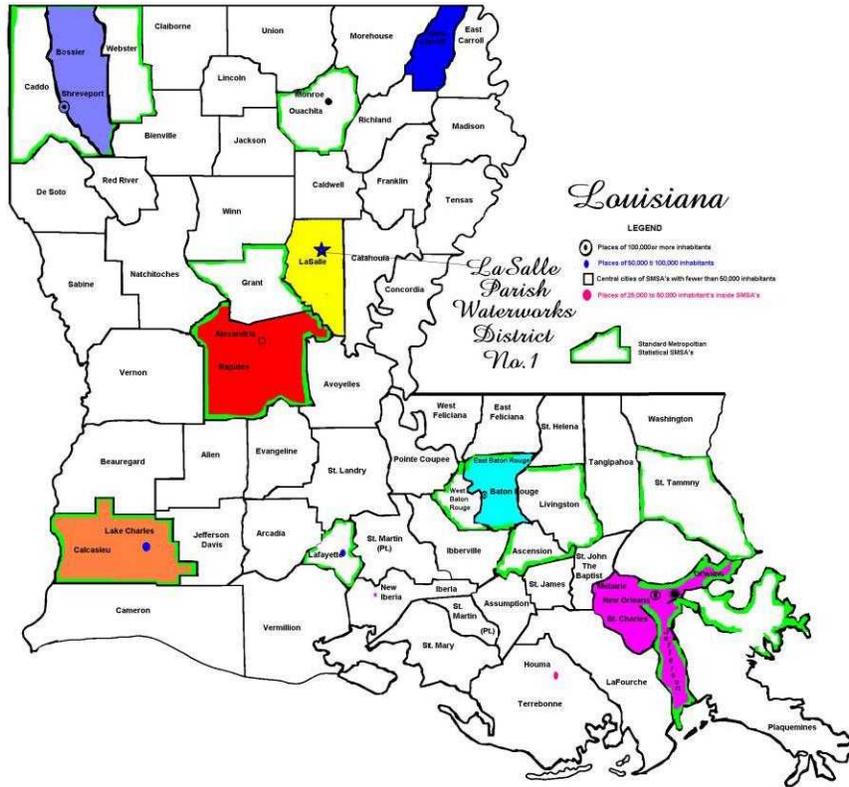


**LASALLE WATERWORKS
DISTRICT NO. 1**

**Financial Statements &
Supplemental Financial Information**

December 31, 2021

LASALLE WATERWORKS DISTRICT NO. 1 TROUT, LOUISIANA



*** *LaSalle Waterworks District No. 1***

LaSalle Waterworks District No. 1 was created by the LaSalle Parish Police Jury, as authorized by Louisiana Revised Statute 33:4562. The Waterworks District is administered by a board of commissioners who are appointed by the LaSalle Parish Police Jury. The district owns and operates water facilities and engages in activities designed to provide water to the Goodpine, Trout and Midway Communities.

**LaSalle Waterworks District No. 1
Trout, Louisiana**

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December 31, 2021**

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John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MEMBERS

American Institute of
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

LaSalle Waterworks District No. 1
Trout, Louisiana

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the LaSalle Waterworks District No. 1, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the housing authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the LaSalle Waterworks District No. 1, as of December 31, 2021, and the respective changes in financial position, and, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the LaSalle Waterworks District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the LaSalle Waterworks District No. 1's ability to

continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 LaSalle Waterworks District No. 1 internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the LaSalle Waterworks District No. 1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LaSalle Waterworks District No. 1's basic financial statements. The accompanying Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of the 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 State of America. In our opinion, Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer 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*, we have also issued our report dated June 2, 2022, on our consideration of the LaSalle Waterworks District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LaSalle Waterworks District No. 1's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
June 2, 2022

LaSalle Waterworks District No. 1

PO Box 1

Trout, LA 71371

Telephone: (318) 992-4777

Fax: (318) 992-4837

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the District, we offer readers of the LaSalle Waterworks District No. 1's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$999,470 (*net position*). Of this amount, \$390,015 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District had total revenue of \$535,009, including operating revenues of \$419,864 and non-operating revenues of \$115,145.
- The District had total expenses of \$408,159, in which \$374,176 was operating expenses and \$33,983 was non-operating expenses.
- The total cash flow for the District had an decrease in cash of \$49,386 in comparison to a \$73,830 increase for the previous year.

