on these assumptions, the Plans' 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 plan investments was applied as the discount rate 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 integrates CAPM 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.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 10**                      **Pension (Continued)**

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of December 31, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	33%	.85%
Equity	51%	3.23%
Alternatives	14%	0.71%
Real assets	2%	0.11%
Totals	100%	4.90%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.00%

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

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio 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%

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 10 Pension (Continued)**

**Sensitivity of the of the District's proportionate share of the net pension liabilities to changes in the discount rate:**

The following presents the District's proportionate shares of the net pension liabilities (assets) of the plan as of December 31, 2021, calculated using the discount rates as shown above, as well as what the District's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<b>1% Decrease 5.50%</b>	<b>Current Discount Rate 6.50%</b>	<b>1% Increase 7.50%</b>
PERS	\$472,789	\$ (2,764,116)	\$ (5,492,370)

The following presents the District's proportionate shares of the net pension liabilities (assets) of the plan as of December 31, 2022, calculated using the discount rates as shown above, as well as what the District's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<b>1% Decrease 5.40%</b>	<b>Current Discount Rate 6.40%</b>	<b>1% Increase 7.40%</b>
PERS	\$5,547,010	\$ 2,242,998	\$ (526,992)

**Pension plan fiduciary net position:**

Detailed information about the Plans' fiduciary net position is available in the separate issued financial statements of the Plans. The Parochial Employees' Retirement System issues a stand-alone audit report on its financial statements. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of the Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 10 Pension (Continued)**

**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 June 30, 2022 and 2023, the District recognized revenue as a result of support received from non-employer contributing entities of \$48,542 and \$54,304, respectively for its participation in PERS.

**Payables to the pension plans:**

At June 30, 2022 and 2023, there were no amounts due to the pension plan for employer and employee required contributions.

**Note 11 Construction Commitments**

Construction commitments at June 30, 2023 are as follows:

Project	Total Estimated Cost (1)	Costs Incurred to 6/30/22
18" Waterline Galliano to Cut Off	\$3,000,000	\$348,660
Waterline Replacement along Cliff Lane, et al	412,575	526,809
North Treatment Plant Capacity Expansion	16,000,000	664,826
Waterline Relocation E68th St, et al	289,732	60,143
State Project H.002794-LA 308 Valentine Canal	750,000	120,310
South Plant Carbon Feed Upgrade	1,003,000	668,538
Kramer Waterline Replacement 2021 Cap	2,500,000	157,522
Leeville Bstr Restoration Ida	1,939,060	(32,885)
Waterline Replacement Fairway Drive	294,489	59,995
Waterline Replacement Gautreaux St Et al	220,308	17,700
FD #1 Training Facility	138,942	118,023
SWTP Admin Office Demolition	69,969	25,000
NWTP Permanganate Building	347,799	36,776
New Surge Protection Tnk N & SWTP	1,034,270	1,151,309
<b>Totals</b>	<b>\$28,000,144</b>	<b>\$3,922,726</b>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2023 and 2022

**Note 12                      Subsequent Events**

The Lafourche Parish Water District has evaluated subsequent events through the October 12, 2023 the date which the financial statements were available to be issued. No other material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in the financial statements. No subsequent events after October 12, 2023 have been evaluated for inclusion in these financial statements.

***REQUIRED SUPPLEMENTAL  
INFORMATION***

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

**Schedule of Per Diem and Compensation of Board of  
Commissioners**

June 30, 2023

During the year the Board of Commissioners held twelve meetings. None of the Commissioners are compensated except for the Secretary Treasurer who receives \$150 per monthly meeting.

• Mr. Sidney Triche, President	\$ -0-
• Mr. Nolan Cressionie, Commissioner	\$ -0-
• Mr. Manuel Delatte, Commissioner	\$ -0-
• Mr. Morris Guidry, Commissioner	\$ -0-
• Mr. Robert Pontif, Jr., Secretary/Treasurer	\$1,800
• Mr. Eric Roundtree, Vice-President	\$ -0-
• Mr. Barry Uzee, Commissioner	\$ -0-
• Mr. Evan Plaisance, Commissioner	\$ -0-
• Mr. Jordan Collins, Commissioner	\$ -0-
• Mr. Dirk Barrios, Commissioner	\$ -0-
• Mr. Bobby Grabert, Commissioner	\$ -0-

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE**  
**STATE OF LOUISIANA**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**Parochial Employees Retirement System**

**Last Ten Fiscal Years \*\***

For Fiscal Year Ended

Plan Measurement Date.

