

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2021

Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

TABLE OF CONTENTS
December 31, 2021

| | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report | 1-3 |
| Management's Discussion and Analysis | 4-6 |
| Component Unit Financial Statements: | |
| Statement of Net Position | 7 |
| Statement of Revenues, Expenses and Changes in Net Position | 8 |
| Statement of Cash Flows | 9 |
| Notes to Financial Statements | 10-12 |
| Supplemental Information: | |
| Schedule of Compensation Paid to Commissioners | 13 |
| Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head | 14 |
| Corrective Action Taken on Prior Year Findings | 15 |
| Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 16-17 |
| Schedule of Findings | 18 |
| Independent Accountant's Report on Applying Statewide Agreed-Upon Procedures | 19-31 |



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Lakeview Waterworks District of the Parish of Caddo
Shreveport, Louisiana

Opinion

I have audited the accompanying financial statements of the business-type activities, and the major fund of Lakeview Waterworks District of the Parish of Caddo, a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Lakeview Waterworks District of the Parish of Caddo's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakeview Waterworks District of the Parish of Caddo as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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 and *the Louisiana Governmental Audit Guide*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Lakeview Waterworks District of the Parish of Caddo and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

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 Lakeview Waterworks District of the Parish of Caddo's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lakeview Waterworks District of the Parish of Caddo'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lakeview Waterworks District of the Parish of Caddo's ability to continue as a going concern for a reasonable period of time.

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

Other Supplementary Information

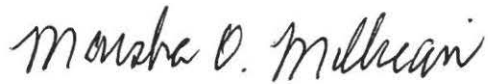
My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Lakeview Waterworks District of the Parish of Caddo's basic financial statements. The Schedule of Compensation Paid to Commissioners and the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2022 on my consideration of Lakeview Waterworks District of the Parish of Caddo's internal control over financial reporting and on my tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lakeview Waterworks District of the Parish of Caddo's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report, dated June 24, 2022 on the results of my statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Certified Public Accountant
June 24, 2022

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

This section of Lakeview Waterworks District of the Parish of Caddo's annual financial report presents our discussion and analysis of the District's financial performance during the year ended December 31, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District had net position of \$622,206 at year end which represents an increase from the prior year of \$163,573.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of the following - Management's Discussion and Analysis (this section), the basic financial statements, and notes to financial statements. These components are described below:

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and Cash Flows provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the District's net position and changes in net position. You can think of the District's Net Position, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL ANALYSIS OF THE ENTITY

Net Position

Net position may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$622,206 as of December 31, 2021.

The District's major assets are its fixed assets of \$218,589 representing its investment in its water distribution system and water treatment plant. The District owed \$-0- at year end on the debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the citizens of the District; consequently, these assets are not available for future spending.

Lakeview Waterworks District of the Parish of Caddo Statement of Net Position December 31,

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Current assets | \$ 407,570 | \$ 304,157 |
| Other assets | 152,945 | 149,425 |
| Capital Assets, net of depreciation | 218,589 | 159,923 |
| Total Assets | <u>779,104</u> | <u>613,505</u> |
| Accounts payable and accrued expenses | 17,078 | 18,572 |
| Bonds payable | - | - |
| Customer deposits | 139,280 | 136,300 |
| Total Liabilities | <u>156,358</u> | <u>154,872</u> |
| Invested in capital assets, net of related debt | 218,589 | 159,923 |
| Unrestricted | 403,617 | 298,710 |
| Net Position | <u>\$ 622,206</u> | <u>\$ 458,633</u> |

Lakeview Waterworks District of the Parish of Caddo Statement of Changes in Net Position December 31,

| | 2021 | 2020 |
|------------------------------|-------------------|-------------------|
| Operating Revenues | \$ 493,378 | \$ 478,079 |
| Operating Expenses | <u>390,805</u> | <u>373,293</u> |
| Operating Income | 102,573 | 104,786 |
| Non-operating Income/Expense | <u>61,000</u> | <u>-</u> |
| Changes in Net Position | <u>\$ 163,573</u> | <u>\$ 104,786</u> |

