

**SOUTH VERNON PARISH  
WATERWORKS DISTRICT #1**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

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# ROZIER, HARRINGTON & MCKAY

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February 15, 2018

### INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
South Vernon Parish Waterworks District #1

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the South Vernon Parish Waterworks District #1, component unit of the Vernon Parish Police Jury, as of and for the year ended December 31, 2017, 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 financial statement presentation of the financial statements.

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

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

# ***South Vernon Parish Waterworks District #1***

***February 15, 2018***

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## **Opinions**

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 South Vernon Parish Waterworks District #1, as of December 31, 2017, and the respective changes in financial position and cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

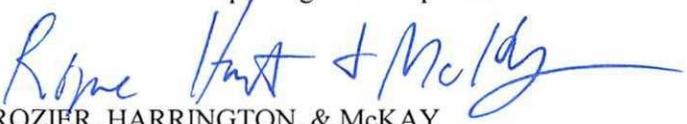
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards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

### **Other Supplemental 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 Schedule of Per Diem Paid to Board Members and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is other supplemental information presented for purposes of additional analysis and is not a required part of 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 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated February 15, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

  
ROZIER, HARRINGTON, & MCKAY  
Certified Public Accountants

# **South Vernon Parish Waterworks District #1**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2017**

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This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2017.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. These financial statements report all revenues and expenses regardless of when cash is received or paid. Furthermore, the basic financial statements include all of the District's assets and all of the District's liabilities (including long-term debt).

### **FINANCIAL ANALYSIS OF THE DISTRICT**

This portion of management's discussion and analysis provides a comparative financial analysis.

#### **Balance Sheet**

A condensed version of the District's Balance Sheet is presented as follows:

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<b><u>Assets:</u></b>		
Current and Other Assets	\$ 678,417	\$ 591,674
Capital Assets	3,454,330	3,613,792
<b>Total Assets</b>	<b>4,132,747</b>	<b>4,205,466</b>
<b><u>Liabilities:</u></b>		
Current and Other Liabilities	152,917	142,511
Long-term Liabilities	2,123,342	2,218,580
<b>Total Liabilities</b>	<b>2,276,259</b>	<b>2,361,091</b>
<b><u>Net Position:</u></b>		
Net Investment in Capital Assets	1,239,276	1,302,109
Restricted for Debt Service	282,549	321,736
Unrestricted	334,663	220,530
<b>Total Net Position</b>	<b>\$ 1,856,488</b>	<b>\$ 1,844,375</b>

As the presentation appearing above demonstrates, the largest portion of net position is invested in capital assets net of related debt. These assets are used by the District to provide water to the citizens of the District.

The restricted portion of net position is for debt service. These restricted amounts are limited to amounts encumbered by agreements with bond holders.

The unrestricted portion of net position may be used to meet the District's ongoing obligations to citizens and creditors.

# **South Vernon Parish Waterworks District #1**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2017**

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### **Changes in Net Position**

A condensed version of the Statement of Revenues, Expenses, and Changes in Net Position is presented as follows:

	For the Year Ended	
	December 31, 2017	December 31, 2016
<b><u>Revenues:</u></b>		
Program Revenues		
Charges for Service	\$ 602,610	\$ 620,473
Operating Grants and Contributions	----	----
Capital Grants and Contributions	----	----
General Revenues	82,415	84,695
<b>Total Revenues</b>	<b>685,025</b>	<b>705,168</b>
Program Expenses	672,912	676,930
Change in Net Position	12,113	28,238
Net Position – Beginning	1,844,375	1,816,137
<b>Net Position - Ending</b>	<b>\$ 1,856,488</b>	<b>\$ 1,844,375</b>

As the accompanying presentation demonstrates, the District has experienced favorable financial trends. Net Position has increased \$12,113.

### **CAPITAL ASSET ADMINISTRATION**

There were no capital asset acquisitions during the current year.

