

WATERWORKS DISTRICT NO. 3 OF
ST. LANDRY PARISH
PORT BARRE, LOUISIANA
FINANCIAL REPORT
December 31, 2019

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VIGE, TUJAGUE  NOEL

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INDEPENDENT AUDITOR'S REPORT

Board of Directors,
Waterworks District No. 3
of St. Landry Parish,
State of Louisiana
Port Barre, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities Waterworks District No. 3 of St. Landry Parish, State of Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 3 of St. Landry Parish, State of Louisiana, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Waterworks District No. 3 of St. Landry Parish, State of Louisiana, has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Waterworks District No. 3 of St. Landry Parish, State of Louisiana. The accompanying schedule of compensation, benefits, and other payments to agency head, as listed in the table of contents, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

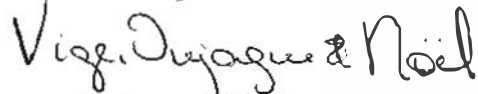
The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other record used to prepare the financial statements or to the financial statements themselves, and other additional procedures

in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments 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 May 29, 2020, on our consideration of the Waterworks District No. 3 of St. Landry Parish, State of Louisiana'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 Waterworks District No. 3 of St. Landry Parish, State of Louisiana's internal control over financial reporting and compliance.

The prior year comparative information has been derived from the Waterworks District No. 3 of St. Landry Parish, State of Louisiana's 2018 financial statements and, in our report dated May 13, 2019 we expressed unmodified opinions on the respective financial statements of the business-type activities.



Vige, Tujague & Noël
Eunice, Louisiana
May 29, 2020

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF NET POSITION
December 31, 2019
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018

ASSETS

	<u>2019</u>	<u>2018</u>
<u>Current Assets</u>		
Cash	\$ 436,968	\$ 443,748
Accounts Receivable	37,135	33,789
Prepaid Insurance	4,916	4,454
Total Current Assets	<u>479,019</u>	<u>481,991</u>
<u>Restricted Assets - Cash</u>		
Reserve Account	44,617	39,133
Sinking Fund Account	16,834	15,722
Depreciation and Contingency Account	22,711	19,614
Asset Replacement Account	65,782	57,771
Total Restricted Assets	<u>149,944</u>	<u>132,240</u>
<u>Capital Assets</u>		
Equipment	209,564	193,584
Water Works System	3,699,047	3,699,047
	<u>3,908,611</u>	<u>3,892,631</u>
Less Accumulated Depreciation	(892,878)	(790,264)
Total Capital Assets	<u>3,015,733</u>	<u>3,102,367</u>
 TOTAL ASSETS	 <u>\$ 3,644,696</u>	 <u>\$ 3,716,598</u>

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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF NET POSITION
December 31, 2019
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018

LIABILITIES AND NET POSITION

	<u>2019</u>	<u>2018</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 17,355	\$ 16,876
Interest Payable	2,739	2,785
Current Portion of Long-term Debt	15,143	14,550
Total Current Liabilities	<u>35,237</u>	<u>34,211</u>
<u>Current Liabilities Payable</u>		
<u>From Restricted Assets</u>		
Meter Deposits	<u>43,465</u>	<u>42,900</u>
<u>Long-Term Liabilities</u>		
Notes Payable	<u>846,778</u>	<u>861,867</u>
Total Liabilities	<u>925,480</u>	<u>938,978</u>
<u>Net Position</u>		
<u>Investment in Capital Assets,</u>		
Net of Related Debt	2,153,812	2,225,950
Restricted	149,944	132,240
Unrestricted	415,460	419,430
Total Net Position	<u>2,719,216</u>	<u>2,777,620</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,644,696</u>	<u>\$ 3,716,598</u>

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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
December 31, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
<u>Operating Revenues</u>		
Water Revenue	\$ 355,494	\$ 356,274
Connection Charges	15,380	13,142
Total Operating Revenues	<u>370,874</u>	<u>369,416</u>
<u>Operating Expenses</u>		
Advertising Expense	2,198	-
Payroll and Employee Benefits	21,809	21,459
Depreciation	102,614	101,850
Repairs and Maintenance	24,789	19,102
Utilities	3,483	3,975
Meter Reading	80,904	83,179
Water Purchases	116,550	113,659
Professional Fees	21,274	9,255
Insurance	5,812	6,394
Office Supplies	6,241	6,451
Rent Expense	2,476	2,472
Postage	3,490	3,481
Miscellaneous	5,643	3,829
Total Operating Expenses	<u>397,283</u>	<u>375,106</u>
Income (Loss) from Operations	<u>(26,409)</u>	<u>(5,690)</u>
<u>Non Operating Revenues (Expenses)</u>		
Interest Expense	(34,746)	(35,314)
Interest Earned	2,751	1,585
Total Non Operating Revenues (Expenses)	<u>(31,995)</u>	<u>(33,729)</u>
Change in net position	(58,404)	(39,419)
Net Position, Beginning	<u>2,777,620</u>	<u>2,817,039</u>
Net Position, Ending	<u>\$ 2,719,216</u>	<u>\$ 2,777,620</u>

