

**WEST VERNON PARISH
WATERWORKS DISTRICT**
Anacoco, Louisiana

Financial Report

Year Ended December 31, 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
BASIC FINANCIAL STATEMENTS	
Proprietary Fund Type - Enterprise Fund:	
Statement of net position	5
Statement of revenues, expenses and changes in net position	6
Statement of cash flows	7-8
Notes to basic financial statements	9-19
SUPPLEMENTARY INFORMATION	
Comparative statements of net position	21
Comparative statements of revenues, expenses and changes in net position	22
OTHER INFORMATION	
Schedule of number of utility customers	24
Schedule of insurance in force	25
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27-28
Schedule of current and prior year audit findings and management's corrective action plan	29-30

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA*
Of Counsel

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA – retired 2022

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
West Vernon Parish Waterworks District
Anacoco, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the West Vernon Parish Waterworks District (District), a component unit of the Vernon Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District'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 District, 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 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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 judgment made by a reasonable user based on the financial statements.

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

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

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying comparative statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The prior year comparative amounts included in this information have been derived from the District's 2020 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly presented, in all material respects, in relation to the basic financial statements from which they were derived.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the various schedules included in the other information section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2022, on our consideration of the District'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 solely 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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Oberlin, Louisiana
June 14, 2022

BASIC FINANCIAL STATEMENTS

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Net Position
December 31, 2021

ASSETS

Current assets:	
Cash and cash equivalents	\$ 424,636
Investments	115,353
Accounts receivable	51,963
Due from other governmental units	3,381
Ad valorem tax receivable	<u>96,940</u>
Total current assets	<u>692,273</u>
Restricted assets -	
Revenue bond reserve account	261,037
Revenue bond contingency account	249,138
Customer deposits	<u>56,628</u>
Total restricted assets	<u>566,803</u>
Capital assets, net	<u>4,002,224</u>
Total assets	<u>5,261,300</u>

LIABILITIES

Current liabilities (payable from current assets):	
Accrued liabilities	10,292
Other liabilities	<u>16,342</u>
Total current liabilities (payable from current assets)	<u>26,634</u>
Current liabilities (payable from restricted assets):	
Customer deposits	56,628
Accrued interest on bonds	13,060
Current portion of long term debt	<u>103,990</u>
Total current liabilities (payable from restricted assets)	<u>173,678</u>
Total current liabilities	200,312
Noncurrent liabilities:	
Revenue bonds payable	<u>3,076,121</u>
Total liabilities	<u>3,276,433</u>

NET POSITION

Net investment in capital assets	822,113
Restricted for debt service	497,115
Unrestricted	<u>665,639</u>
Total net position	<u>\$ 1,984,867</u>

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

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2021

Operating revenues:	
Charges for services -	
Water sales	\$ 708,014
Installation and service fees	32,704
Other fees	<u>36,105</u>
Total operating revenues	<u>776,823</u>
Operating expenses:	
Advertising and promotion	5,866
Salaries and related benefits	213,734
Operation of plant	227,578
Depreciation	<u>182,753</u>
Total operating expenses	<u>629,931</u>
Operating income	<u>146,892</u>
Nonoperating revenues (expenses):	
Ad valorem taxes	78,152
State revenue sharing	10,170
Interest income	131
Interest expense	<u>(175,405)</u>
Total nonoperating revenues (expenses)	<u>(86,952)</u>
Change in net position	59,940
Net position, beginning	<u>1,924,927</u>
Net position, ending	<u>\$1,984,867</u>

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

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities:	
Receipts from customers	\$ 743,600
Payments to suppliers	(252,252)
Payments to employees and related costs	(213,734)
Other receipts	<u>36,105</u>
Net cash provided by operating activities	<u>313,719</u>
Cash flows from noncapital financing activities:	
Ad valorem taxes	62,157
State revenue sharing	10,170
Increase in meter deposits, net	<u>1,153</u>
Net cash provided by noncapital financing activities	<u>73,480</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(107,385)
Interest paid on long-term debt	(175,405)
Acquisition and construction of capital assets	<u>(102,200)</u>
Net cash used by capital and related financing activities	<u>(384,990)</u>
Cash flows from investing activities:	
Purchase of investments	63,000
Interest income	<u>131</u>
Net cash provided by investing activities	<u>63,131</u>
Net increase in cash and cash equivalents	65,340
Cash and cash equivalents, beginning of period	<u>926,099</u>
Cash and cash equivalents, end of period	<u>\$ 991,439</u>

