

**JEFFERSON DAVIS PARISH
WATER & SEWER COMMISSION NO. 1**

**Annual Financial Statements
And Independent Auditor's Report
Year Ended December 31, 2021 and 2020**

JEFFERSON DAVIS PARISH WATER AND SEWER COMMISSION NO. 1

Annual Financial Report
December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of the
Jefferson Davis Parish
Water & Sewer Commission No. 1
Lake Arthur, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the business-type activities of the Jefferson Davis Parish Water & Sewer Commission No. 1 (Commission), a component unit of the Jefferson Davis Parish Police Jury, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Commission, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Commission 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.

Emphasis of Matter

As discussed in Note 16 to the financial statements, certain changes resulting in adjustments of amounts previously reported due to impairment of fixed assets as of December 31, 2020, were discovered during the current year. Accordingly, amounts reported for accounts receivable, capital assets-net, non-operating revenues, repairs and maintenance, and depreciation expenses have been restated in the 2020 financial statements now presented, and an adjustment has been made to the previously reported net position as of December 31, 2020. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

Required Supplementary Information

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting

Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that 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 Commission's internal control over financial reporting and compliance.

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana
June 27, 2022

BASIC FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1
STATEMENTS OF NET POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and equivalents	\$ 916,041	\$ 177,749
Investments	12,256	819,971
Accrued interest receivable	117	78
Receivables, net of bad debt allowance of \$1,191 and \$339	122,986	159,535
Prepaid expenses	19,909	9,433
Inventory	56,053	67,560
Total current assets	1,127,362	1,234,326
Noncurrent assets:		
Investments	94,913	-
Restricted assets:		
Cash and equivalents	281,712	865,305
Investments- certificates of deposit	560,561	-
Total restricted assets	842,273	865,305
Capital assets, net of accumulated depreciation	5,544,625	5,689,015
Total noncurrent assets	6,481,811	6,554,320
TOTAL ASSETS	\$ 7,609,173	\$ 7,788,646
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 10,809	\$ 111,096
Salaries, payroll and other taxes payable	11,369	12,100
Compensated absences	3,104	5,465
Accrued interest payable	11,338	377
Due to other governments	500	500
Current portion of long-term liabilities	155,000	135,000
Total current liabilities	192,120	264,538
Current liabilities payable from restricted assets:		
Customer deposits	253,380	246,405
Total current liabilities payable from restricted assets	253,380	246,405
Noncurrent liabilities:		
Revenue bonds payable, net of current portion	4,295,000	4,450,000
Unamortized premium on revenue bonds	342,757	388,388
Total noncurrent liabilities	4,637,757	4,838,388
Total liabilities	5,083,257	5,349,331
NET POSITION		
Net investment in capital assets	751,868	715,627
Restricted for debt service	584,639	618,901
Restricted for customer deposits	4,254	-
Unrestricted	1,185,155	1,104,787
TOTAL NET POSITION	\$ 2,525,916	\$ 2,439,315

The accompanying notes are an intergral part of this statement.

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES :		
Charges for sales and services	\$ 1,180,539	\$ 1,124,625
Total operating revenues	1,180,539	1,124,625
OPERATING EXPENSES :		
Salaries and related benefits	398,686	407,152
Operating services:		
Advertising	837	1,348
Copier lease	1,695	1,689
Software maintenance	5,088	6,989
Dues and subscriptions		600
Insurance	29,140	25,445
Licenses and fees	36,646	18,689
Miscellaneous expense	23,922	22,118
Professional fees	29,335	20,310
Provision for bad debts		3,758
Postage	14,722	12,852
Seminars	745	90
Telephone	10,109	11,421
Travel- lodging, mileage & meals	26	-
Utilities	36,390	30,540
Materials, supplies and repairs:		
Vehicle expenses	26,238	19,863
Office expense	17,929	11,252
Repairs and maintenance	99,190	212,080
Supplies and chemicals	40,656	42,422
Depreciation expense	230,765	229,133
Total operating expenses	1,002,119	1,077,751
Operating Income (Loss)	178,420	46,874
NON-OPERATING REVENUES (EXPENSES) :		
Other non-operating revenue	375	375
Interest income	3,924	7,366
Insurance proceeds	-	6,019
Loss on the sale of assets	(4,340)	-
Impairment Gain	-	70,639
Penalties and Interest - IRS	-	-
Debt issuance cost	-	(190,511)
Interest expense (net of amounts capitalized of \$0 and \$0)	(91,778)	(194,913)
Total non-operating revenues (expenses)	(91,819)	(301,025)
Change in net position	86,601	(254,151)
TOTAL NET POSITION - BEGINNING	2,439,315	2,693,466
TOTAL NET POSITION - ENDING	\$ 2,525,916	\$ 2,439,315