See Independent Auditor's Report.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The District is a special-purpose entity engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the District adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The District's annual report consists of financial statements that show information about the District's fund, an enterprise fund.

Our accountant has provided limited assurance in his independent accountant's report, located immediately preceding this Management's Discussion and Analysis. Varying degrees of assurance are being provided by the accountant regarding the other information included in this report. A user of this report should read the independent accountant's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The District's financial statements provide detailed information about the most significant funds. The District may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The District's enterprise fund uses the following accounting approach:

All of the District's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

See Independent Auditor's Report.

MD&A

Table 1
Balance Sheet

The following table represents a Comparative Balance Sheet as of December 31, 2021:

Assets	2020	2021	% Change
Current Assets	\$ 353,230	\$ 410,787	16.2
Restricted Assets	62,260	56,725	-8.9
Capital Assets, Net	477,802	609,455	27.6
Total Assets	893,292	1,076,967	20.6
Liabilities & Net Position			
Current Liabilities	24,167	20,772	-14.1
Current Liabilities Payable from Restricted Assets	62,260	56,725	-8.9
Non-Current Liabilities	-0-	-0-	0.0
Total Liabilities	86,427	77,497	-10.3
Net Position			
Net Investment in Capital Assets	477,802	609,455	27.6
Unrestricted	329,063	390,015	18.6
Total Net Position	806,865	999,470	23.9
Total Liabilities & Net Position	\$ 893,292	\$ 1,076,967	20.6

Table 2
Changes in Net Position

The following table represents the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2021:

	2020	2021	% Change
Operating Revenues	\$ 433,531	\$ 419,864	-3.2
Non-Operating Revenues	33,036	115,145	248.5
Total Revenues	466,567	535,009	14.7
Operating Expenses	359,940	374,176	4.0
Non-Operating Expenses	30,552	33,983	11.2
Total Expenses	390,492	408,159	4.5
Capital Contribution	-0-	63,000	100.0
Increase (Decrease) in Net Position	76,075	189,850	149.6
Prior Period Adjustments	-0-	2,755	100.0
Beginning Net Position	730,790	806,865	10.4
Ending Net Position	\$ 806,865	\$ 999,470	23.9

See Independent Auditor's Report.

MD&A

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2021, the District had \$609,455 invested in capital assets, including the water system, machinery, and equipment.

Capital Assets at Year-End

	<u>2020</u>	<u>2021</u>
Water System, Machinery, & Equipment	\$ 1,160,411	\$ 1,317,860
Accumulated Depreciation	(682,609)	(708,405)
Total Capital Assets, Net	<u>\$ 477,802</u>	<u>\$ 609,455</u>

Long-term Debt

The District currently does not have any long-term debt.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact LaSalle Waterworks District No. 1, PO Box 1, Trout, Louisiana 71371, telephone number (318) 992-4777.

See Independent Auditor's Report.

Basic Financial Statements

LaSalle Waterworks District No. 1
Trout, Louisiana
Statement of Net Position
December 31, 2021

	<u>ENTERPRISE FUND</u>
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 172,730
Investments	205,961
Receivables (Net of Allowances for Uncollectibles)	32,096
RESTRICTED ASSETS:	
Customer Deposits	56,725
TOTAL CURRENT ASSETS	<u>467,512</u>
 NON-CURRENT ASSETS	
Capital Assets (Net of Accumulated Depreciation)	609,455
TOTAL NON-CURRENT ASSETS	<u>609,455</u>
 TOTAL ASSETS	 <u>1,076,967</u>
 CURRENT LIABILITIES	
Accrued Payroll & Related Taxes Payable	2,131
Accounts Payable	11,951
Accrued Absences	6,498
Sales Taxes Payable	192
Customer Deposits (Payable from Restricted Assets)	56,725
TOTAL CURRENT LIABILITIES	<u>77,497</u>
 NON-CURRENT LIABILITIES	
TOTAL NON-CURRENT LIABILITIES	<u>-0-</u>
 TOTAL LIABILITIES	 <u>77,497</u>
 NET POSITION	
Net Investment in Capital Assets	609,455
Unrestricted	390,015
TOTAL NET POSITION	<u>\$ 999,470</u>