(continued)

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Cash Flows (Continued)
Year Ended December 31, 2021

Reconciliation of operating income to net cash
provided by operating activities:

Operating income	\$ 146,892
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	182,753
(Increase) decrease in operating assets -	
Accounts receivable	2,882
Increase (decrease) in operating liabilities -	
Accounts payable	(10,258)
Accrued liabilities	<u>(8,550)</u>
Net cash provided by operating activities	<u>\$ 313,719</u>

Cash and cash equivalents reported on statement of net position as:

Cash and cash equivalents, beginning of period -	
Current	\$ 371,105
Restricted	<u>554,994</u>
	<u>\$ 926,099</u>
Cash and cash equivalents, end of period -	
Current	\$ 424,636
Restricted	<u>566,803</u>
	<u>\$ 991,439</u>
Net increase	<u>\$ 65,340</u>

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

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of West Vernon Parish Waterworks District (District) have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The District was created in 2002 under the provisions of Louisiana Revised Statutes 33:3811-3837, for the purpose of providing water service to the rural western portion of Vernon Parish. The District is governed by a board of commissioners composed of five members appointed by the Vernon Parish Police Jury.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the Vernon Parish Police Jury appoints the District's governing body, the District was determined to be a component unit of the Vernon Parish Police Jury, the governing body of the parish and the governmental entity with oversight responsibility. The accompanying financial statements present information only on the proprietary fund maintained by the District and do not present information on the Vernon Parish Police Jury, the general government services provided by that governmental entity, or the other governmental entities that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental entities and as a governmental entity provides certain disclosures required by the Governmental Accounting Standards Board.

C. Fund Accounting

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

The District maintains only one fund as described below:

Proprietary Fund –

Enterprise Fund

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

D. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The enterprise fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The proprietary fund statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits. They are stated at cost, which approximates market.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities report customer utility service receivables as their major receivables. This receivable is reported net of an allowance for doubtful accounts, if any. There was no allowance recorded at December 31, 2021 due to immateriality.

Unbilled receivables resulting from services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

The District also has major receivable balances for ad valorem taxes. This receivable is reported net of an allowance for uncollectible accounts, if any. There was no allowance recorded at December 31, 2021 due to immateriality.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at acquisition value at the time of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Plant and Distribution System	40 years
Buildings	25 years
Equipment and Vehicles	5-7 years

Long-term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities. The long-term debt consists of bonds and certificates of indebtedness payable.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no deferred outflows of resources at December 31, 2021 .

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District has no deferred inflows of resources at December 31, 2021.

Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. At December 31, 2021, the District reported \$497,115 of restricted net position, none of which was restricted by enabling legislation. It is the District's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

F. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds generally are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of new installation and tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Nonoperating Revenues and Expenses

Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets, and insurance recoveries on property loss. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in November and are actually billed to the taxpayers in December. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Tax revenues are recognized in the year they are billed.

The taxes are based on assessed values determined by the Tax Assessor of Vernon Parish and are collected by the Sheriff. The taxes are remitted to the West Vernon Parish Waterworks District net of deductions for Pension Fund Contributions.

For the year ended December 31, 2021, taxes of 9.06 mills were levied on property with net assessed valuations totaling \$8,665,895 and were dedicated to paying the operations and maintenance costs of the District. Total taxes levied during 2021 were \$78,514. Taxes receivable at December 31, 2021 totaled \$96,940.

(3) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2021, the District had cash and cash equivalents (book balances) totaling \$991,439.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered, or the District will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at December 31, 2021, were as follows:

Bank balances	<u>\$1,000,827</u>
At December 31, 2021, bank balances are secured as follows:	
Insured	500,000
Pledged securities	<u>500,827</u>
Total	<u>\$1,000,827</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Deposits in the amount of \$500,827 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name. The District does not have a policy for custodial credit risk. The District follows state law regarding its deposits and investments; however, it has not adopted a formal deposit and investment policy.