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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF CASH FLOWS
December 31, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 368,093	\$ 371,194
Payments to suppliers for goods and services	(272,843)	(250,648)
Payments to employees for services	<u>(21,809)</u>	<u>(21,459)</u>
Net cash provided (used) in operating activities	<u>73,441</u>	<u>99,087</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(15,980)	(14,606)
Principle paid on note	<u>(14,496)</u>	<u>(13,929)</u>
Net cash flows used by capital and related financing activities	<u>(30,476)</u>	<u>(28,535)</u>
Cash Flows From Investing Activities:		
Interest earned on operating funds	2,751	1,585
Interest paid on note payable	<u>(34,792)</u>	<u>(35,359)</u>
Net cash provided by investing activities	<u>(32,041)</u>	<u>(33,774)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,924	36,778
Cash and cash equivalents at beginning of year	<u>575,988</u>	<u>539,210</u>
Cash and cash equivalents at end of year	<u>\$ 586,912</u>	<u>\$ 575,988</u>

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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF CASH FLOWS
December 31, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (26,409)	\$ (5,690)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	102,614	101,850
(Increase) decrease in accounts receivable	(3,346)	1,378
(Increase) decrease in accounts receivable-other	-	3,299
(Increase) decrease in prepaid expenses	(462)	(96)
Increase (decrease) in accounts payable	479	(2,054)
Increase (decrease) in restricted water meter deposits	<u>565</u>	<u>400</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 73,441</u>	<u>\$ 99,087</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheets:		
Cash – beginning of period		
Cash- unrestricted	\$ 443,748	\$ 422,902
Cash- restricted	<u>132,240</u>	<u>116,308</u>
Total cash - beginning of period	<u>575,988</u>	<u>539,210</u>
Cash – end of period		
Cash- unrestricted	436,968	443,748
Cash- restricted	<u>149,944</u>	<u>132,240</u>
Total cash - end of period	<u>586,912</u>	<u>575,988</u>
Net increase (decrease)	<u>\$ 10,924</u>	<u>\$ 36,778</u>

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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District was created by the St. Landry Parish Government as authorized by Louisiana Revised Statute 38:1751. The District is governed by a Board of Commissioners, which consists of five commissioners appointed by the St. Landry Parish Government.

The District was established for the purpose of providing safe drinking water for the residents of District No. 3 of St. Landry Parish.

A. BASIS OF PRESENTATION

The accompanying financial statements of the Waterworks District No. 3 of St. Landry Parish have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. If GASB is not applicable, FASB pronouncements will be utilized. The Water District is a business –type activity.

B. REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the District for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

The entity being reported on, Waterworks District No. 3 of St. Landry Parish is a component unit of the St. Landry Parish Government. The financial report includes all funds over which the District exercises oversight responsibility. This responsibility includes financial interdependency selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

C. FUND ACCOUNTING

The Waterworks District No. 3 of St. Landry Parish is organized and operated on a fund basis whereby a self-balancing set of accounts (proprietary fund type) is maintained that comprises its assets, liabilities, net position, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The Proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income, property taxes and interest income that are not a result of the direct operations of the activity. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

E. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Waterworks District No. 3 of St. Landry Parish are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. Under state law, bank deposit 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 or exceed 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

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited 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 District's name.

At December 31, 2019, the District had bank account balances totaling \$587,204, and of this amount \$250,000 was secured by FDIC Insurance. The remaining amount of \$320,212 was fully secured with pledged securities from St. Landry Homestead totaling \$408,238.

F. PREPAID ITEMS

Payments made to insurance companies for insurance that will benefit future periods beyond December 31, 2019 are recorded as prepaid insurance.

G. RESTRICTED ASSETS

Certain proprietary fund assets are legally restricted for the payment of notes as well as for the maintaining of reserve accounts, as required by the debt agreement. All reservation requirements have been met as of December 31, 2019.

H. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$102,614 for the year ended December 31, 2019. The cost of maintenance and repairs is charged to operations as incurred. Major renewals, betterments, and additions are capitalized.

Interest costs during construction periods are capitalized. When capital assets are retired or disposed of, the cost of the asset and accumulated depreciation is eliminated from the accounts and the resulting gain or loss from such disposition is credited or charged to income, except that the gain or loss on assets traded in for new equipment is applied as an adjustment to the cost of the asset acquired. The capitalization limit is \$500. The estimated useful lives of these assets are as follows:

Equipment	10-20 years
Water Works System	40 years

I. ALLOWANCE FOR DOUBTFUL ACCOUNTS

No allowance for doubtful accounts has been established because management believes all accounts receivable will be collected.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

J. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

K. NET POSITION

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net positions are classified in the following three components:

Invested in capital assets, net of related debt- This component of net position consists of 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The district’s policy is first to apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Note 2: ACCOUNTS RECEIVABLE

Accounts receivable for water services at December 31, 2019 was as follows:

Accounts receivable	\$ 9,674
Unbilled service revenue	<u>27,461</u>
	<u><u>\$ 37,135</u></u>

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 3: LONG TERM DEBT

The District has a note payable to the USDA, dated March 2, 2010. The note is payable over a forty year period, at a rate of 4.00% interest, with the final payment due on February 2, 2050. Estimated debt service requirements to maturity are as follows:

<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2019</u>
\$ 876,417	\$ -	\$ 14,496	\$ 861,921

<u>Year Ending</u> <u>December 31,</u>	<u>Principle</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2020	\$ 15,143	\$ 34,145	\$ 49,288
2021	15,760	33,528	49,288
2022	16,402	32,886	49,288
2023	17,070	32,218	49,288
2024	17,765	31,523	49,288
2025-2029	100,292	146,148	246,440
2030-2034	122,457	123,983	246,440
2035-2039	149,519	96,921	246,440
2040-2044	182,562	63,878	246,440
2045-2049	224,306	22,134	246,440
2050	645	2	647
	<u>\$ 861,921</u>	<u>\$ 617,366</u>	<u>\$ 1,479,287</u>

Balance	\$ 861,921
Less Current Maturities	<u>(15,143)</u>
Net Long Term Debt	<u>\$ 846,778</u>

In accordance with the loan agreement with the USDA, the District is required to make certain monthly deposits into specific reserve bank accounts. The District must fund monthly a debt service reserve fund equal to 10% of the monthly payment over the life of the loan or until one annual installment has accumulated. This reserve is required to establish an emergency fund for maintenance and repairs and debt payment, if necessary. Ten percent of the loan installment is equal to \$441 per month. The District should also deposit \$4,108 each month into the sinking fund account for payment of the monthly note. An operation and maintenance reserve account should be funded in the amount of \$1,187 per month, until an amount of \$17,222 is achieved. In addition, the District must fund a depreciation reserve for short-lived assets by depositing a sum of \$644 monthly in addition to that required for the debt service reserve.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 4: COMPENSATION OF BOARD OF COMMISSIONERS

The following is a list of board members at December 31, 2019. All board members serve without pay. No term limit has been imposed.

Charles Daniels, President
 Harry Marks, Secretary
 James Solar
 Ricky Broussard
 Julie Fourrier

Note 5: CAPITAL ASSETS

The changes in capital assets for the year-end December 31, 2019 are as follows:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Capital Assets:				
Equipment	\$ 3,828,769	\$ 15,980	\$ -	\$ 3,844,749
Water Works System	63,862	-	-	63,862
Total Capital Assets	3,892,631	15,980	-	3,908,611
Less Accumulated				
Depreciation				
Equipment	44,547	10,138	-	54,685
Water Works System	745,717	92,476	-	838,193
Total Accumulated				
Depreciation	790,264	102,614	-	892,878
Total Capital Assets, Net	\$ 3,102,367	\$ (86,634)	\$ -	\$ 3,015,733

Note 6: LITIGATION AND CLAIMS

At December 31, 2019, the district had no impending litigation.

Note 7: CONCENTRATION OF RISK

The Water System serves customers in and around District 3 of St. Landry Parish, Louisiana.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 8: ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Note 9: EVALUATION OF SUBSEQUENT EVENTS

The Water System has evaluated subsequent events through May 29, 2020, the date which the financial statements were available to be issued.

Note 10: BUDGET

The Water System is not required by the State of Louisiana to present a budget.