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1
STATEMENTS OF CASH FLOWS
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 1,174,811	\$ 1,134,148
Payments to suppliers	(471,924)	(352,759)
Payments to employees	(401,778)	(426,084)
Net cash provided by operating activities	<u>301,109</u>	<u>355,305</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other non-operating revenue sources	49,627	59,048
Net cash provided by noncapital financing activities	<u>49,627</u>	<u>59,048</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(90,714)	(83,147)
Principal paid on revenue bonds	(135,000)	(4,905,304)
Interest paid on revenue bonds	(126,449)	(199,947)
Net proceeds from bonds issue to refund revenue bonds	-	4,782,877
Net cash (used) by capital and related financing activities	<u>(352,163)</u>	<u>(405,521)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales on investments	713,655	89,571
Purchase of investments	(558,875)	(95,722)
Interest received	1,346	7,444
Net cash provided (used) by investing activities	<u>156,126</u>	<u>1,293</u>
Net increase (decrease) in cash and cash equivalents	154,699	10,125
Cash and cash equivalents - beginning of the year	1,043,054	1,032,928
Cash and cash equivalents - end of the year	<u>\$ 1,197,753</u>	<u>\$ 1,043,053</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 178,420	\$ 46,874
Adjustments to reconcile operating income to net cash provided (used by) operating activities:		
Depreciation expense	230,765	229,133
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(12,703)	3,633
(Increase) decrease in prepaid expenses	(10,476)	7,545
(Increase) decrease in inventory	11,507	(20,199)
Increase (decrease) in customer deposits	6,975	5,890
Increase (decrease) in accounts payable	(100,287)	101,361
Increase (decrease) in accrued payroll expenses	(3,092)	(18,932)
Net cash provided by operating activities	<u>\$ 301,109</u>	<u>\$ 355,305</u>

The accompanying notes are an integral part of this statement.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS**

INTRODUCTION

The Water and Sewer Commission No. 1 of the Parish of Jefferson Davis (Commission) was created by the Jefferson Davis Parish Police Jury pursuant to LSA-RS 33:3811 in 1999. The Commission has the power and authority, within its boundaries, to establish, acquire, construct, improve, extend and maintain a waterworks system. The Commission is a subdivision of the State of Louisiana and may issue bonds and levy taxes in accordance with Article 6, Section 30 of the Louisiana Constitution.

Under the provision of LSA-RS 33:8812, the Commission shall be governed and controlled by five commissioners who shall be the governing authority of the district. These commissioners must be a resident of and own at least the five hundred dollars' worth of real estate in the district, or they must be the representative of some corporation owning at least five hundred dollars in real estate in the district. These commissioners are appointed by the Jefferson Davis Police Jury. All commissioners shall serve at the pleasure of the authority which appointed them.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, issued in June 1999.

B. REPORTING ENTITY

For financial reporting purposes in conformance with Governmental Accounting Standards Board Statement No. 14, the Commission is a component unit of Jefferson Davis Parish Police Jury. This is primarily due to the fact that the Police Jury appoints the Commission's governing body. The accompanying financial statements present information only on the proprietary fund maintained by the Commission and do not present information on the Jefferson Davis Parish Police Jury, the general government services provided by that governmental entity, or the other governmental entities that comprise the financial reporting entity.

C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING

The enterprise fund statements (government-wide) were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transaction are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS

requirements of GASB Statement No. 33. *Accounting and Financial Reporting for Non-Exchange Transactions*.

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

D. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and these investments with original maturities of 90 days or less. For purposes of the statement of cash flows, the Commission considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

E. INVENTORIES

Inventory of materials and supplies are valued at average cost.

F. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Commission considers accounts receivable to be collectible when received within 60 days of being billed and/or a security deposit is available; accordingly, an allowance for doubtful accounts has been established for amounts not meeting these criteria. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the collectability of the particular receivable.

G. PREPAID EXPENSE

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

H. RESTRICTED ASSETS / RESOURCES

Restricted assets consist of: 1) the "Customer Deposit" account, which is used to segregate water meter deposits used to pay an outstanding water bill when customers discontinue service, 2) the "Construction Fund" account, which is used to segregate resources used for capital improvements and renovations, and 3) the "Sinking", "Debt Service Reserve", and "Contingency" accounts, which are all used to segregate resources to pay debt services. When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS**

I. CAPITAL ASSETS

Capital assets of the Commission are recorded at historical cost. The Commission maintains an individual asset threshold level for capitalization of \$1,000 for movable assets. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible capital assets are charged as an expense against operations. Capital assets reported on the statement of net position are net of accumulated depreciation, exclusive of those reported under construction in progress. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water well	30-years
Storage and treatment plant	5-50 years
Water distribution system	10-50 years
Office equipment	5 years
Equipment	5-20 years
Vehicles	5 years
Improvements	15 years

J. COMPENSATED ABSENCES

Compensation time earned in lieu of overtime pay is accrued when incurred by the Commission.

L. NET POSITION

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is displayed in the following three categories:

Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by the balances of deferred outflows of resources related to those assets.

Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Commission’s bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – Consists of all other net position that does not meet the definition of the above two components and is available for general use by the Commission.