(4) Investments

The District participates in Louisiana Asset Management Pool (LAMP). LAMP is administered by Lamp, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local governmental entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

Accounting standards require disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with accounting standards. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM issued by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: LAMP's pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.
- Foreign currency risk: Not applicable

The investment in LAMP totaling \$115,353 is stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(5) Receivables

Receivables at December 31, 2021 consisted of the following:

Accounts	\$ 37,451
Unbilled water	<u>14,512</u>
Total	<u>\$ 51,963</u>

(6) Restricted Assets

Restricted assets consisted of the following at December 31, 2021:

Revenue bond reserve account	\$ 261,037
Revenue bond contingency account	249,138
Customer deposits	<u>56,628</u>
Total restricted assets	<u>\$ 566,803</u>

(7) Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Ending
Capital assets not being depreciated:				
Land	\$ 72,512	\$ -	\$ -	\$ 72,512
Capital assets being depreciated:				
Buildings	67,958	-	-	67,958
Equipment and vehicles	125,505	8,500	5,857	128,148
Water distribution system	<u>6,946,702</u>	<u>93,700</u>	<u>-</u>	<u>7,040,402</u>
Total capital assets	<u>7,212,677</u>	<u>102,200</u>	<u>5,857</u>	<u>7,309,020</u>
Less accumulated depreciation for:				
Buildings	26,750	2,763	-	29,513
Equipment and vehicles	81,491	4,519	5,857	80,153
Water distribution system	<u>3,021,659</u>	<u>175,471</u>	<u>-</u>	<u>3,197,130</u>
Total accumulated depreciation	<u>3,129,900</u>	<u>182,753</u>	<u>5,857</u>	<u>3,306,796</u>
Capital assets, net	<u>\$ 4,082,777</u>	<u>\$ (80,553)</u>	<u>\$ -</u>	<u>\$ 4,002,224</u>

Depreciation expense included in the financial statements for 2021 totaled \$182,753.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2021:

Direct borrowings:	
Long-term debt payable at December 31, 2020	\$ 3,287,496
Long-term debt issued	-
Long-term debt retired	<u>(107,385)</u>
Long-term debt payable at December 31, 2021	\$ 3,180,111
Less portion of long-term debt due within one year	<u>(103,990)</u>
Portion of long-term debt due in more than one year	<u>\$ 3,076,121</u>

Long-term debt payable at December 31, 2021, was comprised of the following issues:

\$3,579,000 Water Revenue Bonds, Note #91-01, issued February 2, 2001, due in monthly installments of \$17,511 over forty years starting August 2001 through July 2041; interest at 5.00 percent	\$ 2,569,099
\$795,900 Water Revenue Bonds, Note #91-03, issued February 2, 2001, due in monthly installments of \$3,876 over forty years starting March 2001 through February 2041; interest at 5.0 percent	557,269
\$73,906 Water Revenue Bonds, Note #91-05, issued February 2, 2011 to reschedule delinquencies on Note #91-05, due in monthly installments of \$366 over 443 months through February 2041; interest at 5.0 percent	<u>53,743</u>
	<u>\$ 3,180,111</u>

The annual requirement to amortize all debt outstanding at December 31, 2021, is as follows:

	Principal	Interest	Total
2022	103,990	157,047	261,037
2023	109,310	151,727	261,037
2024	114,902	146,134	261,036
2025	120,781	140,255	261,036
2026	126,961	134,077	261,038
2027 - 2031	739,142	566,042	1,305,184
2032 - 2036	948,584	356,598	1,305,182
2037 - 2041	<u>916,441</u>	<u>92,186</u>	<u>1,008,627</u>
Total	<u>\$ 3,180,111</u>	<u>\$ 1,744,066</u>	<u>\$ 4,924,177</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(9) Flow of Funds; Restrictions on Use – Utility Revenues

Under the terms of the bond indentures for Notes 91-01, 91-03, and 91-05, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Water Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Each month there will be set aside into a “Debt Service Reserve Fund” an amount equal to five (5) percent of the annual payment of all notes. This monthly deposit should continue until the balance in the reserve fund reaches the total of one annual installment of all notes.