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

LaSalle Waterworks District No. 1
Trout, Louisiana
Statement of Revenues, Expenses, & Changes in Net Position
Year Ended December 31, 2021

	ENTERPRISE FUND
OPERATING REVENUES	
Water Revenue	\$ 419,864
TOTAL OPERATING REVENUES	419,864
 OPERATING EXPENSES	
Salaries & Related Costs	126,675
Field Expense	103,481
Utilities	26,979
Insurance	39,904
Repairs & Maintenance	7,199
Truck Expense	5,654
Office Expense	20,090
Legal & Accounting	5,375
Services Contracted	12,796
Miscellaneous	227
<i>Depreciation</i>	25,796
TOTAL OPERATING EXPENSES	374,176
 OPERATING INCOME (LOSS)	45,688
 NONOPERATING REVENUES (EXPENSE)	
Fire Revenue	31,450
Fire Expense	(33,983)
Interest Income	2,276
Insurance Proceeds	81,419
TOTAL NONOPERATING REVENUES (EXPENSES)	81,162
 CAPITAL GRANTS	63,000
 CHANGE IN NET POSITION	189,850
 PRIOR PERIOD ADJUSTMENT	2,755
 TOTAL NET POSITION - BEGINNING	806,865
TOTAL NET POSITION - ENDING	\$ 999,470

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

LaSalle Waterworks District No. 1
Trout, Louisiana
Statement of Cash Flows
Year Ended December 31, 2021

	<u>ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers & Users	\$ 420,494
Payments to Suppliers	(229,273)
Payments to Employees	(127,319)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>63,902</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts for Fire	31,450
Payments for Fire	(33,983)
Insurance Proceeds	81,419
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>78,886</u>
 CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Capital Contributions	63,000
Acquisition & Construction of Capital Assets	(157,450)
Principal Payment on Long-Term Debt	-0-
Interest Paid on Long-Term Debt	-0-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(94,450)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earnings	2,276
Increase in Investments	(100,000)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(97,724)</u>
 NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(49,386)
 CASH - BEGINNING OF YEAR	<u>278,841</u>
CASH - END OF YEAR	<u>\$ 229,455</u>
 RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	172,730
Customer Deposits	56,725
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 229,455</u>

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

LaSalle Waterworks District No. 1
Trout, Louisiana
Statement of Cash Flows
Year Ended December 31, 2021

Reconciliation

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$	45,688
Depreciation Expense		25,796
(Increase) Decrease in Accounts Receivable		630
Increase (Decrease) in Accrued Wages/Payroll Taxes Payable		(2,338)
Increase (Decrease) in Accrued Absences		1,694
Increase (Decrease) in Accounts Payable		(2,685)
Increase (Decrease) in Sales Tax Payable		(65)
Increase (Decrease) in Customer Deposits		(4,818)
TOTAL ADJUSTMENTS		18,214
NET CASH PROVIDED BY OPERATING ACTIVITIES		63,902

LISTING OF NONCASH INVESTING, CAPITAL, AND FINANCIAL ACTIVITIES

Contributions of Capital Assets	\$	-0-
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The accompanying notes are an integral part of the financial statements.

**Notes to the Basic Financial
Statements**

**LaSalle Waterworks District No. 1
Trout, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS

INTRODUCTION

LaSalle Waterworks District No. 1 was created by the LaSalle Parish Police Jury, as authorized by Louisiana Revised Statute 33:4562. The Waterworks District is administered by a board of five commissioners who are appointed by the LaSalle Parish Police Jury. The District owns and operates water facilities and engages in activities designed to provide water to the Goodpine, Trout, Midway, and Searcy communities.

For financial reporting purposes, the District is a component unit of the LaSalle Parish Police Jury, the governing body of the parish. The accompanying financial statements present financial information only on the funds maintained by LaSalle Waterworks District No. 1 and do not present information on the Police Jury and the general government services provided by that governmental unit or any of its other component units.

1. SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the activities of the primary government and its component units. For the most part, the effect of the Interfund activity has been removed from these statements. The District uses enterprise funds to account for its activities.