When both restricted and unrestricted net position are available for use, it is the Commission’s policy to use restricted net position first, if allowable, then unrestricted net position as they are needed.

M. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS**

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

N. CAPITALIZATION OF INTEREST

It is the policy of the Commission to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. Net interest costs capitalized totaled \$0 and \$0 during 2020 and 2019.

O. OPERATING AND NONOPERATING ITEMS

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission are charges to customers for sales and services. Operating expenses included cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. CASH AND CASH EQUIVALENTS

At December 31, the Commission has cash equivalents (book balances) as follows:

	<u>2021</u>	<u>2020</u>
Demand deposits	\$ <u>1,197,753</u>	\$ <u>1,043,054</u>
Total Book Balances	\$ <u><u>1,197,753</u></u>	\$ <u><u>1,043,054</u></u>

Cash includes demand deposits and interest-bearing demand deposits. Under state laws, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any state in the union or the laws of the United States. Further, the Commission may deposit funds in time deposits or certificate of deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Also, state law requires that deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that in the event of a financial institution failure, the Commission's deposits may not be recovered. The Commission does not have a policy that addresses credit risk; however, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The deposit balances (collected bank balances) at year-end were as follows:

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS

	<u>2021</u>	<u>2020</u>
Collected bank balances	\$ <u>1,260,576</u>	<u>1,071,663</u>
Deposits were secured as follows:		
Insured deposits	274,078	310,156
Pledged securities	<u>986,498</u>	\$ <u>761,507</u>
Total	\$ <u>1,260,576</u>	\$ <u>1,071,663</u>

The pledged securities are held by the pledging bank’s agent in the bank’s name. Even though the pledged securities are considered uncollateralized Louisiana Revised Statute (LRS) 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 Commission that the fiscal agent has failed to pay deposited funds upon demand.

3. INVESTMENTS

At year end, the Commission’s investments were as follows:

Investment Type	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Certificates of Deposit	\$ 107,159	\$ 107,159	\$ 106,306	\$ 106,306
Louisiana Asset Management Pool (LAMP)	<u>10</u>	<u>10</u>	<u>713,665</u>	<u>713,665</u>
Total	\$ <u>107,169</u>	\$ <u>107,169</u>	\$ <u>819,971</u>	\$ <u>819,971</u>

The Commission invests in nonnegotiable certificates of deposits. Pursuant to GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Commission also invests in the Louisiana Asset Management Pool, Inc. (LAMP). The LAMP portfolio includes only securities and other obligations in which local government are authorized to invest in accordance with LRS 33:2955.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclose of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public fund entity investments.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS**

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM by Standard & Poor's

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating variable rate investments. The WAM for LAMP's total investments (to reset) is 22 days and (to final) is 61 days as of June 17, 2022.

Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

4. RECONCILIATION OF DEPOSITS AND INVESTMENTS

A reconciliation of deposits and investments as shown on the statement of net position are as follows:

	<u>2021</u>	<u>2020</u>
Carrying amount of deposits	\$ 1,197,753	\$ 1,043,054
Carrying amount of investments	<u>667,730</u>	<u>819,971</u>
Total	<u>\$ 1,865,483</u>	<u>\$ 1,863,025</u>
Cash equivalents	\$ 916,041	\$ 177,749
Cash equivalents – Restricted	281,712	865,305
Investments	107,169	819,971
Investments – Restricted	<u>560,561</u>	<u>-</u>
Total	<u>\$ 1,865,483</u>	<u>\$ 1,863,025</u>

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS**

5. RECEIVABLES

The following is a summary of receivables at year end:

	<u>2021</u>	<u>2020</u>
Customer receivables:		
Current	\$ 62,814	\$ 56,329
Past Due	12,654	8,117
Gross customer receivables	<u>75,467</u>	<u>64,446</u>
Accrued unbilled receivables	48,709	46,175
Other receivables-Insurance Proceeds	-	49,253
Less: allowance for doubtful accounts	<u>(1,191)</u>	<u>(339)</u>
Net total receivables	<u>\$ 122,986</u>	<u>\$ 159,535</u>

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on an assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

6. RESTRICTED ASSETS

Assets were restricted for the following purposes at year end:

	<u>2021</u>	<u>2020</u>
Customer deposits	\$ 257,634	246,405
Revenue bond current debt service fund account	-	60,156
Revenue bond current debt sinking fund account	24,078	-
Revenue bond future debt service reserve account	-	279,372
Revenue bond depreciation and contingency account	-	279,373
Revenue bond contingency/reserve account	<u>560,561</u>	<u>-</u>
Total	<u>\$ 842,273</u>	<u>865,306</u>

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS

A summary of capital assets for the year ended December 31, 2021 follows:

	Balance Beginning	Additions	Completed Construction in Progress	Dispositions /Reclassifica- tions	Balance Ending
Capital assets not being depreciated:					
Land	\$ 37,124	-	-	-	37,124
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	37,124	-	-	-	37,124
Capital assets being depreciated:					
Water well	326,437	-	-	-	326,437
Storage and treatment plant	1,481,563	43,614	-	-	1,525,177
Buildings	233,511	24,749	-	4,408	253,852
Improvements	5,850	-	-	-	5,850
Water distribution system	7,008,093	1,782	-	1,210	7,008,665
Office equipment	63,278	20,568	-	-	83,846
Equipment	165,642	-	-	-	165,642
Vehicles	91,950	-	-	-	91,950
Total capital assets being depreciated	9,376,324	90,713	-	5,618	9,461,419
Less accumulated depreciation for:					
Water well	191,702	10,881	-	-	202,583
Storage and treatment plant	867,916	50,007	-	-	917,923
Buildings	94,405	6,070	-	900	99,575
Improvements	795	390	-	-	1,185
Water distribution system	2,322,236	141,965	-	380	2,463,821
Office equipment	63,278	113	-	-	63,391
Equipment	110,844	8,389	-	-	119,233
Vehicles	73,257	12,950	-	-	86,207
Total accumulated depreciation	3,724,433	230,765	-	1,280	3,953,918
Total capital assets being depreciated, net	5,651,891	(140,052)	-	(4,338)	5,507,501
Capital assets, net	\$ 5,689,015	(140,052)	-	(4,338)	5,544,625

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS

A summary of capital assets for the year ended December 31, 2020 follows:

	Balance Beginning	Additions	Completed Construction in Progress	Dispositions /Reclassifica- tions	Balance Ending
Capital assets not being depreciated:					
Land	\$ 37,124	-	-	-	37,124
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	37,124	-	-	-	37,124
Capital assets being depreciated:					
Water well	326,437	-	-	-	326,437
Storage and treatment plant	1,501,015	39,282	-	58,734	1,481,563
Buildings	245,840	-	-	12,329	233,511
Improvements	5,850	-	-	-	5,850
Water distribution system	7,008,093	-	-	-	7,008,093
Office equipment	63,278	-	-	-	63,278
Equipment	121,777	43,865	-	-	165,642
Vehicles	91,950	-	-	-	91,950
Total capital assets being depreciated	9,364,240	83,145	-	71,063	9,376,324
Less accumulated depreciation for:					
Water well	180,820	10,882	-	-	191,702
Storage and treatment plant	853,074	49,600	-	34,758	867,916
Buildings	93,331	6,111	-	5,037	94,405
Improvements	405	390	-	-	795
Water distribution system	2,180,226	142,010	-	-	2,322,236
Office equipment	62,218	1,060	-	-	63,278
Equipment	104,714	6,130	-	-	110,844
Vehicles	60,307	12,950	-	-	73,257
Total accumulated depreciation	3,535,095	229,133	-	39,795	3,724,433
Total capital assets being depreciated, net	5,829,145	(145,988)	-	(31,268)	5,651,891
Capital assets, net	\$ 5,866,269	(145,988)	-	(31,268)	5,689,015

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS**

8. LONG-TERM DEBT

The long-term debt of the Commission consists of various direct borrowings via water revenue bonds payable as follows:

	<u>2021</u>	<u>2020</u>
\$4,585,000 Water Revenue Refunding Bonds Series 2020, dated December 30, 2020 one interest only payment of \$57,694.58 due June 1, 2021, thereafter payable in bi-annual installments, including principal and interest, to December 1, 2043, interest at 3.000%.	4,450,000	4,585,000
Total Long-term Debt	<u>4,450,000</u>	<u>4,585,000</u>
Less current portion	<u>(155,000)</u>	<u>(135,000)</u>
	<u>\$ 4,295,000</u>	<u>4,450,000</u>

The direct borrowings of water revenue bonds payable to Hancock Whitney contain a requirement that the governing authority will continue to fix, establish and maintain rates and fees for services such that provide revenues in each year, after paying all reasonable and necessary expenses of operating and maintaining the water system in such year, at least equal to 120% of the largest amount of principal and interest maturing on the outstanding revenue bonds. In the event of default, the owner of the revenue bonds may appoint a receiver to take possession of the water system to hold, operate and maintain, manage and control the water system, and in the name of the issuer shall exercise all rights and powers of the issuer with respect to the water system.

The Commission did not meet the aforementioned 120% bond covenant test during 2020. For 2020 net income fell short by approximately \$47,579. This was due to irregular repair and maintenance expenses. Management corrected this bond covenant violation in 2021. Pursuant to Article IX of the bond resolution under no circumstances may the principal or interest of any of the bonds be accelerated. As a result, the bonds have been excluded from current obligations.