Funds will also be set aside into a “Depreciation and Contingency Fund” to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system, by transferring from the operation account an initial deposit of \$26,250 prior to loan closing and a monthly deposit of \$888 in perpetuity for the life of all loans.

All of the revenues received in any fiscal year and that are not required to be paid into any of the above noted funds in such fiscal year shall be regarded as surplus and may be used for any lawful purpose.

The West Vernon Parish Waterworks District was in compliance with all significant limitations and restrictions in the bond indenture at December 31, 2021.

(10) Risk Management

The District is exposed to risks of loss in the areas of general liability, property hazards and worker’s compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance during the year, nor have settlements exceeded coverage for the past three years.

(11) Pending Litigation

There was no litigation pending against the West Vernon Parish Waterworks District at December 31, 2021.

(12) Compensation, Benefits and Other Payments to President

A detail of compensation, benefits, and other payments made to the Board President for the year ended December 31, 2021 follows:

<u>Purpose</u>	<u>Amount</u>
Joseph Smith, President	
Salary	<u>\$ 1,771</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(13) Compensation of Board Members

The following is a list of the commissioners and compensation paid for the year ended December 31, 2021.

<u>Commissioner</u>	<u>Compensation</u>
Joseph Smith	\$ 1,771
Richard Blakeway	1,932
Sherry Marze	1,288
Edward Turnipseed	805
Thurman Davis	161
Pamela Stanley	322
Rex Fletcher	966
	<u>\$ 7,245</u>

SUPPLEMENTARY INFORMATION

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Comparative Statements of Net Position
December 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 424,636	\$ 371,105
Investments	115,353	178,353
Accounts receivable	51,963	54,845
Due from other governmental units	3,381	3,381
Ad valorem tax receivable	<u>96,940</u>	<u>80,945</u>
Total current assets	<u>692,273</u>	<u>688,629</u>
Restricted assets -		
Revenue bonds reserve account	261,037	261,037
Revenue bonds depreciation and contingency account	249,138	238,482
Customer deposits	<u>56,628</u>	<u>55,475</u>
Total restricted assets	<u>566,803</u>	<u>554,994</u>
Capital assets, net	<u>4,002,224</u>	<u>4,082,777</u>
Total assets	<u>5,261,300</u>	<u>5,326,400</u>
 LIABILITIES		
Current liabilities (payable from current assets):		
Accounts payable	-	10,258
Accrued liabilities	10,292	18,842
Other liabilities	<u>16,342</u>	<u>16,342</u>
Total current liabilities (payable from current assets)	<u>26,634</u>	<u>45,442</u>
Current liabilities (payable from restricted assets):		
Customer deposits	56,628	55,475
Accrued interest on bonds	13,060	13,060
Current portion of long term debt	<u>103,990</u>	<u>98,929</u>
Total current liabilities (payable from restricted assets)	<u>173,678</u>	<u>167,464</u>
Total current liabilities	<u>200,312</u>	<u>212,906</u>
Noncurrent liabilities:		
Revenue bonds payable	<u>3,076,121</u>	<u>3,188,567</u>
Total noncurrent liabilities	<u>3,076,121</u>	<u>3,188,567</u>
Total liabilities	<u>3,276,433</u>	<u>3,401,473</u>
 NET POSITION		
Net investment in capital assets	822,113	795,281
Restricted for debt service	497,115	486,459
Unrestricted	<u>665,639</u>	<u>643,187</u>
Total net position	<u>\$ 1,984,867</u>	<u>\$ 1,924,927</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Comparative Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

	2021	2020
Operating revenues:		
Charges for services -		
Water sales	\$ 708,014	\$ 696,759
Installation and service fees	32,704	30,225
Other fees	36,105	20,028
Total operating revenues	776,823	747,012
Operating expenses:		
Advertising and promotion	5,866	5,155
Salaries and related benefits	213,734	213,489
Operation of plant	227,578	213,037
Depreciation	182,753	185,343
Total operating expenses	629,931	617,024
Operating income	146,892	129,988
Nonoperating revenues (expenses):		
Ad valorem taxes	78,152	69,840
State revenue sharing	10,170	10,481
Interest income	131	302
Sale of assets	-	308
Interest expense	(175,405)	(166,962)
Total nonoperating revenues (expenses)	(86,952)	(86,031)
Change in net position	59,940	43,957
Net position, beginning	1,924,927	1,880,970
Net position, ending	\$ 1,984,867	\$ 1,924,927