### **DEBT ADMINISTRATION**

The long term debt activity was limited to payment of installments due on remaining obligations. As funds permit additional payments are made on the debt.

### **FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS**

At the present time, no known issues are expected to have a significant impact on future operations.

# **SOUTH VERNON WATERWORKS DISTRICT #1**

## **Statement of Net Position December 31, 2017**

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and cash equivalents	\$ 259,994
Receivables (net)	121,210
Prepaid expenses	14,664
Restricted cash	282,549
Total current assets	<u>678,417</u>
Non Current Assets:	
Land	15,000
Depreciable capital assets, net	<u>3,439,330</u>
Total assets	<u><u>4,132,747</u></u>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Accounts and other payables	13,185
Deposits due others	38,642
Liabilities payable from restricted assets	
Accrued interest payable	5,977
Current portion of long term debt	<u>95,113</u>
Total Current Liabilities	<u>152,917</u>
Long-term debt due in more than one year	
Compensated Absences	9,378
Revenue Bonds	<u>2,113,964</u>
Total liabilities	<u>2,276,259</u>
<b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	1,239,276
Restricted:	
Debt Service	282,549
Unrestricted	<u>334,663</u>
Total net position	<u>1,856,488</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 4,132,747</u></u>

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

# **SOUTH VERNON WATERWORKS DISTRICT #1**

## **Statement of Revenues, Expenses and Changes in Fund Net Position**

### **Proprietary Funds**

**Year Ended December 31, 2017**

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<b><u>Operating Revenues:</u></b>	
Charges for services pledged as security	\$ 552,744
Meter connections and other charges	49,866
<b>Total Operating Revenues</b>	<u>602,610</u>
<b><u>Operating Expenses:</u></b>	
Salaries	200,290
Payroll taxes and benefits	19,813
Utilities	30,492
Insurance	50,146
Office expense	25,729
Repairs, maintenance, and operations	75,229
Depreciation	159,462
Other Expenses	7,291
<b>Total Operating Expenses</b>	<u>568,452</u>
<b>Operating Income (Loss)</b>	<u>34,158</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>	
Interest revenue	727
Ad Valorem taxes	65,901
Revenue sharing	10,193
Other Income	5,594
Interest expense	<u>(104,460)</u>
<b>Change in Net Position</b>	<u>12,113</u>
<b>Total net position - beginning</b>	<u>1,844,375</u>
<b>Total net position - ending</b>	<u>\$ 1,856,488</u>

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

# **SOUTH VERNON WATERWORKS DISTRICT #1**

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2017**

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<b><u>Cash flow from operating activities:</u></b>	
Cash received from customers	\$ 607,590
Cash payments to suppliers of goods and services	(206,928)
Cash payments to employees for services	(195,712)
<b>Net cash provided (used) by operating activities</b>	<b>204,950</b>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Ad Valorem taxes and revenue sharing received	76,094
<b>Net cash provided (used) by non-capital financing activities</b>	<b>76,094</b>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Acquisition of capital assets	-
Principal paid on debt instruments	(96,628)
Interest paid on debt instruments	(104,461)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(201,089)</b>
<b><u>Cash flows from investing activities:</u></b>	
Interest and other income	6,321
<b>Net cash provided (used) by investing activities</b>	<b>6,321</b>
Net increase (decrease) in cash	86,276
Beginning cash balance	456,267
Ending cash balance	542,543
Restricted cash	282,549
Cash and cash equivalents	<b>\$ 259,994</b>
<b><u>Reconciliation of operating income (loss) to net cash</u></b>	
Operating income (loss)	\$ 34,158
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	159,462
(Increase) decrease in accounts receivable	(467)
(Increase) decrease in prepaid expenses	-
(Decrease) increase in operating accounts payable	1,772
(Decrease) increase in compensated absences	4,578
(Decrease) increase in customer deposits	5,447
<b>Net cash provided (used) by operating activities</b>	<b>\$ 204,950</b>

**Supplemental Disclosure of Cash Flow Information:**

During the year ended December 31, 2017, the District received no operating, investing, or financing activities that did not result in cash receipts or payments.