Separate financial statements are provided for the proprietary funds.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District reports the following major proprietary funds:

The Enterprise Fund is the District's primary operating fund. It accounts for all financial resources of the District.

Operating revenues and expenses have been reported separately from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The primary operating revenue of the District is derived from water revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

LaSalle Waterworks District No. 1
Trout, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

D. DEPOSITS & INVESTMENTS

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District’s investment policy allow the District to invest in collateralized certificate of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the District are reported at fair value.

E. RECEIVABLES & PAYABLES

All trade and other receivables are shown net of an allowance for uncollectables.

F. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable columns in the government-wide financial statements. Capital assets are capitalized at historical cost.

**LaSalle Waterworks District No. 1
Trout, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The entity maintains a threshold level of \$1,500 or more for capitalizing capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$-0-. Of this amount, \$-0- was included as part of the cost of capital assets under construction in connection with construction projects.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Water Plant	50 years
Vehicles	7 years
Equipment	7 years

G. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

H. ESTIMATES

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

**LaSalle Waterworks District No. 1
Trout, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

2. CASH & INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

At December 31, 2021, the District has cash and investments (bank balances) totaling \$441,316 and were as follows:

Demand Deposits	\$ 235,355
Savings & Certificates of Deposits	205,961
Total	<u>\$ 441,316</u>

Deposits

It is the District's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The District's deposits are categorized to give an indication of the level of risk assumed by the District at year end. The categories are described as follows:

- ***Category 1*** – Insured or collateralized with securities held by the District or by its agent in the District's name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- ***Category 3*** – Uncollateralized.

LaSalle Waterworks District No. 1
Trout, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

Amounts on deposit are secured by the following pledges:

Description	Market Value
FDIC (Category 1)	\$ 441,316
Securities (Category 2)	-0-
Total	\$ 441,316

Deposits were fully secured as of December 31, 2021.

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

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of LaSalle Waterworks District No. 1. For the purpose of the proprietary fund Statement of Cash Flows, "Cash and Cash Equivalents" include all demand savings accounts and certificates of deposit under 90 days.

3. RESTRICTED ASSETS

At December 31, 2021, restricted assets were applicable to the following:

Customer Deposits	\$ 56,725
Total	\$ 56,725

4. RECEIVABLES

The receivables as of December 31, 2021, were as follows:

Accounts Receivable	\$ 33,785
Allowance for Bad Debt	(1,689)
Total Receivables, Net	\$ 32,096

Allowance for bad debts is established at 5% of customer accounts receivable.

**LaSalle Waterworks District No. 1
Trout, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2021, for the primary government is as follows:

Capital Assets:	Beginning of Period	Additions	Deletions/ Transfers	End of Period
Water system	\$ 963,577	\$ 157,450	\$ -0-	\$ 1,121,027
Machinery & equipment	196,833	-0-	-0-	196,833
Total Capital Assets	<u>1,160,410</u>	<u>157,450</u>	<u>-0-</u>	<u>1,317,860</u>
Less Accumulated Depreciation:	(682,609)	(25,796)	-0-	(708,405)
Total Business-Type Assets, Net	<u>\$ 477,801</u>	<u>\$ 131,654</u>	<u>\$ -0-</u>	<u>\$ 609,455</u>

6. ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$20,773 at December 31, 2021, were as follows:

Accrued Payroll & Taxes Payable	\$ 2,131
Accounts Payable	11,951
Accrued Absences	6,498
Sales Taxes Payable	193
Total	<u>\$ 20,773</u>

7. FEES PAID TO BOARD MEMBERS FOR THE YEAR ENDED DECEMBER 31, 2021

Josh Corley–Chairman
Johnny Beard
John Jenkins
John Johnston
Danny Brown, Jr.

Board members are paid \$90 per meeting when present.