OTHER INFORMATION

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2021

Records maintained by the West Vernon Parish Waterworks District indicated the following number of customers were being serviced during the month of December 2021:

Residential	1,397
Commercial	<u>12</u>
	<u>1,409</u>

The water rates of the District are as follows:

Residential rates:

\$26.00 per month for the first 2,000 gallons, then
\$ 5.00 per 1,000 gallons or part thereof over 2,000 gallons

Commercial rates:

\$72.00 per month for the first 10,000 gallons, then
\$ 5.00 per 1,000 gallons or part thereof over 10,000 gallons

Penalty for paying water bill after due date:

Additional ten percent (10%) of total water charge

The aging of accounts receivable is as follows:

Current	\$ 37,397
0 - 30 days	5
31 - 60 days	4
Over 60 days	<u>45</u>
Total	<u>\$ 37,451</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Insurance in Force
(Unaudited)
December 31, 2021

Coverage Provided For	Limits of Coverage (in dollars)	Description of limits	Expiration Date
General Liability	\$ 1,000,000	Each occurrence	11/14/2022
	\$ 10,000	Damage to rented premises/occurrence	
	\$ 1,000,000	Personal injury	
	\$ 3,000,000	General aggregate	
	\$ 3,000,000	Products and completed operations	
	\$ 1,000,000	Medical payments	
	\$ 1,222,400	Blanket property	
Public Officials/Management Liability	\$ 1,000,000	Wrongful acts	11/14/2022
	\$ 1,000,000	Employment practices	
	\$ 3,000,000	Injunctive relief	
Commercial Auto Coverage	\$ 1,000,000	Liability	11/14/2022
	\$ 5,000	Uninsured motorist	
	\$ 1,000,000	Medical payments	
Workers Compensation	\$ 100,000	Bodily injury by each accident	11/14/2022
	\$ 500,000	Bodily injury by disease policy limit	
	\$ 100,000	Bodily injury by disease each employee	
Commercial Excess Liability	\$ 100,000	Each occurrence	11/14/2022
Crime Coverage	\$ 100,000	Various Theft, coverage per type	11/14/2022
Fidelity bond	\$ 1,000,000	Blanket fidelity bond	07/01/2022

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA*
Of Counsel

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA – retired 2022

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

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*

The Board of Commissioners
West Vernon Parish Waterworks District
Anacoco, Louisiana

We have audited, 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, the financial statements of the business-type activities of the West Vernon Parish Waterworks District (District), a component unit of the Vernon Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as #2021-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 financial statements. 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*.

West Vernon Parish Waterworks District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

This 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Oberlin, Louisiana
June 14, 2022

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2021

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2021-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The District did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the District does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

B. Compliance

There were no compliance findings.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2021

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of duties

CONDITION: The District did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation..

CURRENT STATUS: Unresolved. See item 2021-001.

B. Compliance

There were no compliance findings.

WEST VERNON PARISH WATERWORKS DISTRICT

Statewide Agreed-Upon Procedures Report

Year Ended December 31, 2021

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA*
Of Counsel

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of the
West Vernon Parish Waterworks District
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The West Vernon Parish Waterworks District's management is responsible for those C/C areas identified in the SAUPs.

The West Vernon Parish Waterworks District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

The entity is not required to maintain a budget; therefore, this section is not applicable.

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.

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and do not address the functions noted above.

- 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.

Written policies and procedures were obtained and do not address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and do not address the functions noted above.

- 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.

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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.
Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.
 - 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.
Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not reference or include monthly budget-to-actual comparison on the proprietary fund.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
Not applicable. The entity only has a Proprietary Fund.

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:
Obtained a listing of entity bank accounts for the fiscal period and management's representation that the listing is complete.
 - 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);
Obtained and reviewed bank reconciliations noting that they were prepared within 2 months of the related statement closing date.
 - 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
Obtained and reviewed bank reconciliations noting that they did not include evidence of review by a member management who does not handle cash, post ledgers, or issue checks.
 - 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.
Obtained and reviewed bank reconciliations noting no reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites for the fiscal period and management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

Observed that employees responsible for cash collections do not share the same 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.