# **South Vernon Parish Waterworks District #1**

## ***Notes to Financial Statements*** ***December 31, 2017***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Organization and Basis of Presentation**

The South Vernon Parish Waterworks District #1 is a political subdivision of the Vernon Parish Police Jury. The District is governed by a board of commissioners, composed of seven members who serve with compensation and are appointed for terms of various years by the Vernon Parish Police Jury.

The following is a summary of the more significant accounting policies.

#### **Financial Reporting Entity**

Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of a financial reporting entity. 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 reporting entity to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the District is a component unit of the Vernon Parish Police Jury. The accompanying component unit financial statements present information only on the fund maintained by the District and do not present information on the Police Jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

#### **Basis of Presentation**

The District uses an enterprise fund for financial reporting purposes. Enterprise funds are proprietary funds used to account for business-like activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

#### **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District's 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, financial position, and cash flows. All assets and liabilities associated with their activities are reported. Proprietary fund equity is classified as net position.

# **South Vernon Parish Waterworks District #1**

## ***Notes to Financial Statements*** ***December 31, 2017***

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In addition, the District's enterprise fund utilizes the accrual basis of accounting. Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations.

### **Use of Estimates**

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

### **Cash and Cash Equivalents**

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposit is typically mitigated by purchasing instruments that mature in one year or less.

### **Statement Of Cash Flows**

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks, and certificates of deposit.

### **Restricted Assets**

Any amounts reported as restricted assets, represent resources that must be expended in a specific manner. Restrictions of this nature can be imposed by tax propositions and various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

### **Capital Assets**

Capital assets, which include property, equipment, and infrastructure, are reported as assets in the financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the District.

Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

Real estate developers periodically contribute water distribution lines and related costs to the District by mutual agreement. Distribution system assets contributed to the District by these installers are capitalized at the installers' cost, which approximate fair value at the time of the District's acquisition, and recorded as capital contributions when received.

### **NOTE 2-CASH AND CASH EQUIVALENTS**

At December 31, 2017, cash and cash equivalents were \$542,542 (book balance), which includes restricted cash of \$282,549.

# **South Vernon Parish Waterworks District #1**

## **Notes to Financial Statements December 31, 2017**

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

At December 31, 2017, the District has \$548,719 in deposits (collected bank balance). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$313,106 of pledged securities held by the custodial bank in the name of the fiscal agent bank. Even though the pledged securities are considered uncollateralized, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

### **NOTE 3 - AD VALOREM TAXES**

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Vernon Parish Sheriff's Office and remitted to the District the month subsequent to collection.

Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended December 31, 2017, taxes of 8.91 mills totaling \$65,901 were levied and collected on property. This millage is for the general corporate purposes of the District and expires in 2020.

### **NOTE 4 - RECEIVABLES**

The receivables at December 31, 2017, are as follows:

Utility Customers	\$ 50,590
Other	-
<u>Due From Other Governmental Units</u>	
Ad Valorem Taxes	63,824
Revenue Sharing	<u>6,796</u>
Total Due From Other Governments	<u>70,620</u>
Total Receivables	<u>\$ 121,210</u>

Management considers the amounts listed above to be fully collectible. Therefore, there is no allowance for doubtful accounts.