Note 11: DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In some instances, the GASB required a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Note 12: ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) has issued the following Statements which will become effective in futures years as shown below:

Statement No. 87, “Leases” increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for the fiscal year 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements” improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments would include when disclosing information related to debt. This Statement

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for fiscal year 2019. Management has not yet determined the effect of this Statement on the financial statements.

VIGE, TUJAGUE NOEL

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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*

Board of Directors,
Waterworks District No. 3
of St. Landry Parish,
State of Louisiana
Port Barre, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Waterworks District No. 3 of St. Landry Parish, State of Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Waterworks District No. 3 of St. Landry Parish, State of Louisiana's basic financial statements and have issued our report thereon dated May 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waterworks District No. 3 of St. Landry Parish, State of Louisiana'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 Waterworks District No. 3 of St. Landry Parish, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterworks District No. 3 of St. Landry Parish, State of Louisiana'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. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterworks District No. 3 of St. Landry Parish, State of Louisiana'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.

Waterworks District No. 3 of St. Landry Parish, State of Louisiana's Response to Findings

Waterworks District No. 3 of St. Landry Parish, State of Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Waterworks District No. 3 of St. Landry Parish, State of Louisiana'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.



Vige, Tujague & Noël, CPA's
May 29, 2020

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED December 31, 2019

We have audited the financial statements of Waterworks District No. 3 of St. Landry Parish as of and for the year ended December 31, 2019, and have issued our report thereon dated May 29, 2020. We conducted our audit in accordance with United States 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. Our audit of the financial statements as of December 31, 2019, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

None

Section II. Financial Statement Findings

#2019-001 - Segregation of Duties

Condition: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Criteria: Segregation of duties is required in all areas of the financial cycle.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the District is unable to implement a segregated system of internal control.

Effect: Due to the cost-benefit analysis, there was improper segregation of functions within the accounting system.

Views of Responsible Officials and Planned Corrective Action: Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the District that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

Section III. Federal Award Findings and Questioned Costs

This section is not applicable for the year ended December 31, 2019.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED December 31, 2019

Section I. Internal Control and Compliance Material to the Financial Statements

#2018-001 - Segregation of Duties

Condition: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Criteria: Segregation of duties is required in all areas of the financial cycle.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the District is unable to implement a segregated system of internal control.

Effect: Due to the cost-benefit analysis, there was improper segregation of functions within the accounting system.

Recommendation and response: Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the District that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

Status: This finding is repeated as item #2019-001.

#2018-002 – Shortage of Pledged Securities

Condition: Bank account balances at December 31, 2018 exceeded FDIC Insurance and pledged securities from St. Landry Homestead Bank by \$36,362.

Criteria: Under state law, bank deposit 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 or exceed 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 District that the fiscal agent has failed to pay deposited 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 District's name.

Cause: The Bank monitors the account balances at the beginning of each month to determine when more security pledges are necessary.

Effect: At December 31, 2019, the District had cash in bank in the amount of \$625,214 and insurance and security pledges of \$588,852, resulting in a shortage of pledges in the amount of \$36,362.

Views of Responsible Officials and Planned Corrective Action: Management is aware of this inadequacy and will monitor pledged securities more closely to ensure that all deposits are secure.

Status: This finding is cleared.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF PRIOR YEAR FINDINGS (Continued)
YEAR ENDED December 31, 2019

Section II. Internal Control and Compliance Material to Federal Awards

None

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF INSURANCE
YEAR ENDED December 31, 2019

Property and General Liability Dupre Carriere Godchaux	09/13/19 – 09/13/20	\$4,000,000 limit
Employee Theft/Surety Bond Dupre Carriere Godchaux	12/14/19 – 12/14/20	\$200,000 limit

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF METERS AND RATES AND ACCOUNTS RECEIVABLE
YEAR ENDED December 31, 2019

Accounts Receivables are Aged as follows:

0 - 30 days	\$ 27,461
31 - 60 days	9,674
Over 60 days	-
	<u>\$ 37,135</u>

The District's monthly water rates at December 31, 2019 were as follows:

Residential/Commercial - \$26.25 for the first 2,500 gallons
\$4.00 for each 1,000 gallons thereafter

As of December 31, 2019, District had 845 customers. 838 are residential customers and 7 are commercial customers.