8. ACCRUED SICK LEAVE & VACATION

The accrued sick leave and vacation is as follows:

Employee	Amount
Charles Smith	\$ 4,277
Aubrey Brown	756
Brenda Jackson	412
Deborah Smith	412
Devin Cotton	641
Total Accrued Sick Leave & Vacation	<u>\$ 6,498</u>

**LaSalle Waterworks District No. 1
Trout, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

9. WATER RATES

IN DISTRICT CUSTOMERS:

Residential:

Minimum charge \$15.00 for first 2,000 gallons, \$3.75 per 1,000 gallons thereafter

Business:

Minimum charge \$20.00 for first 2,000 gallons, \$3.75 per 1,000 gallons thereafter

BULK CUSTOMERS:

Bulk Rates:

\$20.00 for the first 1,000 gallons and \$3.75 per 1,000 gallons thereafter

SEARCY CUSTOMERS:

Residential:

Minimum charge \$18.00 for first 2,000 gallons, \$3.75 per 1,000 gallons thereafter

Business:

Minimum charge \$40.00 for first 4,000 gallons, \$3.75 per 1,000 gallons thereafter

LITTLE CREEK-ZENORIA CUSTOMERS:

Residential:

Minimum charge \$17.50 for zero gallons, \$5.00 per 1,000 gallons thereafter

**LaSalle Waterworks District No. 1
Trout, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

10. SUBSEQUENT EVENTS

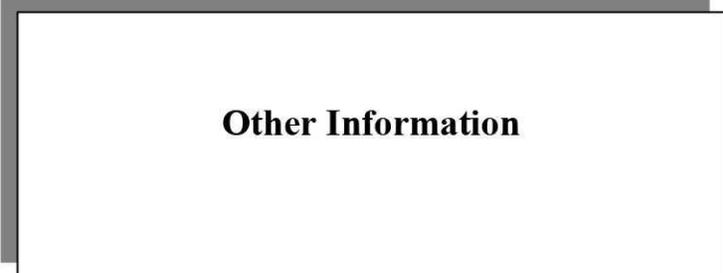
Management has evaluated events and transactions subsequent to the Statement of Net Position date through, June 2, 2022, of the auditor's report for potential recognition or disclosure in the financial statements.

11. PENSION PLAN

The board approved a retirement program for employees with a 3% contribution and 3% match.

12. PRIOR PERIOD ADJUSTMENT

A prior period adjustment in the amount of \$2,755 was made to correct customer deposit liability.



Other Information

**LaSalle Waterworks District No. 1
Trout, Louisiana**

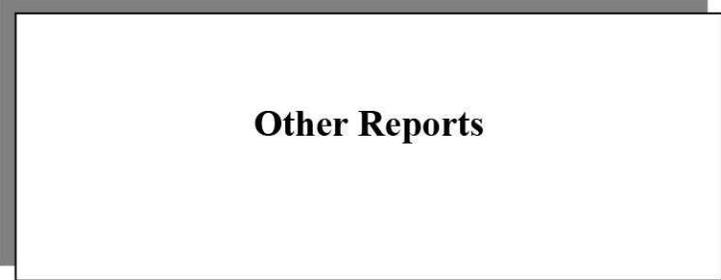
**Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2021**

LaSalle Waterworks District No. 1
-Josh Corley, Chairman

Purpose	Amount
Salary	\$ 1,080
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (List any other here)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See Independent Auditor's Report.



Other Reports

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

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*A Professional Corporation of
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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

LaSalle Waterworks District No. 1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the LaSalle Waterworks District No. 1, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the LaSalle Waterworks District No. 1’s basic financial statements, and have issued our report thereon dated June 2, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LaSalle Waterworks District No. 1’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LaSalle Waterworks District No. 1’s internal control. Accordingly, we do not express an opinion on the effectiveness of the LaSalle Waterworks District No. 1’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in

internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies (**2021-1 Policies and Procedures Manual**).

Compliance and Other Matters

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

LaSalle Waterworks District No. 1's Response to Findings

The LaSalle Waterworks District No. 1's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The LaSalle Waterworks District No. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

Jena, Louisiana
June 2, 2022

**LASALLE WATERWORKS DISTRICT NO. 1
TROUT, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended December 31, 2021**

We have audited the basic financial statements which collectively comprise the LaSalle Waterworks District No. 1 as of and for the year ended December 31, 2021, and have issued our report thereon dated June 2, 2022. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I Summary of Auditor's Results

Our audit of the financial statements as of December 31, 2021, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes

Significant Deficiencies Yes

Compliance

Compliance Material to Financial Statements Yes

b. Federal Awards – (Not Applicable)

Internal Control

Material Weaknesses Yes Other Conditions Yes

Type of Opinion on Compliance Unmodified Qualified
For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification of Major Programs:

CFDA Number (s)	Name of Federal Program (or Cluster)
-----------------	--------------------------------------

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

**LASALLE WATERWORKS DISTRICT NO. 1
TROUT, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended December 31, 2021**

Section II Financial Statement Findings

2021-1 Policy and Procedures Manual

A. **CONDITION:** The entity does not have a written policies and procedures manual that addresses various aspects of its operations.