### **NOTE 5 - CAPITAL ASSETS**

Changes in business-type capital assets are presented as follows:

# **South Vernon Parish Waterworks District #1**

## **Notes to Financial Statements December 31, 2017**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Non Depreciable Capital Assets</b>				
Land	\$ 15,000	\$ ----	\$ ----	\$ 15,000
<b>Depreciable Capital Assets</b>				
Distribution System	5,290,296	----	----	5,290,296
Buildings	130,263	----	----	130,263
Vehicles	62,410	----	----	62,410
Furniture, Fixtures & Equipment	133,889	----	----	133,889
Accumulated Depreciation	<u>(2,018,066)</u>	<u>(159,462)</u>	----	<u>(2,177,528)</u>
Total Depreciable Capital Assets	<u>3,598,792</u>	<u>(159,462)</u>	----	<u>3,439,330</u>
<b>Total Capital Assets</b>	<b><u>\$ 3,613,792</u></b>	<b><u>\$ (159,462)</u></b>	<b><u>\$ ----</u></b>	<b><u>\$ 3,454,330</u></b>

Depreciation expense for the year ended December 31, 2017 is \$159,462.

### **NOTE 6 – LONG-TERM LIABILITIES**

Changes in the District's long-term debt for the year ended December 31, 2017, are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b><u>Borrowings:</u></b>				
Revenue Bonds	\$ 2,305,705	\$ ----	\$ 96,628	\$ 2,209,077
Compensated Absences	4,800	4,578	----	9,378
<b>Total Debts</b>	<b><u>\$ 2,310,505</u></b>	<b><u>\$ 4,578</u></b>	<b><u>\$ 96,628</u></b>	<b><u>\$ 2,218,455</u></b>

### **Revenue Bonds**

The District has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at December 31, 2017, are described as follows:

# **South Vernon Parish Waterworks District #1**

## **Notes to Financial Statements December 31, 2017**

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\$2,712,000 Utility Revenue Bonds, dated February 1, 1994, with an effective rate of interest of 4.8750%. Principal is payable in 480 monthly installments of \$13,870 beginning July 27, 1998. Final maturity is scheduled for June 27, 2036, unless the District elects to redeem the bonds prior to maturity. \$ 1,863,168

\$473,906 of Water Revenue Bonds, Series 2012, bearing interest at a rate of 2.95%. The bond is payable in 20 annual installment of principal and interest in amounts ranging from \$16,000 to \$33,000. Final maturity is scheduled for August, 2032, unless the District elects to redeem the bonds prior to maturity. 345,909

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Total Revenue Bonds 2,209,077  
Portion due within one year (95,113)

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Portion due in more than one year \$ 2,113,964

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### **Maturity of Long-term Debt**

A schedule of maturities of long-term debt is presented as follows:

<u>Year Ended December 31<sup>st</sup></u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 95,113	\$ 100,253
2019	100,458	96,082
2020	103,971	91,683
2021	108,659	87,111
2022	114,530	79,326
2023-2027	559,829	336,680
2028-2032	709,953	192,454
2033-2035	416,564	32,675
<u>Total Governmental</u>	<u>\$ 2,209,077</u>	<u>\$ 1,016,264</u>

Interest expense for the current year totaled \$104,460.

### **NOTE 7- RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

### **NOTE 8 – RETIREMENT PLAN**

The District participates in a defined contribution plan for its employees. The employees may contribute the maximum contribution allowed by law and the District matches 3% of employee compensation. The employees are immediately invested in both their and the employer contributions. For the year ended December 31, 2017, the District contributed \$5,872.

# **South Vernon Parish Waterworks District #1**

## **Notes to Financial Statements December 31, 2017**

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### **NOTE 9 – ACCOUNTS PAYABLE**

The accounts payable at December 31, 2017 are 13,185.

# **SOUTH VERNON WATERWORKS DISTRICT #1**

## ***Schedule of Compensation Paid to Board Members Year Ended December 31, 2017***

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Barbara Bartlett	\$	660
Elaine Fontenot		720
Stanley Hebert		660
Thomas Dixon		660
Erik Churchman		<u>600</u>
Total Compensation	\$	<u>3,300</u>

# **SOUTH VERNON WATERWORKS DISTRICT #1**

## ***Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer Year Ended December 31, 2017***

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<b><u>Purpose</u></b>		<u>Tom Dixon</u>
Per Diem	\$	660

Louisiana Law requires reporting compensation, benefits, and reimbursements provided for the Agency Head or Chief Executive Officer. The President of the Board of Directors of the South Vernon Parish Waterworks District serves as the Agency Head. The compensation presented above is the per diem received by the President of the Board. The Board President did not receive any other benefits or reimbursements.