	June 30, 2023 December 31, 2022	June 30, 2022 December 31, 2021	June 30, 2021 December 31, 2020	June 30, 2020 December 31, 2019	June 30, 2019 December 31, 2018	June 30, 2018 December 31, 2017	June 30, 2017 December 31, 2016	June 30, 2016 December 31, 2015	June 30, 2015 December 31, 2014
<b>Schedule of Proportionate Share of the Net Pension Liability and Related Ratios</b>									
Proportion of the net pension liability	0.582780%	0.586807%	0.553883%	0.562746%	0.544920%	0.522948%	0.554134%	0.526845%	0.522357%
Proportionate share of the net pension liability (asset)	\$2,242,998	(\$2,764,116)	(\$971,186)	\$26,491	\$2,418,551	(\$388,156)	\$1,141,246	\$1,386,808	\$142,817
Covered-employee payroll	\$ 4,035,304	\$ 3,855,272	\$ 3,699,403	\$ 3,453,809	\$ 3,283,205	\$ 2,865,462	\$ 3,276,525	\$ 2,997,201	\$ 2,916,255
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.58%	-71.70%	-26.25%	0.77%	73.66%	-13.55%	34.83%	46.27%	4.90%
Plan fiduciary net position as a percentage of the total pension liability	91.74%	110.46%	104.00%	99.89%	88.86%	101.98%	94.15%	92.23%	99.15%
<b>Schedule of Required Contributions</b>									
Contractually required contributions	\$ 454,653	\$ 482,293	\$ 453,177	\$ 410,719	\$ 376,080	\$ 343,623	\$ 429,931	\$ 420,140	\$ 465,035
Contributions made	\$ 457,121	\$ 412,384	\$ 453,177	\$ 397,188	\$ 376,080	\$ 343,623	\$ 429,931	\$ 420,140	\$ 465,035
Contribution deficiency (excess)	-\$ 2,468	\$ 69,909	\$ -	\$ 13,531	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 4,035,304	\$ 3,855,272	\$ 3,699,403	\$ 3,453,809	\$ 3,283,205	\$ 2,865,462	\$ 3,348,747	\$ 3,058,322	\$ 2,964,902
Contribution as a percentage of covered employee payroll	11.33%	10.70%	12.25%	11.50%	11.45%	11.99%	12.84%	13.74%	15.68%
Note: Initial Year of GASB 68 Implementation was June 30, 2015. Schedule is intended to show information for 10 years. Additional Years will be displayed as they become available.									
<b>Notes to Required Supplementary Information</b>									
Changes of Benefit Terms include.	none								
<b>Changes of Assumptions</b>									
Inflation	2.30%	2.30%	2.30%	2.40%	2.00%	2.50%	2.50%	2.50%	3.00%
Investment rate of return (discount rate)	6.40%	6.40%	6.40%	6.50%	6.50%	6.75%	7.00%	7.00%	7.00%
Expected long term rate of return	7.00%	7.00%	7.00%	7.43%	7.43%	7.62%	7.66%	7.66%	7.66%
Expected Remaining Service Lives	4 years								
Projected Salary Increases	4.75%	4.75%	4.75%	4.75%	4.75%	5.25%	5.25%	5.25%	5.25%

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE**  
**STATE OF LOUISIANA**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**

**Last Ten Fiscal Years \*\***

For Fiscal Year Ended

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>						
Service cost	\$ 23,600	\$ 38,221	\$ 37,871	\$ 29,556	\$ 12,922	\$ 12,897
Interest	36,709	27,755	27,322	34,728	36,621	37,935
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	33,096	(83,988)	55,851	7,659	36,079	(4,934)
Changes of assumptions	(10,770)	(146,833)	6,046	242,434	29,467	-
Benefit payments	(79,991)	(75,821)	(78,592)	(74,495)	(77,452)	(73,414)
Net change in total OPEB liability	2,644	(240,666)	48,498	239,882	37,637	27,516
<b>Total OPEB Liability</b>						
Beginning	1,025,170	1,265,836	1,217,338	977,456	939,819	967,335
Ending	<u>\$ 1,027,814</u>	<u>\$ 1,025,170</u>	<u>\$ 1,265,836</u>	<u>\$ 1,217,338</u>	<u>\$ 977,456</u>	<u>\$ 939,819</u>
Covered-employee payroll	\$ 3,798,706	\$ 3,688,064	\$ 3,563,510	\$ 3,459,718	\$ 3,112,243	\$ 3,021,595
Net OPEB liability as a percentage of covered-employee payroll	27.06%	27.80%	35.52%	35.19%	31.41%	31.10%