B. **CRITERIA:** Good internal controls require that an entity have written policies and procedures that address the following:

Budgeting, including preparing, adopting, monitoring, and amending the budget.

Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Disbursements, including processing, reviewing, and approving.

Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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.

Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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).

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

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

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

Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

C. **CAUSE OF CONDITION:** Not having written policies and procedures.

D. **POTENTIAL EFFECT OF CONDITION:** Significant internal control weakness

E. **RECOMMENDATION:** The system should prepare a written policies and procedures manual that addresses the above items that relate to their operations.

F. **CLIENT RESPONSE:** The system will prepare a written policies and procedures manual that addresses the above items that relate to their operations.

Section III Federal Awards Findings and Questioned Costs.

Not applicable.

**LASALLE WATERWORKS DISTRICT NO. 1
TROUT, LOUISIANA**

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

2021-1 Policy and Procedures Manual

Finding: The entity does not have a written policies and procedures manual that addresses various aspects of its operations.

Corrective Action: The system will prepare a written policies and procedures manual that addresses the above items that relate to their operations.

Contact Person: Josh Corley, Chairman

Anticipated Completion Date: December 31, 2022

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
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MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the District's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No comments.

**LASALLE WATERWORKS DISTRICT NO. 1
TROUT, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the LaSalle Waterworks District No. 1 has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended December 31, 2020.

PRIOR YEAR MANAGEMENT LETTER COMMENTS

2020-1 Deposits in Excess of FDIC & Pledged Securities Coverage (RESOLVED)

Condition: Bank deposits at CLB The Community Bank were under secured by \$13,217 as of December 31, 2020.

Criteria: State law requires banks to pledge securities to secure account balances in excess of FDIC coverage.

Cause of Condition: Oversight by bank.

Potential Effect of Condition: Loss to the entity in the event of a bank failure.

Recommendation: The District should contact its bank periodically to determine that account balances are properly secured.

Client Response: The District will periodically contact the bank to determine that bank accounts are fully secured.

Contact Person: Josh Corley, Chairman

Anticipated Completion Date: December 31, 2021

John R. Vercher C.P.A.
jrv@centurytel.net

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AGREED-UPON PROCEDURES REPORT

LaSalle Waterworks District No. 1

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of January 1- December 31, 2021

LaSalle Waterworks District No. 1

To the LaSalle Waterworks District No. 1 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the LaSalle Waterworks District No. 1 and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (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.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (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.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
 - l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Observation: The entity does not have a policy and procedures manual that addresses the above items.

Exception: The entity does not have a policy and procedures manual that addresses the above items.

Management's response: The board will adopt a policy and procedures manual that addresses the above items.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - 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.

Observation:

- a) **The board meets monthly**
- b) **The minutes show that the board receives financial information including bills to be paid, beginning and ending cash balances, total revenue and expenditures for the month.**
- c) **The entity did not have a negative equity balance in the prior year review/attestation.**

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

Observation: We randomly selected February 2021 and observed:

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

Exceptions:

- a) **Bank reconciliations did not include evidence that they were prepared within 2 months of the related statement closing date.**
- b) **Bank reconciliations did not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).**

Management's response: Bank reconciliations will include this documentation.

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).

Observation: The entity has one collection site, the office.