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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February 15, 2018

**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 Commissioners  
South Vernon Parish Waterworks District No. 1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activity of the South Vernon Parish Waterworks District No. 1 as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated February 15, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the South Vernon Parish Waterworks District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Vernon Parish Waterworks District's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Vernon Parish Waterworks 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 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 significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal

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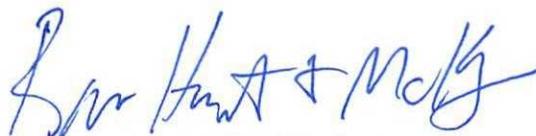
control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control 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.



ROZIER, HARRINGTON & McKAY  
Certified Public Accountants

**South Vernon Parish Waterworks District #1**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2017**

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**PART I – SUMMARY OF AUDITORS' RESULTS:**

- The Independent Auditor's Report on the financial statements for the South Vernon Parish Waterworks District #1 as of December 31, 2017, and for the year then ended expressed an unmodified opinion.
- The results of the audit disclosed no instance of noncompliance that is considered to be material to the financial statements of the South Vernon Waterworks District #1.
- The audit disclosed no instance of a significant deficiency in internal control over financial reporting.
- The District was not required to have a Single Audit; therefore, none of the reporting requirements of Circular A-133 were required.

**PART II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

- There are no matters to report

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

- There are no matters to report.

**South Vernon Parish Waterworks District #1**

**Managements Corrective Action Plan**

**For the Year Ended December 31, 2017**

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<b>SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
There were no findings of this nature reported.	Response – N/A.
<b>SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
There were no findings of this nature reported.	Response – N/A.
<b>SECTION III – MANAGEMENT LETTER</b>	
There were no findings of this nature reported.	Response – N/A

**South Vernon Parish Waterworks District #1**

***Schedule of Prior Year Findings and Questioned Costs***

***For the Year Ended December 31, 2017***

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<b>SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
There were no findings of this nature reported.	Response – N/A.
<b>SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
There were no findings of this nature reported.	Response – N/A.
<b>SECTION III – MANAGEMENT LETTER</b>	
There were no findings of this nature reported.	Response – N/A.

**APPENDIX A**  
**Statewide Agreed-Upon Procedures**

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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**M. DALE HARRINGTON, CPA**  
**RETIRED - 2005**

### Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Board of Commissioners  
South Vernon Parish Waterworks District #1 and  
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the South Vernon Parish Waterworks District #1 (Entity) 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, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

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.



Rozier, Harrington and McKay  
Certified Public Accountants  
Alexandria, Louisiana  
February 15, 2018