The District's total operating revenues increased by \$15,299 from the previous year. The total operating expense increased by \$17,512 from the previous year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021 the District had \$218,589 net of depreciation, invested in its capital assets. This amount represents a net decrease of 58,666 as a result of additions of \$75,054 and depreciation expense of \$16,388.

| | Capital Assets at Year End (Net of Depreciation) | |
|--------------------------------|---|------------|
| | 2021 | 2020 |
| Machinery & Equipment | \$ 7,607 | \$ 7,607 |
| Buildings | 104,347 | 37,793 |
| Water System | 466,473 | 457,973 |
| Total | 578,427 | 503,373 |
| Less: Accumulated Depreciation | 372,460 | 356,072 |
| | 205,967 | 147,301 |
| Land | 12,622 | 12,622 |
| Net Fixed Assets | \$ 218,589 | \$ 159,923 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Management of the District considers the following factors and indicators when setting next year's rates and fees. These factors and indicators include: long-term debt, cost of operations and number of customers.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Lakeview Waterworks District of the Parish of Caddo's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District at 3205 Lorraine Street, Shreveport, Louisiana, (318) 222-4871.

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

Statement of Net Position

December 31, 2021**Assets**Current Assets

| | |
|---|----------------|
| Cash | \$ 342,215 |
| Accounts Receivable Water Customers (Net) | 60,511 |
| Prepaid Expenses | 4,844 |
| Total Current Assets | <u>407,570</u> |

Other Assets

Restricted Assets

| | |
|--------------------|----------------|
| Cash | 139,820 |
| Other Assets | 13,125 |
| Fixed Assets (Net) | 218,589 |
| Total Other Assets | <u>371,534</u> |

| | |
|--------------|----------------|
| Total Assets | <u>779,104</u> |
|--------------|----------------|

| | |
|--------------------------------|----------|
| Deferred Outflows of Resources | <u>-</u> |
|--------------------------------|----------|

LiabilitiesLiabilitiesCurrent Liabilities

| | |
|---------------------------------------|---------------|
| Accounts Payable and Accrued Expenses | 17,078 |
| Total Current Liabilities | <u>17,078</u> |

Long-Term Liabilities

| | |
|-----------------------------|----------------|
| Customer Deposits Payable | 139,820 |
| Total Long-Term Liabilities | <u>139,820</u> |
| Total Liabilities | <u>156,898</u> |

| | |
|-------------------------------|----------|
| Deferred Inflows of Resources | <u>-</u> |
|-------------------------------|----------|

Net Position

| | |
|---|-------------------|
| Invested in Capital Assets, Net of Related Debt | 218,589 |
| Unrestricted | 403,617 |
| Total Net Position | <u>\$ 622,206</u> |

See accompanying notes to financial statements.

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2021

| | |
|--|--------------------------|
| Revenues: | |
| Charges for Services - Water Sales | <u>\$ 493,378</u> |
| Total Revenues | <u>493,378</u> |
| Operating Expenses: | |
| Personal Services | 39,411 |
| Utilities | 1,940 |
| Repair and Maintenance | 99,202 |
| Water Purchases | 171,292 |
| Other Supplies and Expense | 55,818 |
| Insurance | 6,754 |
| Depreciation | <u>16,388</u> |
| Total Expenses | <u>390,805</u> |
| Change in Net Position before Other Income | 102,573 |
| Other Income: | |
| Grant Revenue | <u>61,000</u> |
| Change in Net Position | 163,573 |
| Net Position - Beginning of Year | <u>458,633</u> |
| Net Position - End of Year | <u><u>\$ 622,206</u></u> |

See accompanying notes to the financial statements.