Observed that the employee responsible for collecting cash is also responsible for preparing/making bank deposits; however, another employee is responsible for reconciling collection documentation 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.

Observed that the employee responsible for collecting cash is also responsible for posting cash collection entries to the general ledger; however, another employee 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.

Observed that the employee responsible for reconciling cash collections to the general ledger is also responsible for collecting cash; however, another employee/official verifies the reconciliation.

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

Obtained and reviewed a copy of the bond or insurance policy for theft covering all employees who have access to cash noting no exceptions.

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). Obtain supporting documentation for each of the 10 deposits and:

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

Observed that receipts are sequentially pre-numbered.

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

Traced sequentially pre-numbered receipts to the deposit slip noting no exceptions.

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

Traced the deposit slip total to the actual deposit per the bank statement noting no exceptions.

- 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).

Observed that for 2 out of the 3 bank accounts selected for testing, deposits were not made within one business day of receipt at the location.

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

Traced the actual deposit per the bank statement to the general ledger noting no exceptions.

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

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

Obtained 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.

Observed that at least two employees are not 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.

Observed that 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.

Observed that the employee responsible for processing payments is not prohibited from adding/modifying 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.

Observed that the employee responsible for signing checks is also responsible for mailing 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 whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

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

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

Observed that disbursement documentation did not include evidence of segregation of duties.

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

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

Obtained a listing of all active credit cards, bank debit cards, fuel cars, and P-cards for the fiscal period and management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

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

Observed the monthly statement or combined statement and supporting documentation noting they were not reviewed and approved, in writing, by someone other than the authorized card holder.

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

Observed that no finance or late fees were 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.

No exceptions noted regarding the functions noted above.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained a listing of all travel and travel related expense reimbursements during the fiscal period and management's representation that the listing is complete.

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

No exceptions noted.

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

No exceptions noted.

- 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).

No exceptions noted.

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

Observed that each reimbursement was not reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

(Not Applicable – The District does not have 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.

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.

Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Obtained related paid salaries and personnel files and agreed to authorized salaries/pay rates in the personnel files noting no exceptions.

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).

Observed selected employees or officials documented their daily attendance and leave noting no exceptions.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Observed 3 out of 5 employees did not have supervisor approval on their attendance and leave records.

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

Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records noting no exceptions.

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

Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file noting no exceptions.

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.

Obtained a listing of employees or official that received termination payments during the fiscal period and management's representation that the listing is complete. No exceptions noted regarding the procedures performed above.

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.

Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and worker's compensation premiums have been paid, and 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.

Observed supporting documentation that demonstrates each employee/official completed one hour of ethics training during the fiscal period noting no exceptions.

- 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.

There were no changes to the entity’s ethics policy during the fiscal period.

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.

Per discussion with management and review of the official minutes, there were no bonds/notes or other debt instruments issued during the fiscal period.

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).

Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. No exceptions were noted as a result of the procedures performed above.

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.

Per discussion with management and review of the official minutes, there were no misappropriations of public funds and 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.

Observed 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 on their premises; however, the notice was not posted on the District’s official website.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures:

- 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.

Obtained and inspected the entity's most recent documentation that it has backed up its critical data and observed that a backup occurred within the past week noting no exceptions.

- 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.

Obtained and inspected the entity's most recent documentation that it has been tested/verified that its backups can be restored noting no exceptions. Observed that the test/verification has been successfully performed within the past 3 months noting no exceptions.

- 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.

Obtained a listing of the entity's computers currently in use and their related locations and management's representation that the listing is complete. No exceptions noted regarding the procedures above.

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.

Observed supporting documentation that demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year noting no exceptions.

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).

Observed that the entity does not have its sexual harassment policy and complaint procedure on its website.

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:

Obtained the entity's annual sexual harassment report noting no exceptions.

- 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.

Management's Response

Management of the West Vernon Parish Waterworks District concurs with the exceptions and are working to address the deficiencies identified.

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

We are required to be independent of the West Vernon Parish Waterworks District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
June 14, 2022