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

-A1-

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Written Policies and Procedures</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>1 Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions:</p> <ul style="list-style-type: none"> <li>• Budgeting</li> <li>• Purchasing</li> <li>• Disbursements</li> <li>• Receipts</li> <li>• Payroll/Personnel</li> <li>• Contracting</li> <li>• Credit Cards</li> <li>• Travel and expense reimbursements</li> <li>• Ethics</li> <li>• Debt</li> </ul>	<p>An analysis of written policies and procedures has resulted in the following conclusions:</p> <ul style="list-style-type: none"> <li>• The District is a component unit of the Vernon Parish Police Jury (Police Jury). As a result, the District officially adopts the policies that specifically relate to operations of the District. If policies unique to the District are required the Board adopts a specific policy.</li> <li>• The Payroll/Personnel and Travel and reimbursements policies contained the specific components suggested in the agreed-upon procedures.</li> <li>• There are no written policies related to the following functions: <ul style="list-style-type: none"> <li>○ Purchasing</li> <li>○ Disbursements</li> <li>○ Receipts</li> <li>○ Contracting</li> <li>○ Credit Cards</li> <li>○ Ethics</li> <li>○ Debt</li> </ul> </li> <li>• Budgeting was not applicable because the District is not required to adopt a budget.</li> </ul>	<p>Despite the absence of written details, the District has established policies and procedures that are clearly understood by personnel responsible for execution. In addition, we will consider the need to formally adopt the procedures that are in place and performing as intended.</p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Board (or Finance Committee)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>2 Obtain and review the board/committee minutes for the fiscal period, and:</p> <p>a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation</p> <p>b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis)</p> <p>    ➤ If budgets are adopted that increase an existing deficit, is there a formal written plan to eliminate deficit spending and do the minutes indicate periodic monitoring of the plan?</p> <p>c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.</p>	<p>The governing board meet monthly with a quorum.</p> <p>The District is not required to adopt an annual budget.</p> <p>Monthly activity reports reviewed and approved by the governing body included non-budgetary information including check registers, credit card statements and monthly invoices to be paid.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Bank Reconciliations</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>3 Obtain a listing of client bank accounts from management</p>	<p>The District establishes bank accounts necessary to efficiently and effectively operate.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>4 Using the listing provided by management, select a minimum of five (5) bank accounts and report whether:</p> <p>a) Bank reconciliations have been prepared;</p> <p>b) Bank reconciliations include evidence that a member of management or a board member has reviewed each bank reconciliation</p> <p>c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.</p>	<p>The bank accounts are reconciled monthly by the clerk.</p> <p>There is no evidence that a board member reviewed each bank reconciliation.</p> <p>There were no outstanding reconciling items greater than 6 months at the end of the fiscal year.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>We will have a board member, who is not a signatory on any accounts, review each bank reconciliation montly.</p> <p><i>The results did not include findings or criticisms.</i></p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Collections</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>5 Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.</p> <p>6 Using the listing provided by management, select a minimum of five (5) cash collection locations, obtain written documentation and report whether:</p> <p>a) Each person responsible for collecting cash is:</p> <ul style="list-style-type: none"> <li>• bonded,</li> <li>• not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account</li> <li>• not required to share the same cash register or drawer with another employee.</li> </ul> <p>b) The entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.</p>	<p>All collection activity is conducted at 197 Hwy 3226, Deridder, LA</p> <ul style="list-style-type: none"> <li>• Coverage for employee theft with a loss limit is maintained.</li> <li>• Except for checks received from the Vernon Parish Police Jury, a single employee is responsible for most cash collections. The clerk is responsible for deposits, reconciling the bank accounts, and recording all transactions.</li> <li>• One cash drawer is maintained.</li> </ul> <p>A formal process exists but it is conducted by an employee that participates in other aspects of collections.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>The size of the staff limits opportunities for segregation of duties. Risk is mitigated because most collections are in the form of check. In addition, most of the remaining payments are electronic transactions. Transactions involving currency that is susceptible to misappropriation are limited. In addition, cash collections are subject to verification by comparison to computerized subsidiary records.</p> <p>The absence of segregation is mitigated by the factors described above.</p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Collections</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:</p> <ul style="list-style-type: none"> <li>• Report whether the deposits were made within one day of collection.</li> <li>• Verify that daily cash collections are completely supported by documentation</li> </ul> <p>7 Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.</p>	<ul style="list-style-type: none"> <li>• Deposits are made daily.</li> <li>• Collections are completely supported by documentation.</li> </ul> <p>The process utilizes receipts and accounts receivable records to determine that collections are complete. Although the process is functional, the procedures have not been formally documented are committed to written form.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>Despite the absence of written details, the District has established policies and procedures that are clearly understood by personnel responsible for execution. In addition, we will consider the need to formally adopt the procedures that are in place and performing as intended.</p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>8 Obtain a listing of entity disbursements from management</p> <p>9 Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:</p> <p>a) Purchases were initiated using a requisition/purchase order system.</p> <p>b) Purchase orders were approved by a person who did not initiate the purchase.</p> <p>c) Payments for purchases were not processed without</p> <ul style="list-style-type: none"> <li>• An approved requisition and/or purchase order</li> <li>• A receiving report showing receipt of goods purchased,</li> <li>• An approved invoice.</li> </ul>	<p>Management provided access to the general ledger system that reports all disbursement activity.</p> <p>Procedures for processing disbursements do not include provisions for requisitions, purchase orders or receiving reports. Each transaction processed was supported by an invoice or similar supporting documentation.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>Due to the small transaction volume management is capable of monitoring approval and receipts without the need for formal requisitions, purchase orders, or receiving reports. The board at each monthly meeting reviews each invoices and approves them for payment.</p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