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

Statement of Cash Flows

Year Ended December 31, 2021

| | |
|---|--------------------------|
| Cash flows from operating activities: | |
| Cash received from customers | \$ 492,458 |
| Cash payments to suppliers | (373,786) |
| Net cash provided by operating activities | <u>118,672</u> |
| Cash flows from capital and related financing activities: | |
| Grant Proceeds | 61,000 |
| Fixed Asset Purchases | (75,054) |
| Net cash provided by capital and related financing activities | <u>(14,054)</u> |
| Net increase (decrease) in cash | 104,618 |
| Cash, beginning of year (including \$136,300 in restricted assets) | <u>377,417</u> |
| Cash, end of year (including \$139,820 in restricted assets) | <u><u>\$ 482,035</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income (loss) | 102,573 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 16,388 |
| Increase in accounts receivable | (920) |
| Increase in prepaid expenses | (1,395) |
| Increase in deposits | - |
| Increase in customer deposits | 3,520 |
| Decrease in accounts payable | (1,494) |
| Net cash provided by operating activities | <u><u>\$ 118,672</u></u> |

See accompanying notes to financial statements.

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

Notes to Financial Statements

December 31, 2021

Lakeview Waterworks District of the Parish of Caddo, Louisiana, was created by Ordinance No. 4353, of the Caddo Parish Commission on March 17, 2005, and is a political subdivision of the Caddo Parish Commission. The ordinance states that the purpose of the District is to provide water services to the residents of the District. The District is located adjacent to and in proximity of Cross Lake and is domiciled at 3205 Lorraine Street, Shreveport, Louisiana. The affairs of the District are conducted and managed by a board of five (5) commissioners appointed by the Caddo Parish Commission.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Lakeview Waterworks District of the Parish of Caddo 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 component unit financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments, issued in June, 1999. The following is a summary of the more significant accounting policies:

Basis of Accounting: The accrual basis of accounting is utilized by the District. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Investments: Investments are stated at cost which approximates market.

Cash Flows: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Bad Debts: An allowance for doubtful accounts is maintained for accounts receivable. At December 31, 2021, the balance in this account was \$33,470.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand and amounts in demand deposits.

Capital Assets: Additions that significantly extend the useful life of an asset are recorded as capital improvements. The cost of normal maintenance and repairs that do not add to the value of an asset are charged to expense when incurred. Useful depreciable lives of fixed assets range 7 to 15 years.

Prepaid Expenses: Prepaid Expenses consists of insurance premiums paid in advance at year end.

Restricted Assets: Restricted assets include cash that is legally restricted as to its use and is restricted for customer deposits.

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

Notes to Financial Statements

December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires 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.

Fund Equity: Equity is classified as net position and is reported in three components:

Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use by external groups, such as creditors, grantors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.

Risk Management: The District is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for the risk of loss including automobile liability, generally liability, property damage, and workers compensation.

2. CASH:

At year end, the carrying amount of the District's cash balance at banks totaled \$485,634 Book balances were \$482,035 at year end. The difference is due to outstanding checks at year end. Bank balances of \$250,000 were insured by FDIC insurance. Balances of \$235,634 were not collateralized and were subject to risk.

3. ACCOUNTS RECEIVABLE:

Accounts receivable for customer water bills at December 31 2021, totaled \$93,981 less an allowance for doubtful accounts of \$33,470.

4. FIXED ASSETS:

| | |
|--------------------------------|--------------------------|
| Building and Improvements | \$ 104,347 |
| Distribution System | 466,473 |
| Equipment | 7,607 |
| Total Fixed Assets | <u>578,427</u> |
| Less: Accumulated Depreciation | <u>(372,460)</u> |
| | 205,967 |
| Land | 12,622 |
| Net Fixed Assets | <u><u>\$ 218,589</u></u> |

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

Notes to Financial Statements

December 31, 2021

4. FIXED ASSETS:(Continued)

Additions for the year ended December 31, 2021 were \$75,054. Depreciation expense charged to operations for the year ended December totaled \$16,388.

5. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 24, 2022, the date the financial statement were available to be issued, and determined no additional disclosures are warranted.

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

Schedule of Compensation Paid to Commissioners

Year Ended December 31, 2021

| | |
|-------------------|---------------------|
| Larry Anderson | \$ 720 |
| Robert Fowler | 480 |
| Mary Tallant | 720 |
| Robert Brown, Jr. | <u>840</u> |
| Total | <u><u>2,760</u></u> |

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

Schedule of Compensation, Reimbursements, Benefits, and Other Payments
to Agency Head

Year Ended December 31, 2021

Agency Head: Larry Anderson, President

Per Diem \$ 720

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

Corrective Action Taken on Prior Year Findings

December 31, 2021

FINDING 2020-#1:

The segregation of duties is inadequate to provide effective internal control.

STATUS: Unresolved.

FINDING 2020-#2:

All public employees did not obtain ethics training.

STATUS: Resolved.

FINDING 2020-#3:

A separate bank account was not maintained for the liability for customer deposits.

STATUS: Resolved.



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Lakeview Waterworks District of the Parish of Caddo
Shreveport, Louisiana

I 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 Lakeview Waterworks District of the Parish of Caddo (the District) as of December 31, 2021, and related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report dated May 31, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Lakeview Waterworks District of the Parish of Caddo's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a certain deficiency in internal control that I consider to be a material weakness.

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 significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings to be a material weakness and is reported as Finding 2021-#1.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statutes, it is issued by the Legislative Auditor as a public document.



Certified Public Accountant

June 24, 2022

LAKEVIEW WATERWORKS DISTRICT OF THE PARISH OF CADDO

Schedule of Findings

December 31, 2021

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. One deficiency which is considered to be a material weakness in internal control over financial reporting was disclosed during the audit.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.

FINDING #2021-1

Criteria: Effective internal control requires segregation of duties.

Condition: The segregation of duties is inadequate to provide effective internal control. The District's water clerk performs substantially all daily accounting duties. These duties include but are not limited to: entering monthly customer usage into the billing software, preparing and mailing monthly customer bills, preparing billing adjustments and non-cash credits, collecting payments for services, recording customer payments into the billing system, preparing and posting customer late payment charges, making bank deposits, preparing disbursement checks, and mailing disbursement checks.

Cause: The condition is due to economic and space limitations.

Effect: Unknown.

Recommendation: Whether or not it would be cost effective to correct a deficiency is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies reported under accounting standards generally accepted in the United States of America. In this case, both management and the auditor do not believe that correcting the material weakness described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary.

Management's Response and Corrective Action Plan: We concur with the finding. We will make every effort to segregate duties as allowed by space and economic limitations.



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

To the Board of Commissioners
Lakeview Waterworks District of the Parish of Caddo
Shreveport, Louisiana

I have performed the procedures enumerated below on the control and compliance (CIC) 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. Management of Lakeview Waterworks District of the Parish of Caddo (the District) is responsible for those CIC areas identified in the SA UPS.

The Board of Commissioners of Lakeview Waterworks District of the Parish of Caddo 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 CIC areas identified in the 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

I. 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.

The entity has no written policies and procedures that adequately address this function.

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 Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

810 WILKINSON
SHREVEPORT, LA 71104-3036
(318) 221-3881
FAX: (318) 221-4641

The entity has no written policies and procedures that adequately address this function.

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

The entity has no written policies and procedures that adequately address this function.

d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness or 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.

The entity has no written policies and procedures that adequately address this function.

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.

The entity has no written policies and procedures that adequately address this function.

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.

The entity has no written policies and procedures that adequately address this function.

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).

The entity has no written policies and procedures that adequately address this function.

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

The entity has no written policies and procedures that adequately address this function.

i) *Ethics*, including (1) the prohibition 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.