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize all debts outstanding including interest are as follows:

Year Ending December 31	Direct Borrowings		
	Principal	Interest	Total
2022	\$ 155,000	133,500	288,500
2023	160,000	128,850	288,850
2024	165,000	124,050	289,050
2025	165,000	119,100	284,100
2026	170,000	114,150	284,150
2027-2031	945,000	490,350	1,435,350
2032-2036	1,095,000	339,600	1,434,600
2037-2041	1,245,000	165,750	1,410,750
2042-2043	350,000	15,000	365,000
Total	\$ <u>4,450,000</u>	<u>1,630,350</u>	<u>6,080,350</u>

The following is a summary of long-term liability activity for the year ended December 31, 2021:

	Balance Beginning	Additions	Reductions	Balance Ending	Due Within One Year
Direct borrowings:					
Revenue bonds	\$ 4,585,000	-	135,000	4,450,000	155,000
Unamortized premiums	388,388	-	45,631	342,757	-
Total long-term liability	\$ <u>4,973,388</u>	<u>-</u>	<u>180,631</u>	<u>4,792,757</u>	<u>155,000</u>

The following is a summary of long-term liability activity for the year ended December 31, 2020:

	Balance Beginning	Additions	Reductions	Balance Ending	Due Within One Year
Direct borrowings:					
Revenue bonds	\$ 4,905,304	4,585,000	4,905,304	4,585,000	135,000
Unamortized premiums	-	388,388	-	388,388	-
Total long-term liability	\$ 4,905,304	4,973,388	4,905,304	4,973,388	135,000

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS**

9. COMPENSATED ABSENCES

All regular full-time employees who work overtime in their daily operations are compensated with time and a half of their regular salary. Employees can accumulate compensatory time in lieu of payment for overtime. The Commission's standard policy for sick and vacation leave is that it does not accumulate or vest past year end. As a result no liability is reported for unpaid accumulated sick or vacation leave at year end.

10. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. As of December 31, 2021, the Commission carries commercial insurance for the aforementioned risk. General liability coverage is maintained through a commercial insurance policy provided by the Jefferson Davis Parish Police Jury. During the construction phase, contractor nonperformance and liability risk is protected by requiring each contractor to post a performance bond and a certificate of liability insurance coverage for approved contracts. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years or since inception of the Commission.

11. INTEREST COST

Interest costs recorded in financial statements consist of the following:

	2021	2020
Interest paid	\$ 126,447	199,947
Interest accrual change	10,962	(5,034)
Total interest recorded	137,409	194,913
Less amount amortized for bond premium	45,631	-
Amount charged to expense	\$ <u>91,778</u>	<u>194,913</u>

12. LITIGATION AND CLAIMS

As of yearend there were no know matters of litigation involving the Commission which would materially affect the Commission's financial position.

13. PENSION PLAN

The Commission began a Simple IRA defined contribution plan effective March 1, 2007 pursuant to Internal Revenue Code Section 408(p). Under the plan, each employee receiving at least \$2,000 in compensation, as defined in the plan, during any one prior year and who are reasonably expected to receive at least \$2,000 in compensation during the current year are eligible to participate in the plan. Under terms of the plan, participants are able to reduce their taxable compensation per federally mandated calculations for contributions made to the plan. The Commission provides a non-elective contribution of 2% of eligible compensation for all eligible employees. Benefits vest immediately upon contribution by the Commission. Pension expense for the year ending December 31, 2021 and 2020, was \$5,355 and \$4,893.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
NOTES TO FINANCIAL STATEMENTS**

14. SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through June 22, 2022 the date which the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the Commission's ongoing operations; however, the extent and severity of the potential impact is unknown at this time.

15. LEASES

The Commission leases a copier machine under a 5-year noncancelable operating lease requiring minimum annual rentals of \$1,392 beginning March 23, 2017 and ending March 23, 2022. Future minimum rental payments due under this lease is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	348
2023	-
2024	-
2025	-
2026	-
	<u>\$ 348</u>

16. PRIOR PERIOD ADJUSTMENT

The effects of impairment due to property damage resulting from Hurricane Laura on August 27, 2020, were not recorded in the original issuance of the 2020 financial statements. The restatement of the 2020 financial statements due to property damage caused by Hurricane Laura resulted in an increase of \$49,252 in accounts receivable, an increase of \$8,483 in capital assets, net, and increase of \$17,985 in non-operating revenue, a decrease in repairs and maintenance of \$39,282, a decrease of depreciation expense of \$468 and a \$57,735 increase in ending 2020 net position. The accompanying 2020 comparative financial statements have been restated accordingly.

SUPPLEMENTARY INFORMATION SCHEDULES

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1
Schedule of Compensation and Other Expenses Paid to Commissioners
For the Year Ended December 31, 2021

Board Member

Gregory Bordelon	\$	1,950
Ric Berken		1,950
Don Johnson		2,100
Raymond Brown		2,100
Chad Woods		1,950
Bill Navarre		1,950
Inez Goodly, Jr.		<u>1,950</u>
	\$	<u>13,950</u>

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1
Schedule of Compensation, Benefits and Other Payments to Agency Head
or Chief Executive Officer
For the Year Ended December 31, 2021

Agency Head Name: David Trahan, Manager

Salary	\$	58,344
Benefits- insurance		14,163
Benefits- retirement		1,046
Benefits- Medicare & Social Security		4,367
Cell phone		986
	\$	<u>78,906</u>

OTHER REPORTS

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
MANAGEMENT'S STATUS OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2021

SECTION I – FINANCIAL STATEMENT FINDINGS

Finding 2007-1: Lack of segregation of duties

Recommendation: If possible, management should adopt procedures in the office to mitigate lack of segregation of duties. This condition existed in previous years.