10 Using entity documentation report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.	There are no formal restrictions associated with adding vendors.	The absence of a formal vendor approval process is mitigated as follows: <ul style="list-style-type: none"> <li>• Checks compensating vendors require the two signatures from board members. The board reviews documentation before signing. In addition, the board members are not employees and have no other involvement in transactions involving disbursements.</li> <li>• As part of each monthly meeting, the governing board reviews and approves disbursement activity for the preceding month.</li> </ul>
11 Using entity documentation report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.	Checks are signed by two board members. The board members are not employees and have no additional involvement associated with initiating or recording purchases.	<b><i>The results did not include findings or criticisms.</i></b>
12 Inquire of management and observe whether the supply of unused checks or blank check stock is maintained in a locked location, with access restricted to those persons that do not have signatory authority.	Check stock is held in a locking file cabinet located in the office of an employee that does not sign checks.	<b><i>The results did not include findings or criticisms.</i></b>
13 If a signature stamp or signature machine is used, inquire of the signer whether his or her signature and any signed checks is maintained under his or her control or is used only with the knowledge and consent of the signer.	There is no signature stamp.	<b><i>The results did not include findings or criticisms.</i></b>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Credit Cards/Debit Cards/Fuel Cards/P-Cards</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
14 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards).	The District has one debit card and a fuel card.	<i>The results did not include findings or criticisms.</i>
15 Select the monthly statement or combined statement with the largest dollar activity for each card and:  a) Is there evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.  b) Report whether finance charges and/or late fees were assessed on the selected statements	The governing board reviews and approves the credit card statement on a monthly basis as documented by minutes for the monthly meetings.  The statement did include a finance charge or late fees.	<i>The results did not include findings or criticisms.</i>  Based on a review of our records, the disbursement was processed and mailed prior to the payment due date. We will contact the fuel card company to determine if there are other methods of ensuring payment arrives timely.
16 Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).  a) Obtain supporting documentation for all transactions for each of the 10 cards selected by: <ul style="list-style-type: none"> <li>• An original itemized receipt</li> <li>• Documentation of the business/public purpose</li> </ul>	Documentation was available to support all debit card and fuel card purchases.	<i>The results did not include findings or criticisms.</i>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Credit Cards/Debit Cards/Fuel Cards/P-Cards</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<ul style="list-style-type: none"> <li>• Other documentation that may be required by written policy</li> </ul> <p>b) Compare the transaction's detail to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law</p> <p>c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution</p>	<p>None of the purchases were subject to Public Bid Law requirements.</p> <p>None of the purchases appeared to be a loan, pledge, or donation of funds, credit, property, or things of value</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Travel and Expense Reimbursement</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
17 Obtain from management a listing of all travel and related expense reimbursements, by person.	The list was compiled from general ledger detail provided from travel and related expense accounts.	<i>The results did not include findings or criticisms.</i>
18 Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration and report any amounts that exceed GSA rates.	A formal policy has been adopted.	Mileage is reimbursed at standard rates established by the Internal Revenue Service. The State of Louisiana's travel policies services as guide for remaining travel cost.
19 Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:  a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.	Payments did not exceed GSA maximums.	<i>The results did not include findings or criticisms.</i>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Travel and Expense Reimbursement</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>b) Report whether each expense is supported by:</p> <ul style="list-style-type: none"> <li>• An original itemized receipt that identifies precisely what was purchased.</li> <li>• Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).</li> <li>• Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)</li> </ul>	<p>Transactions were supported by adequate documentation that demonstrated business purpose.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.</p>	<p>None of the reimbursement received represented a loan, pledge, or donation of funds, credit, property, or things of value</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>The governing board reviews and approves the reimbursements on a monthly basis as documented by minutes for the monthly meetings.</p>	<p><i>The results did not include findings or criticisms.</i></p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Contracts</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>20 Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments.</p>	<p>We obtained a list of vendors from the general ledger and inquired of management as to whether there were any contracts for the vendors.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>21 Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:</p> <p>a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.</p> <p>b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:</p> <ul style="list-style-type: none"> <li>• If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements.</li> <li>• If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.</li> </ul> <p>c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an</p>	<p>The contracts were not written.</p> <p>The amounts were no subject to bid law requirements.</p> <p>There are no formal written contracts.</p>	<p>We will review our contract vendors to determine if we need written contracts.</p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Contracts</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>amendment.</p> <p>d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.</p> <p>e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).</p>	<p>The invoice and related payments were consistent with the terms of the contracts.</p> <p>Policies and procedures did not require specific approval by the governing board.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>Rather than specifically approving each contract, the Board reviews and approves each invoice at each monthly board meeting. We believe that this process provides an appropriate level of oversight for the contracting process.</p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Payroll and Personnel</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>22 Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:</p> <p>a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.</p> <p>b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.</p>	<p>The District's personnel are not subject to employment contracts. Pay rates are established and closely monitored by the governing board. Compensation paid to employees was within the limits established by personnel policy.</p> <p>The governing board changes pay rates when necessary. These pay rate changes are documented in the minutes and approved by the board.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>
<p>23 Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:</p>		