The entity has no written policies and procedures that adequately address this function.

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

The entity has no debt.

- 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 a 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.

The entity has no written policies and procedures that adequately address this function.

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

The entity has no written policies and procedures that adequately address this function.

Management's Response - The District has historically not been required to have an audit. Due to the receipt of grant proceeds in 2021, the increase in revenue caused the District to meet the requirements of the audit. Next year the District will be under the threshold and not be subject to the SAUPs.

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 exceptions were noted as a result of this procedure.

- 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. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to the public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

The minutes do not reference budget-to-actual comparisons.

Management's Response - We will include budget-to actual comparisons in the future.

- 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.

No exceptions were noted as a result of this procedure.

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);

No exceptions were noted as a result of this procedure.

- 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

Bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each reconciliation.

Management's Response - Bank reconciliations are prepared by the CPA firm engaged to prepare the District's monthly accounting.

- 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.

No exceptions were noted as a result of this procedure.

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).

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.

Employees share cash drawers. There are compensating controls for this for this function.

- 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., per-numbered receipts) to the deposit.

Employees responsible for collecting cash prepare and make bank deposits.

Management's Response -The condition is due to economic and space limitations.

- 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.

The employee collecting cash is responsible for posting collection entries to the subsidiary ledger.

Management's Response -The condition is due to economic and space limitations.

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

The employee responsible for reconciling cash collections to the subsidiary ledgers is responsible for collecting cash.

Management's Response -The condition is due to economic and space limitations.

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 enforced during the fiscal period.

Employees are not bonded.

Management's Response - Employees will be bonded in the future.

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 per-numbered.

Receipts are not sequentially pre-numbered.

Management's Response - The condition is due to economic and space limitations.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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 and the cash is stored securely in a locked safe or drawer).

Deposits are not made within one business day of receipt.

Management's Response -The situation is due to economic and space limitations.

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

No exceptions were noted as a result of this 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).

No exceptions were noted as a result of this procedure.

9. For each location selected under H-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.

**The entity has no written policies and procedures that adequately address this function.
Job duties are not segregated.**

Management's Response: The condition is due to economic and space limitations.

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

Job duties are not segregated.

Management's Response - The condition is due to economic and space limitations.

- 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 exceptions were noted 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.

[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.]

Duties are not segregated.

Management's Response - The condition is due to economic and space limitations.

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 matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions were noted as a result of this procedure.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Duties are not segregated.

Management's Response - The condition is due to economic and space limitations.

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

11. Obtain from management a listing of all 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.

The District has no credit card, bank debit cards, fuel cards, or P-cards.

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 on 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) was received 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.]

This procedure is not applicable.

b) Observe that finance charges and late fees were not assessed on the selected statements.

This procedure is not applicable.

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 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 practitioners 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.

This procedure is not applicable.

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:

a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

The entity had no travel or travel-related expense reimbursements during the fiscal period.

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

This procedure is not applicable.

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 #1 h).

This procedure is not applicable.

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

This procedure is not applicable.

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:

- 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.

No exceptions were noted as a result of this procedure.

- 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).

No exceptions were noted as a result of this procedure.

- 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 was approval documented).

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure.

Payroll and Personnel

16. Obtain a list 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 salaries and personnel files, and agree paid salaries to authorized salaries/ pay rates in the personnel files.

No exceptions were noted 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 that 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.

No exceptions were noted as a result of this procedure.

b) Observe that supervisors approved the attendance and leave of the selected employees of officials.

No exceptions were noted as a result of this procedure.

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's accumulative leave records.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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 policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employee of officials' authorized pay rates in the employee or official's personnel files, and agree the termination payment to entity policy.

No exceptions were noted as a result of this procedure.

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 the required deadlines.

No exceptions were noted as a result of this procedure.

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 that the documentation demonstrates each employee/official completed on hour of ethics training during the fiscal period.