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

**Notes to Required Supplementary Information**

*Benefit Changes*

None                      None                      None                      None                      None                      None

*Changes of Assumptions*

Discount Rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
Mortality	RP-2014	RP-2014	RP-2014	RP-2014	RP-2000	RP-2000
Trend	4.5% to 5.5%					

***OTHER SUPPLEMENTAL  
SCHEDULES***

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Comparative Statement of Operating Expenses  
Water Enterprise Fund  
For the years ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Water Purchased for Resale</b>	38,898	\$ 35,215
<b>Water Treatment Expenses:</b>		
Pumping Operations	929,735	918,897
Pumping Maintenance	23,094	6,499
Purification Operations	2,632,700	2,273,358
Purification Maintenance	1,248,001	1,232,516
<b>Total Water Treatment Expenses</b>	<b>4,833,530</b>	<b>4,431,270</b>
<b>Transmission and Distribution Expenses:</b>		
Distributions Operations	1,314,493	1,299,557
Distribution Maintenance	936,930	813,625
<b>Total Transmission and Distribution Expenses</b>	<b>2,251,423</b>	<b>2,113,182</b>
<b>Customer Accounts Expenses:</b>		
Customer Operations Expense	1,527,601	1,465,957
<b>Total Customer Accounts Expense</b>	<b>1,527,601</b>	<b>1,465,957</b>
<b>Administrative and General Expenses:</b>		
General Operating & Office Expense	1,924,133	370,961
Maintenance - General Property and Equipment	328,695	261,309
<b>Total Administrative and General Expenses</b>	<b>2,252,828</b>	<b>632,270</b>
<b>Depreciation and Amortization</b>	<b>4,917,267</b>	<b>4,907,949</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 15,821,547</b>	<b>\$ 13,585,843</b>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements  
For the years ended June 30, 2023 and 2022

**Revenue Fund**

	<u>2023</u>	<u>2022</u>
Cash Balance, July 1	\$ 2,023,472	\$ 1,944,020
<b>Receipts:</b>		
From Customers	12,833,485	11,644,486
Interest Earned	152,338	18,751
Transfers from Other Accounts	2,676,374	2,058,124
Others	3,457,288	1,958,853
	<u>19,119,485</u>	<u>15,680,214</u>
<b>Disbursements:</b>		
Operating Expense	15,989,187	12,543,260
Transfers to Other Accounts	2,847,089	3,057,502
	<u>18,836,276</u>	<u>15,600,762</u>
Cash Balance, June 30	<u>\$ 2,306,681</u>	<u>\$ 2,023,472</u>

**Maintenance and Operating Fund**

Cash Balance, July 1	\$ 8	\$ 8
<b>Receipts:</b>		
Ad Valorem Taxes (Net)	2,629,188	2,025,370
Revenue Sharing	38,945	52,257
	<u>2,668,133</u>	<u>2,077,627</u>
<b>Disbursements:</b>		
Transferred to Water Revenue	2,668,134	2,077,627
Cash Balance, June 30	<u>\$ 7</u>	<u>\$ 8</u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements  
For the years ended June 30, 2023 and 2022

**Renewal and Improvements Fund**

	2023	2022
Cash Balance, July 1	\$11,114,775	\$14,381,299
<b>Revenues:</b>		
Interest Earned	41,240	66,141
Transfer from:		
Revenue Fund	7,362,285	3,517,250
Renewal & Improvements Investments	-	-
	7,403,525	3,583,391
<b>Disbursements:</b>		
Transfer to:		
Additions to System and Utility Plant Assets	9,541,820	6,849,915
Cash Balance, June 30	\$8,976,480	\$11,114,775

**Summary of Cash and Investments - Current Assets**

Revenue Fund	\$2,306,681	\$2,023,472
Maintenance and Operation Fund	7	8
Renewal and Improvements Fund	8,976,480	11,114,775
Payroll Clearing	100	100
Cash on Hand	800	800
Cash on Deposit - Collection Agent Accounts	200	200
Cash and Temporary Cash Investments - Current Assets	\$11,284,268	\$13,139,355
Unrestricted Cash and Cash Equivalents	\$ 4,292,895	\$ 4,566,385
Unrestricted Investments	6,991,373	8,572,970
	\$ 11,284,268	\$ 13,139,355

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE**  
**STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements - Restricted Assets  
For the years ended June 30, 2023 and 2022