Management Response: This condition still exists. Due to small size of our office staff we are limited in our ability to adequately segregate accounting functions. The board does review accounts payable invoices and the financials at each board meeting.

Item 2016-2 Internal control over payroll

Recommendation: Management should have separate pay authorization sheets in each employee file that are signed and dated by an authorized person in upper management and/or from the board. This document should also note the effective date of the change in pay. The Board may also want to consider oversight review and authorization of all changes in employee pay. One copy of this pay authorization should be maintained independently in a secure location by the authorizing person and one copy should be maintained by the payroll clerk. Management should consider establishing a checklist summary sheet listing all required documents that should be maintained in each employee's individual personnel file. Each item on this listing could have a checkoff box or line that provides for indication that each item has been properly completed, signed, obtained and filed. The person in charge of managing personnel files should be required to sign off indicating they accomplished collecting all necessary signed forms for each employee.

Management Response: Condition corrected.

Item 2019-1 Failure to Comply with Payroll Tax Laws and Failure to Reconcile Ending Payroll Tax Liabilities

Recommendation: The ending payroll tax liability should be adjusted at year-end to the estimated balance known to be due (management agreed and this adjustment was made). Management should review and assessed IRS notices and take steps to properly resolve outstanding issues including if necessary, to make payments for any unpaid taxes, interest, and penalties that may be currently due. Given the overall existing issues with payroll faced by the Commission management may want to consider perhaps obtaining professional technical assistance with payroll tax compliance going forward.

Management Response: Condition corrected.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
MANAGEMENT'S STATUS OF PRIOR YEAR AUDIT FINDINGS**

For the Year Ended December 31, 2021

Item: 2020-01 Failure to comply with Louisiana Public Bid Law R.S. 38:2211, et seq.

Recommendation: : Management should adopt procedures to ensure compliance with the Louisiana Public Bid Law (R.S. 38:2211, et seq.). Contracts for purchases of materials and supplies with a value of more than \$30,000 should be advertised and let for contract with the lowest responsible bidder. The advertisement for bids shall be published 2 times in a newspaper in the locality. The first publication must appear at least 15 days before the opening of the bids and shall not occur on a Saturday, Sunday or legal holiday. Plans and specifications shall be available to bidders the day of the first advertisement and until 24 hours before bid opening date. R.S. 38:2214(A), states that the advertisement for bids shall include the time and place that the bids will be received and shall at that time and place publicly open the bids and read them aloud. No public entity shall accept or take any bids including hand-delivered bids on days that are recognized as holidays by the United States Postal Service. Purchases of \$10,000 or more, but less than \$30,000 dollars, should obtain no fewer than 3 quotes by telephone, facsimile, email, or any other printable electronic form. If telephone quotes are received, a written confirmation of the accepted offers should be obtained and made a part of the purchase file. For purchases less than \$10,000, but greater than \$1,000, prudent practice suggests obtaining at least 3 written quotes, though the law does not so require.

Management Response: Condition corrected.

Item: 2020-02 Failure to comply with bond covenant

Recommendation: Management should implement procedures to ensure compliance with all bond covenants issued in the bond resolution adopted on December 22, 2020.

Management Response: Condition corrected.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION III – MANAGEMENT LETTER FINDINGS

No findings reported.

Mike B. Gillespie
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A Professional Accounting Corporation

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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 *GOVERNMENTAL AUDITING STANDARDS***

To the Board Members of the
Jefferson Davis Parish Water & Sewer Commission No. 1
Lake Arthur, 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 Jefferson Davis Parish Water and Sewer Commission No. 1 (Commission), a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) 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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2007-1 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-1.

Commission's Response to Findings

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, We express no opinion on it.

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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana
June 27, 2022

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
SCHEDULE OF FINDINGS & RESPONSES
For the Year Ended December 31, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of report issued: unmodified opinion on the basic financial statements
2. Internal control over financial reporting:
 - Material weakness(es) identified? – Yes
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? - No
3. Noncompliance material to the financial statements noted? – Yes
4. Was a management letter issued? – No

Federal Awards

5. Internal control over major programs:
 - Material weakness(es) identified? – N/A
 - Significant deficiency(ies) identified that that are not considered to be material weakness(es)? – N/A
6. Type of auditor's report issued on compliance for major programs: Not applicable
7. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? N/A
8. The programs tested as major programs included:

<u>CFDA No.</u>	<u>Program Name</u>
Not applicable	Not applicable

9. The threshold used for distinguishing between Type A and B programs was: Not applicable
10. Did the auditee qualify as a low risk auditee? – N/A

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
SCHEDULE OF FINDINGS & RESPONSES
For the Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Initial Current Year Findings:

Item 2021-1 Mandatory ethics training noncompliance

Criteria/ Specific Requirement: Louisiana Revised Statue 42:1170 requires that each public servant receive one hour of ethics education and training each year on the Louisiana Code of Government Ethics.