Meters: $\frac{3}{4}$ inch

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF BOARD OF COMMISSIONERS
YEAR ENDED December 31, 2019

<u>Members</u>	<u>Address/Telephone</u>
Charles Daniels, President	P.O. Box 221 Port Barre, LA 70577 337-303-0222
Harry Marks	1396 Hwy 742 Opelousas, LA 70570 337-658-9128
James Solar	160 Maple Street Port Barre, LA 70577 337-945-7971
Ricky Broussard	119 Magnolia Street Port Barre, LA 70577 337-308-4545
Julie Fourrier	P.O. Box 1210 Port Barre, LA 70577 225-572-2959

Board members serve without pay for unlimited terms.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED December 31, 2019

Agency Head Name: Charles Daniels
Service Period: 12 months

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0

Vige, Tujague & Noel, CPA's
P.O. Box 1006
Eunice, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the District's Audited Financial Statements as of December 31, 2019.

2019-001 Segregation of Duties

Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits achieved does not justify the additional personnel it would require to establish an adequate segregation.



WATERWORKS DISTRICT NO. 3 OF
ST. LANDRY PARISH
PORT BARRE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES REPORT
YEAR ENDED DECEMBER 31, 2019

VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management and Board of Commissioners of the Waterworks District No. 3 of St. Landry Parish, State of Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Waterworks District No. 3 of St. Landry Parish, State of Louisiana 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, 2019 through December 31, 2019. The Waterworks District No. 3 of St. Landry Parish, State of Louisiana'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 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 does not have written policies and procedures addressing budgeting.
 - 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.

The entity does not have written policies and procedures addressing purchasing.

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

The entity does not have written policies and procedures addressing disbursements.

- 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).

The entity does not have written policies and procedures addressing receipts of revenue.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The entity does not have written policies and procedures addressing payroll.

- 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 does not have written policies and procedures addressing contracting.

- 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, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

The entity does not have any credit cards, debit cards or fuel cards.

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

The entity does not have written policies and procedures addressing travel and expense reimbursement.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The entity does not have written policies and procedures addressing ethics.

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

The entity does not have written policies and procedures addressing debt service.

- k) **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 patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The entity does not have written policies and procedures addressing disaster recovery/business continuity.

Board (or Finance Committee, if applicable)

No exceptions in prior year. This category was excluded from testing in the current year.

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 period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations include evidence that they are prepared monthly.

- 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

The bank reconciliations prepared for all accounts examined did not have evidence of management review; however, reconciliations are prepared by a fee accountant and bank statements do include evidence of review.

- 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.

●*obtained bank statements and reconciliations and noted there are no items that have been outstanding for more than 12 months from the statement closing date.*

Collections

No exceptions in prior year. This category was excluded from testing in the current year.

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not 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 verifies the reconciliation.
- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
- 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 that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

●obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

The clerk initiates purchases and the board approves all purchases at the monthly board meetings. The signatures of two board members are required on all checks.

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

The clerk processes payments and the board approves and signs all checks.

- 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.

The employee responsible for processing payments also adds/modifies vendor files; however, the board signs all checks.

- 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.

The employee/official responsible for signing checks also mails the 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 that the disbursement matched the related original invoice/billing statement.

Obtained management's representation that the population is complete. No exceptions noted.

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

Obtained management's representation that the population is complete. The disbursement documentation did not include evidence of segregation of duties.

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

No exceptions in prior year. This category was excluded from testing in the current year.

- 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.
- 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 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 reviewed and approved, in writing, 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.

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).

Travel and Expense Reimbursement

No exceptions in prior year. This category was excluded from testing in the current year.

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, agree the reimbursement rate to 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 that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

No exceptions in prior year. This category was excluded from testing in the current year.

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.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) **If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.**
- 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

Payroll and Personnel

No exceptions in prior year. This category was excluded from testing in the current year.

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select **5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.**
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) **Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.**
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll **taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.**

Ethics

No exceptions in prior year. This category was excluded from testing in the current year.

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 one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

Debt Service

No exceptions in prior year. This category was excluded from testing in the current year.

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

Other

No exceptions in prior year. This category was excluded from testing in the current year.

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

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.

Vige, Tujague & Noel

Vige, Tujague & Noel

Eunice, Louisiana

May 29, 2020

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH, STATE OF LOUISIANA

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2019

Management Response to Item:

1a, 1b, 1c, 1d, 1e, 1f, 1g,
1h, 1i, 1j

The entity is in the process of compiling a cumulative collection of policies and procedures to be adopted at a board meeting.

3b,

A member of the board will initial the reconciliations to provide evidence of review.

9c, 10b

Efforts will be made to segregate duties in these areas as much as possible with the limited number of employees involved.



President