No exceptions were noted as a result of this procedure.

b) Observe that 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.

No exceptions were noted as a result of this procedure.

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 that State Bond Commission approval was obtained for each debt instrument issued.

The entity has no debt service.

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).

This procedure is not applicable.

Fraud Notice

23. Obtain a listing of misappropriation 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 to the district attorney of the parish in which the entity is domiciled.

No exceptions were noted as a result of this procedure.

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 exceptions were noted 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, "I 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.

I performed the procedures and 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.

I performed the procedures and 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.

I performed the procedures and 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.

Employees/officials did not have sexual harassment training.

Management's Response: We will assure that employees/officials complete sexual harassment training in the future.

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).

The entity does not have a written sexual harassment policy or complaint procedure.

Management's Response - We will adopt a sexual harassment policy and complaint procedure and post it on our website in the future.

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:

- a) Number and percentage of public servants in the agency who have completed the training requirements.;

The entity did not prepare an annual sexual harassment report for the current fiscal year.

Management's Response- We will prepare annual sexual harassment reports in the future.

- b) Number of sexual harassment complaints received by the agency;

This procedure is not applicable.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

This procedure is not applicable.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

This procedure is not applicable.

- e) Amount of time it took to resolve each complaint.

This procedure is not applicable.

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

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

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

Certified Public Accountant
June 2, 2022

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

To the Board of Commissioners
Lakeview Waterworks District of the Parish of Caddo
Shreveport, Louisiana

I have performed the procedures enumerated below on the control and compliance (CIC) 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. Management of Lakeview Waterworks District of the Parish of Caddo (the District) is responsible for those CIC areas identified in the SAUPS.

The Board of Commissioners of Lakeview Waterworks District of the Parish of Caddo 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 CIC areas identified in the 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

- I. 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.

The entity has no written policies and procedures that adequately address this function.

- 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 Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

The entity has no written policies and procedures that adequately address this function.

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

The entity has no written policies and procedures that adequately address this function.

d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness or 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).

The entity has no written policies and procedures that adequately address this function.

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.

The entity has no written policies and procedures that adequately address this function.

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.

The entity has no written policies and procedures that adequately address this function.

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).

The entity has no written policies and procedures that adequately address this function.

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

The entity has no written policies and procedures that adequately address this function.

i) *Ethics*, including (1) the prohibition 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.

The entity has no written policies and procedures that adequately address this function.

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

The entity has no debt.

- 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 a 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.

The entity has no written policies and procedures that adequately address this function.

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

The entity has no written policies and procedures that adequately address this function.

Management's Response - The District has historically not been required to have an audit. Due to the receipt of grant proceeds in 2021, the increase in revenue caused the District to meet the requirements of the audit. Next year the District will be under the threshold and not be subject to the SAUPs.

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 exceptions were noted as a result of this procedure.

- 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. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to the public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

The minutes do not reference budget-to-actual comparisons.

Management's Response - We will include budget-to actual comparisons in the future.

- 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.

No exceptions were noted as a result of this procedure.

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);

No exceptions were noted as a result of this procedure.

- 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

Bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each reconciliation.

Management's Response - Bank reconciliations are prepared by the CPA firm engaged to prepare the District's monthly accounting.

- 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.

No exceptions were noted as a result of this procedure.

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).

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.

Employees share cash drawers. There are compensating controls for this for this function.

- 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., per-numbered receipts) to the deposit.

Employees responsible for collecting cash prepare and make bank deposits.

Management's Response -The condition is due to economic and space limitations.

- 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.

The employee collecting cash is responsible for posting collection entries to the subsidiary ledger.

Management's Response -The condition is due to economic and space limitations.

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

The employee responsible for reconciling cash collections to the subsidiary ledgers is responsible for collecting cash.

Management's Response -The condition is due to economic and space limitations.

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 enforced during the fiscal period.

Employees are not bonded.