Condition: Failure to maintain documentation of compliance with Louisiana Revised Statue 42:1170.

Cause: For five employees selected for testing in 2021, management was unable to provide documentation of annual ethics training certifications for one employee.

Effect of Condition: Noncompliance with Louisiana Revised Statue 42:1170.

Recommendation: Management should implement an annual review of all employees to determine if mandatory required ethics education and training has taken place pursuant to L.R.S 42:1170.

Management Response: Management is in agreement with finding and will take corrective action.

Unresolved Prior Year Findings:

Item: 2007-1 Lack of segregation of duties

Criteria/ Specific Requirement: A good system of internal control provides for a proper segregation of the accounting functions.

Condition: The Commission does not have the proper segregation of duties cash receipts and disbursements, accounts receivable, and accounts payable. This condition existed in previous years.

Cause: Due to the small number of employees involved in the accounting functions, it appears the Commission did not have adequate segregation of duties within the accounting system.

Effect of Condition: The lack of proper segregation of duties increases the risk that errors or fraud could occur and not be discovered in a timely manner.

Recommendation: If possible, management should adopt procedures in the office to mitigate lack of segregation of duties. Where possible, duties should be segregated to reduce the risk of errors or fraud.

Management Response: Management agrees with the findings and will take auditor's recommendation under advisement.

JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
SCHEDULE OF FINDINGS & RESPONSES
For the Year Ended December 31, 2021

SECTION III –FINANCIAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION IV – MANAGEMENT LETTER

No current year findings reported.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1
MANAGEMENT’S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended December 31, 2021**

SECTION I – FINANACIAL STATEMENT FINDINGS

Finding 2007-1: Lack of segregation of duties

Recommendation: If possible, management should adopt procedures in the office to mitigate lack of segregation of duties. This condition existed in previous years.

Management Response: This condition still exists. Due to small size of our office staff we are limited in our ability to adequately segregate accounting functions. The board does review accounts payable invoices and the financials at each board meeting.

Item 2021-1 Mandatory ethics training noncompliance

Recommendation: Management should implement an annual review of all employees to determine if mandatory required ethics education and training has taken place pursuant to L.R.S 42:1170.

Management Response: Management is in agreement with finding and will take corrective action.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No current year findings reported.

SECTION III – MANAGEMENT LETTER

No current year findings reported.

* * * * *

THIS CORRECTIVE ACTION PLAN HAS BEEN PREPARED BY MANAGEMENT

Mike B. Gillespie
Certified Public Accountant
A Professional Accounting Corporation

Mike B. Gillespie, CPA, CGMA

Eric C. Gillespie, CPA

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board Members of the
Jefferson Davis Parish
Water & Sewer Commission 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 January 1, 2021 through December 31, 2021. The Entity's management is responsible for those C/C areas identified in the SAUPs.

Jefferson Davis Parish Water & Sewer Commission No.1 (Commission) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

Finding: There are no written policies and procedures to address following budget functions listed above.

Management's response: Management agreed to the finding and plan to establish written policies and procedures for Budgeting that address the functions listed above.

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.

Finding: There are no written policies and procedures to address the following purchasing functions listed above.

Management's response: Management agreed to the finding and plan to establish written policies and procedures for Purchasing that address the functions listed above.

- c) ***Disbursements***, including processing, reviewing, and approving.

Finding: There are no written policies and procedures to address the following disbursements functions listed above.

Management's response: Management agreed to the finding and plan to establish written policies and procedures for Disbursements that address the functions listed above.

- 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).

Finding: There are no written policies and procedures to address the following receipts/collections functions listed above.

Management's response: Management agreed to the finding and plan to establish written policies and procedures for Receipts/Collections that address the functions listed above.

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

Finding: There are written policies and procedures for payroll/personnel, however, they do not address the following functions listed above.

Management's response: Management agreed to the finding and plan to add the functions listed above to their existing Payroll/Personnel written policies and procedures.

- 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.

Finding: There are no written policies and procedures to address the following contracting functions listed above.

Management's response: Management agreed to the finding and plan to establish written policies and procedures for Contracting that address the functions listed above.

- 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).

Finding: There are no written policies and procedures to address the following credit card functions listed above.

Management's response: Management agreed to the finding and plan to establish written policies and procedures for Credit Cards that address the functions listed above.

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

Finding: The entity's current written policies and procedures do not address function (2) dollar thresholds by category of expense.

Management's response: Management agreed to the finding and plan to add this function to their Travel and Expense Reimbursement written policies and procedures.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Finding: The entity's current written policies and procedures do not address functions (1), (3), and (4) listed above.

Management's response: Management agreed to the finding and plan to add these functions to their Ethics written policies and procedures.

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

Finding: There are no written policies and procedures to address the following Debt Service functions listed above.

Management's response: Management agreed to the finding and plan to establish written policies and procedures for Debt Service that address the functions listed above.