	<u>Current Debt Service Accounts</u>	<u>Future Debt Service Accounts</u>	<u>Water Revenue Bond Contingency</u>	<u>Customer Meter Deposits</u>	<u>2023 Total</u>	<u>2022 Total</u>
	<u>Bond Fund</u>	<u>Bond Reserve</u>				
Cash and investments July 1	\$ 1,253,111	\$ 1,967,000	\$ 200,000	\$ 1,163,501	\$ 4,583,612	\$ 4,959,397
<b>Receipts:</b>						
Interest earned	108,364	-	-	3,608	111,972	1,915
Customer deposits	-	-	-	134,815	134,815	164,140
Transfers from:						
Bond Fund	934,613	-	-	-	934,613	1,540,075
Bond Reserve	-	-	-	-	-	-
Total receipts	<u>1,042,977</u>	<u>-</u>	<u>-</u>	<u>138,423</u>	<u>1,181,400</u>	<u>2,065,093</u>
<b>Disbursements:</b>						
Interest	-	-	-	3,222	3,222	160
Refund of customer deposits	-	-	-	7,680	7,680	7,010
Transfers to:						
Bond Fund	1,134,613	-	-	-	1,134,613	1,902,575
Water Revenue Fund	-	-	-	116,495	116,495	172,170
Total disbursements	<u>1,134,613</u>	<u>-</u>	<u>-</u>	<u>127,397</u>	<u>1,262,010</u>	<u>2,009,339</u>
Cash and investments June 30	<u>\$ 1,161,475</u>	<u>\$ 1,967,000</u>	<u>\$ 200,000</u>	<u>\$ 1,174,527</u>	<u>\$ 4,503,002</u>	<u>\$ 4,583,612</u>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

**Schedule of Maturities**

**\$3,660,000 Water Revenue Refunding Bonds, 2013 Series**

**Dated: March 19, 2013**

<b>Date of Maturity</b>	<b>Amount</b>
01/01/2016	\$335,000
01/01/2017	345,000
01/01/2018	360,000
01/01/2019	365,000
01/01/2020	380,000
01/01/2021	390,000
01/01/2022	405,000
01/01/2023	425,000
<b>TOTAL</b>	<b>\$3,005,000</b>

Bonds are in denominations of \$5,000 each.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

**Schedule of Maturities**

**\$5,975,000 Water Revenue Refunding Bonds, 2015 Series**

**Dated: May 26, 2015**

<b>Date of Maturity</b>	<b>Amount</b>
01/01/2018	\$500,000
01/01/2019	520,000
01/01/2020	540,000
01/01/2021	555,000
01/01/2022	580,000
01/01/2023	600,000
01/01/2024	625,000
01/01/2025	655,000
01/01/2026	685,000
01/01/2027	715,000
<b>TOTAL</b>	<b>\$5,975,000</b>

Bonds are in denominations of \$5,000 each, or any integral multiple thereof within a single maturity

The Bonds maturing January 1, 2026, and thereafter, are callable for redemption at the option of the Issuer in full at any time on or after January 1, 2025, (but if less than a full maturity, then by lot within such maturity) at the principal amount thereof and accrued interest to the date fixed for redemption. Bonds are not required to be redeemed in inverse order of maturity.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

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

**Agency Head Name: Wayne Gautreaux - General Manager**

Purpose	Amount
Salary	\$98,113
Benefits - insurance	\$19,994
Benefits - retirement	\$11,101
Benefits - life insurance, short-term and long-term disability	\$823
Benefits - Medicare tax	\$1,334
Car Allowance	\$285
Vehicle provided by government - reported on W-2	\$0
Per Diem	\$0
Reimbursements:	
Conference Travel - mileage	\$0
Conference Travel - hotel	\$0
Conference Per Diem - meals	\$0
Travel	\$0
Registration fees	\$278
Conference travel	\$0
Continuing professional education fees	\$0
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$0
Fuel	\$0
Dues	\$0
Cell Phone	\$1,516
	<b>\$133,444</b>

This form is used to satisfy the reporting requirement of R.S. 24:513(A)(3) on Supplemental Reporting

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA  
Schedule of Metered Water Customers  
June 30, 2022 and 2023  
(Unaudited)**

All sales of water are metered.

At June 30, 2022, there were 33,277 active metered customers.