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Payroll and Personnel</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>a) Report whether 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.)</p> <p>b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.</p> <p>c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.</p>	<p>Attendance and leave were documented on time sheets.</p> <p>Time sheets included signatures demonstrating supervisor's approval.</p> <p>Leave taken as reported on time sheets was deducted from the employees leave balance maintained on their leave worksheet.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>Attendance and leave records for two employees were not approved by the supervisor.</p> <p><i>The results did not include findings or criticisms.</i></p>
<p>24 Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.</p>	<p>There were no current year terminations.</p>	<p><i>The results did not include findings or criticisms.</i></p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response (Continued)**

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<b>Payroll and Personnel</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
25 Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.	Payroll taxes and retirement contributions were remitted timely. In addition, reporting forms were submitted as required.	<i>The results did not include findings or criticisms.</i>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Ethics</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>26 Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.</p>	<p>None of the employees had the required ethics training.</p>	<p>We will immediately have each employee complete the ethic course.</p>
<p>27 Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.</p>	<p>According to management there were no alleged ethics violations.</p>	<p><b><i>The results did not include findings or criticisms.</i></b></p>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Debt Service</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
28 If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.	Not applicable, there was no new debt issued.	<i>The results did not include findings or criticisms.</i>
29 If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.	All debt service payments were made timely. Also, the debt reserves are maintained as required by the debt covenants.	<i>The results did not include findings or criticisms.</i>
30 If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.	Not applicable, there was no debt directly supported by a tax millage.	<i>The results did not include findings or criticisms.</i>

# **South Vernon Parish Waterworks District #1**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Other</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
31 Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	No misappropriations were identified.	<i>The results did not include findings or criticisms.</i>
32 Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at <a href="http://www.la.la.gov/hotline">www.la.la.gov/hotline</a> ) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.	The notice was posted on February 15, 2018.	<i>The results did not include findings or criticisms.</i>
33 If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.	No exceptions were identified.	<i>The results did not include findings or criticisms.</i>