- 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.

Finding: There are no written policies and procedures to address the following Information Technology Disaster Recovery/Business Continuity functions listed above.

Management's response: Management agreed to the finding and plan to establish written policies and procedures for Information Technology Disaster Recovery/Business Continuity that address the functions listed above.

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

Finding: The entity's current written policies and procedures do not address function (2) annual employee training and (3) annual reporting.

Management's response: Management agreed to the finding and plan to add these functions to their Sexual Harassment written policies and procedures.

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.

No findings as a result of procedure.

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

Not applicable.

- 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.

Not applicable.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

Finding: One of the five bank reconciliations selected included evidence that it was NOT prepared within 2 months of the related statement closing date.

Management's Response: Management agreed to the finding and will establish better oversight of timely bank reconciliation preparation going forward.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Finding: All five bank reconciliations selected did NOT include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

Management's Response: Management agreed to the finding and plans to establish documentation of management review on all bank reconciliation going forward.

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

Not applicable.

Collections (excluding electronic funds transfers)

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).

Obtained the listing of deposit sites and management's representation that the listing is complete.

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:

Obtained the listing of collection locations and management's representation that the listing is complete.

- a) Employees 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 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 responsible for collecting cash, unless another employee/official verifies the reconciliation.

No finding as a result of procedures a-d.

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

No findings as a result of procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Finding: The entity does not use sequentially pre-numbered receipts.

Management's response: Management agreed to the finding.

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

We traced system reports and other related collection documentation to the deposit slip without exceptions.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No finding as a result of procedure.

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

Finding: Two deposits from one of the five bank accounts selected were not made within one business day of collection. Both deposits were made within two business days of collection.

Management's response: Management agreed to the finding.

- e) Trace the actual deposit per the bank statement to the general ledger.

No finding as a result of procedure.

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

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).

Obtained the listing of locations that process payments and management's representation that the listing is complete.

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:

Obtained a listing of those employees involved with non-payroll purchasing, payment functions, and inquired of those listed employees about their job duties.

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

Finding: The entity does not have a requisition/purchasing system implemented with job duties properly segregated that involve at least two employees initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Management's response: Management agrees with the finding and plan to establish a purchasing system to comply with these procedures.

- b) At least two employees are involved in processing and approving payments to vendors.

No finding as a result of this procedure.

- 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.

No finding as a result of this procedure.

- 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.

No finding as a result of this procedure.

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

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:

Obtained the listing of the entity's non-payroll disbursement transaction population and management's representation that the listing is complete.

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No finding as a result of procedures a-b.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. 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.

Obtained the listing of all active credit cards, bank debit cards, fuel cards, and p-cards and management's representation that the listing is complete.

12. 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 whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

No finding as a result of procedures a-b.

13. 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Finding: There were ten transactions total among the three card statements selected. Five (5) of the ten transactions were NOT supported by an original itemized receipt that identified precisely what was

purchased. Nine (9) of the ten transactions did not have written documentation of the business/public purpose.

Management's response: Management agreed to finding.

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

14. 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:

Obtained listing of all travel and travel-related expense reimbursement and management's representation that the listing is complete.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe 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 each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No finding as a result of procedures a-d.

Contracts

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

Obtained listing of all agreements/contracts that were initiated or renewed and management's representation that the listing is complete.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe whether 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 the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

- 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 the invoice and related payment agreed to the terms and conditions of the contract.

No finding as a result of procedures a-d.

Payroll and Personnel

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

No finding as a result of this procedure.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No finding as a result of procedures a-d.

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

Not applicable.

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

Finding: The employee salary deferrals for retirement contributions were not paid by required deadlines for the months of January, February, April, May, June, July, October, and December.

Management's response: Management agreed to finding.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Finding: Documentation demonstrating each employee/official completed one hour of ethics training during the fiscal period could NOT be obtained for one (1) of the five employees selected.

Management's response: Management agreed to finding:

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not applicable.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

No finding as a result of this procedure.

22. 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).

No finding as a result of this procedure.

Fraud Notice

23. 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.

Not applicable.

24. Observe 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.

No finding as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

25. 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 that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure without exception and verbally discussed the results with management.

- 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.

We performed the procedure without exception and verbally discussed the results with management.

- 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.

We performed the procedure without exception and verbally discussed the results with management.

Sexual Harassment

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Finding: Documentation demonstrating each employee/official completed at least one hour of sexual harassment training during the calendar year could NOT be obtained from management.

Management's response: Management agreed to finding.

- 27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Finding: The entity has NOT posted its sexual harassment policy and complaint procedure on its website.

Management's response: Management agreed to finding.

- 28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

Finding: The entity did NOT prepare an annual sexual harassment report for the current fiscal period.

Management's response: Management agreed to finding.

- 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.

We were engaged by Jefferson Davis Parish Water & Sewer Commission No.1 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Jefferson Davis Parish Water & Sewer Commission No.1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Mike B. Gillespie, CPA, APAC

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Jennings, Louisiana

June 27, 2022