At June 30, 2023, there were 33,188 active metered customers.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Schedule of Insurance in Force-Unaudited  
June 30, 2023

Description	Company	Coverage	Deductible
<b>General Liability Crime, Auto</b> 03/01/23 to 03/01/24	Tokio Marine Specialty Insurance Co.	\$1,000,000 per occurrence	\$ 1,000
<b>Umbrella/Excess Liability</b> 03/01/23 to 03/01/24	Tokio Marine Specialty Insurance Co.	\$10,000,000 per occurrence	None
<b>Commerical Property</b> 03/01/23 to 03/01/24	Illinois Union Insurance Company	\$25,162,341 per occurrence excess of various deductibles.	\$25,000 each location, \$10,000 physical damage
<b>Employee Dishonesty</b> 03/01/23 to 03/01/24	CNA Surety Co.	\$50,000	None
<b>Boiler &amp; Machinery</b> 03/01/23 to 03/01/24	Travelers Property Insurance Co.	\$50,000,000 Total Limit Breakdown	\$ 1,000
<b>Public Officials Oath Bond</b> 03/01/23 to 03/01/24	CNA Surety Co.	\$50,000	None
<b>Worker's Compensation</b> 03/01/23 to 03/01/24	LUBA Casulty Insurance Co	\$1,000,000 each accident	None
<b>Pollution</b> 5/17/23 to 5/17/26	Ascot Specialty Insurance Company	\$1,000,000	\$ 25,000
<b>Cyber Liability</b> 6/23/23-6/23/24	Tokio Marine Specialty Insurance Co	\$1,000,000 Security Limit of Liability	50,000 each claim
<b>Flood Insurance</b> 9/13/23-9/13/24	Wright National Flood Insurance	\$50,000 Building \$100,000 Contents	\$ 2,000 \$ 2,000

***REPORTS REQUIRED BY  
GOVERNMENT AUDITING  
STANDARDS***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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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***

To the Board of Commissioners  
Water District No. 1 of the Parish of Lafourche,  
State of 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 the Water District No. 1, of the Parish of Lafourche, State of Louisiana, (the District) a component unit of the Lafourche Parish Council, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated October 12, 2023.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of internal controls.

*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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. 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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Stagni & Company*

October 12, 2023  
Thibodaux, Louisiana



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STAGNI & COMPANY, LLC

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***Lafourche Parish Water District No. 1***

**Statewide Agreed Upon  
Procedures Report  
With Schedule of Findings  
and Management's Responses**

***As of and for the Year Ending  
June 30, 2023***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## STATEWIDE AGREED-UPON PROCEDURES REPORT

Lafourche Parish Water District No. 1

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

For the Period July 1, 2022 – June 30, 2023

To the Commissioners of the Lafourche Parish Water District No. 1  
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 1, 2022 through June 30, 2023. The Lafourche Parish Water District's (District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 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 results are as follows:

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

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees, including elected officials, were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **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.

**Results:** *No findings were noted for these procedures tested.*

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

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



- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, 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.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- d) Observe that the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Results:** *No findings were noted for these procedures tested.*

### ***Bank Reconciliations***

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3. Obtain a listing of client 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 selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** *No findings were noted for these procedures tested.*

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

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



5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) 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.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not also responsible for collecting cash, unless another employee verifies the reconciliation.
6. 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.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations". Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe 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).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** *No findings were noted for these procedures tested.*



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

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - e) 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.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that 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.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in "Bank Reconciliations" procedure #3, 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,

**Results:** *No findings were noted for these procedures tested.*



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

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12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (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.

**Results:** *No findings were noted for these procedures tested.*

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

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15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) 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 (procedure #1h).

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

**Results:** *No findings were noted for these procedures tested.*

### **Contracts**

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16. 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:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) 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).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** *No findings were noted for these procedures tested.*

### **Payroll and Personnel**

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

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.



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

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

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

**Results:** *No findings were noted for these procedures tested.*

### **Ethics**

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21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates that each employee/official completed one hour of ethics training during the fiscal period as required by R.S. 42:1170.
- b. Observe that the entity maintains documentation which demonstrates that each employee/official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

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

**Results:** *No findings were noted for these procedures tested.*

### **Debt Service**

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23. Obtain a listing of bonds/notes 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.

24. 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).

**Results:** *No findings were noted for these procedures tested.*



## ***Fraud Notice***

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25. 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.
26. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** *No findings were noted for these procedures tested.*

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

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27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
  - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe 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.
  - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19 under "Payroll and Personnel" above. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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



## ***Prevention of Sexual Harassment***

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29. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
30. 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).
31. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
  - a. Number and percentage of public servants in the agency who have completed the training requirements;
  - b. Number of sexual harassment complaints received by the agency;
  - c. Number of complaints which resulted in a finding that sexual harassment occurred;
  - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e. Amount of time it took to resolve each complaint.

**Results:** *No findings were noted for these procedures tested.*

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.

*Stagni & Company*

Thibodaux, LA  
September 23, 2023



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STAGNI & COMPANY, LLC

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