Management's Response - Employees will be bonded in the future.

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 per-numbered.

Receipts are not sequentially pre-numbered.

Management's Response - The condition is due to economic and space limitations.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- 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 and the cash is stored securely in a locked safe or drawer).

Deposits are not made within one business day of receipt.

Management's Response -The situation is due to economic and space limitations.

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

No exceptions were noted as a result of this 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).

No exceptions were noted as a result of this procedure.

9. For each location selected under H-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.

The entity has no written policies and procedures that adequately address this function. Job duties are not segregated.

Management's Response: The condition is due to economic and space limitations.

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

Job duties are not segregated.

Management's Response - The condition is due to economic and space limitations.

- 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 exceptions were noted 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.

[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.)

Duties are not segregated.

Management's Response - The condition is due to economic and space limitations.

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 matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions were noted as a result of this procedure.

- b) Observe that the disbursement documentation included evidence(e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Duties are not segregated.

Management's Response - The condition is due to economic and space limitations.

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

11. Obtain from management a listing of all 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.

The District has no credit card, bank debit cards, fuel cards, or P-cards.

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 on 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) was received 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.]

This procedure is not applicable.

b) Observe that finance charges and late fees were not assessed on the selected statements.

This procedure is not applicable.

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 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 practitioners 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.

This procedure is not applicable.

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:

a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

The entity had no travel or travel-related expense reimbursements during the fiscal period.

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

This procedure is not applicable.

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 #1 h).

This procedure is not applicable.

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

This procedure is not applicable.

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:

- 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.

No exceptions were noted as a result of this procedure.

- 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).

No exceptions were noted as a result of this procedure.

- 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 was approval documented).

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure.

Payroll and Personnel

16. Obtain a list 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 salaries and personnel files, and agree paid salaries to authorized salaries/ pay rates in the personnel files.

No exceptions were noted 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 that 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.

No exceptions were noted as a result of this procedure.

b) Observe that supervisors approved the attendance and leave of the selected employees of officials.

No exceptions were noted as a result of this procedure.

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's accumulative leave records.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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 policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or official's personnel files, and agree the termination payment to entity policy.

No exceptions were noted as a result of this procedure.

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 the required deadlines.

No exceptions were noted as a result of this procedure.

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 that the documentation demonstrates each employee/official completed on hour of ethics training during the fiscal period.

No exceptions were noted as a result of this procedure.

b) Observe that 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.

No exceptions were noted as a result of this procedure.

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 that State Bond Commission approval was obtained for each debt instrument issued.

The entity has no debt service.

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).

This procedure is not applicable.

Fraud Notice

23. Obtain a listing of misappropriation 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 to the district attorney of the parish in which the entity is domiciled.

No exceptions were noted as a result of this procedure.

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 exceptions were noted 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, "I 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.

I performed the procedures and 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.

I performed the procedures and 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.

I performed the procedures and 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.

Employees/officials did not have sexual harassment training.

Management's Response: We will assure that employees/officials complete sexual harassment training in the future.

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).

The entity does not have a written sexual harassment policy or complaint procedure.

Management's Response - We will adopt a sexual harassment policy and complaint procedure and post it on our website in the future.

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:

- a) Number and percentage of public servants in the agency who have completed the training requirements.;

The entity did not prepare an annual sexual harassment report for the current fiscal year.

Management's Response- We will prepare annual sexual harassment reports in the future.

- b) Number of sexual harassment complaints received by the agency;

This procedure is not applicable.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

This procedure is not applicable.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

This procedure is not applicable.

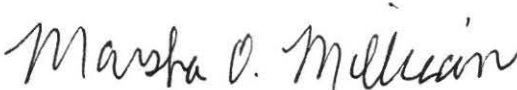
- e) Amount of time it took to resolve each complaint.

This procedure is not applicable.

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

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

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



Certified Public Accountant
June 24, 2022