- 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 responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Observation:

- a) **Employees responsible for cash collections do share cash drawers/registers.**
- b) **Each employee responsible for collecting cash is also responsible for preparing/making bank deposits.**
- c) **Each employee responsible for collecting cash is responsible for posting collection entries to the subsidiary ledgers.**
- d) **The employee(s) responsible for reconciling cash collections to the subsidiary ledgers, by revenue source are responsible for collecting cash.**

Exceptions:

- a) **Employees responsible for cash collections do share cash drawers/registers.**
- b) **Each employee responsible for collecting cash is also responsible for preparing/making bank deposits.**
- c) **Each employee responsible for collecting cash is responsible for posting collection entries to the subsidiary ledgers.**
- d) **The employee(s) responsible for reconciling cash collections to the subsidiary ledgers, by revenue source are responsible for collecting cash.**

Management's response: The entity does not have enough employees to implement these procedures.

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

Observation: The entity had a bond for theft covering all employees who handle cash in force during the year.

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

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

Observation: We selected January 7, 2021 and May 27, 2021 and observed:

- a) **Observed that receipts are sequentially pre-numbered.**
- b) **We traced system reports, and other related collection documentation to the deposit slip.**
- c) **We traced the deposit slip total to the actual deposit per the bank statement.**
- d) **Observed the deposit was not made within one business day of receipt at the collection location.**
- e) **We traced the actual deposit per the bank statement to the general ledger.**

Exception: The deposit was not made within one business day of receipt at the collection location.

Management Response: It is not practical to make daily deposits.

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).

Observation: We obtained a listing of locations (the office) and management's representation the list is complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[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.]

Observation: We tested a random sample of expenditures and observed:

- a) **At least two employees/board members are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.**
- b) **At least two employees/board members are involved in processing and approving payments to vendors.**
- c) **The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee/board member is responsible for periodically reviewing changes to vendor files.**
- d) **Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.**

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

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

Observation: We tested a random sample of 5 disbursements and observed:

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

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Observation: Management represented it had 3 credit 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 one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports

for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

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

Observation: We randomly selected February 2021 and observed:

- a) **There was evidence that the monthly statements were reviewed and approved, in writing by someone other than the authorized card holder.**

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Observation: For all of the transactions on each statement we observed it is supported by (1) an original itemized receipt that identifies precisely what was purchased and (2) written documentation of the business/public purpose, if not obvious on the statement.

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

Observation: The entity had no travel reimbursement for the year.

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 whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Observation: The entity had one contract for services in 2021, we randomly selected November 2021 statement and observed:

- a) The contract was not required to be bid.**
- b) The contract was approved by the governing body/board.**
- c) The contract was not amended.**
- d) The supporting invoice agreed the contract terms, and the invoice and related payment agreed to the terms and conditions of the contract.**

Payroll and Personnel

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

Observation: We selected all of the employees and found that the board or board member approves each payroll check that includes pay rate, hours and amounts.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not

document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Observation: We selected the payroll period February 19th 2021 and observed:

- a) **All selected employees or officials documented their daily attendance.**
- b) **Supervisors approved the attendance and leave of the selected employees.**
- c) **There was no leave taken during the pay period.**
- d) **The pay rate was approved by a board member that included hours worked, pay rate and amount**

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

Observation: There were no terminations during the year.

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

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

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Observation: None of the employees or officials have completed the required ethics training.

Exception: None of the employees or officials have completed the required ethics training.

Management's response: The employees and officials will complete the required training.

Debt Service

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

Observation: The entity has no debt.

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).

Observation: The entity has no debt.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Observation: Management represented that there were no misappropriations of public funds or assets during the fiscal period.

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.

Observation: The entity has posted the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

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

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and

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

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Observation: We performed the following procedures and discussed with management:

- a) **We obtained and inspected the entity's most recent documentation that it has backed up its critical data and observed that such backup occurred within the past week.**
- b) **We inquired of personnel that the entity's I.T. vendor tests the backup verification.**
- c) **The offices computer demonstrated it had antivirus software that is supported by a vendor.**

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.

Observation: The employees of the entity have not taken sexual harassment training.

Exception: The employees of the entity have not taken sexual harassment training.

Management's response: Employees will complete the required training.

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).

Observation: The required flyer was posted at the entity's office.

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;

- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Observation: The entity did not have an annual sexual harassment report for the current fiscal period. The entity had no sexual harassment complaints during the year.

Exception: The entity did not have an annual sexual harassment report for the current fiscal period.

Management's response: Management will prepare the annual report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

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

The Vercher Group

Jena, Louisiana
June 2, 2022