

**WATERWORKS DISTRICT NO 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**BASIC FINANCIAL STATEMENTS
WTH SUPPLEMENTAL INFORMATION SCHEDULES**

YEAR ENDED JUNE 30, 2017

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

820 11th Avenue
Franklinton, Louisiana 70438

(985) 839-4413

Fax (985) 839-4402

wrcpa@franklinton.net

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CLINTON, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES
YEAR ENDED JUNE 30, 2017**

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CLINTON, LOUISIANA
BASIC FINANCIAL STATEMENTS
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Member
AICPA

Member
LCPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Waterworks District No. 7 of East Feliciana Parish
P O Box 8826
Clinton, LA 70722

I have audited the accompanying financial statements of the business-type activities of the Waterworks District No. 7 of East Feliciana Parish, a component unit of the East Feliciana Parish Policy Jury, as of and for the year ended June 30, 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 controls 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 7 of East Feliciana Parish, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District No. 7 of East Feliciana Parish's basic financial statements. The schedule of operating expenses, statement of revenues and expenses as a percentage of total operating revenues, schedule of insurance in force, statistical data-water sales, comparative data, schedule of subsequent budget, schedule of compensation paid to governing body and schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other information listed herein are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 28, 2018, on my consideration of the Waterworks District No. 7 of East Feliciana Parish's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my 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 Waterworks District No. 7 of East Feliciana Parish's internal control over financial reporting and compliance.



Minda Raybourn CPA

Franklinton, LA
January 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

WATEROWRKS DISTRICT NO. 7 OF EAST FELICAINA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The purpose of the Management's discussion and analysis (MD&A) is to introduce the basic financial statements and provide an analytical overview of the Waterworks District No. 7 of East Feliciana Parish's, hereinafter referred to as the District, financial activities. Since this information is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the financial statements beginning on page 13.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

This annual report consists of two components - (1) fund financial statements and (2) notes to the financial statements. There is also other supplementary information contained in this report provided for additional information.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one category of funds: proprietary funds.

Proprietary funds. The District maintains only one type of proprietary fund - enterprise fund. Enterprise funds are used to report the functions financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The District uses an enterprise fund to account for its waterservices.

Financial statements of the District include the following:

Statement of Net Position. This statement presents information on all of the District's assets, deferred outflows of resources, liabilities and inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or not.

Statement of Revenues, Expenses and Changes in Net Position. This statement presents information showing how the District's net assets changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

Statement of Cash Flows. The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**WATEROWRKS DISTRICT NO. 7 OF EAST FELICAINA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

The index of the notes is found on page 16 with the actual notes beginning immediately afterwards.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position increased by \$64,567 or 6% of the prior year's net position. While most assets remained virtually unchanged, there was an additional investment in capital assets of \$89,580.

Below is a comparison of the current and prior year's net position.

SUMMARY OF NET POSITION

	2017	2016
Assets		
Current assets	\$ 262,987	\$ 342,519
Restricted assets	165,192	110,662
Capital assets, net	1,176,088	1,107,249
Total Assets	1,604,267	1,560,430
 Liabilities		
Current liabilities	84,616	36,425
Long-term liabilities	373,858	442,778
Total liabilities	458,474	479,203
 Net Position		
Net investment in capital assets	779,810	689,960
Restricted	212,242	157,162
Unrestricted	153,741	234,104
Net position	\$ 1,145,793	\$ 1,081,226

The largest portion of the District's net assets is in its investment in capital assets - \$779,810 and \$689,960 at June 30, 2017 and 2016, respectively, representing 68% of net position. Another 19% at June 30, 2017, is restricted for customer deposits and debt retirement. The amount at June 30, 2016 restricted for customer deposits and debt retirement was \$157,162 (15%). The remaining balance in net assets of \$153,741 (13%) and \$234,104 (22%) at June 30, 2017 and 2016, respectively, is available to pay current operating expenses.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Revenues decreased by \$5,513 or 1% over the prior year, due to a decrease in watersales and grant proceeds received in the current year. Expenses increased by \$20,675 or less than 6% over the prior year.

A summary of changes in net position follows:

SUMMARY OF CHANGES IN NET POSITION

	<u>2017</u>	<u>2016</u>
Revenues		
Charges for services	\$ 372,954	\$ 362,303
Non-operating revenues	54,851	71,016
Total revenues	<u>427,806</u>	<u>433,319</u>
 Expenses		
Operating	274,309	258,080
Depreciation/amortization	66,664	61,020
Non-operating	22,266	23,464
Total expenses	<u>363,239</u>	<u>342,564</u>
 Change in net position	64,567	90,755
Net position, beginning	<u>1,081,226</u>	<u>990,471</u>
Net position, Ending	<u>\$ 1,145,793</u>	<u>\$ 1,081,226</u>

**WATEROWRKS DISTRICT NO. 7 OF EAST FELICAINA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

BUDGETARY HIGHLIGHTS

The District's actual operating revenues were \$9,954 or 3% more than budgeted. Operating expenses were \$41,127 (11%) less than budgeted authority. Non-operating revenues and expenses were favorable in comparison to the adopted budget by \$8,785. Overall, the District increased its net position by \$59,867 more than anticipated. A budget to actual comparison is on page 29.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets, net of accumulated depreciation and related debt at June 30, 2017 and 2016, was \$779,810 and \$689,960, respectively. Additions during the current year totaled \$135,504. The additions were the purchase of a new truck for \$33,716, purchase of new office chairs of \$638, and \$101,150 enhancements to the water distribution system. The total investment is net of long-term debt (revenue bonds outstanding) of \$396,278.

Capital assets at year-end are summarized as follows:

CAPITAL ASSETS

Net of Accumulated Depreciation

	2017	2016
Capital assets, Non-Depreciable		
Land	4,500	4,500
Capital Assets, Depreciable		
Buildings	164,623	169,091
Distribution system	957,843	911,600
Furniture and equipment	14,592	17,593
Vehicles	31,102	953
Total capital assets, net	1,172,660	1,103,737

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

The District executed a 60 year land lease at \$5,000 for which it amortizes. Amortization to date totals \$1,573 leaving a net book value at June 30, 2017, of \$3,427. This amount is not included in the totals provided above.

Debt Administration: Long-term debt of the District includes revenue bonds. Total bonded debt outstanding at June 30, 2017 and 2016, was \$396,278 and \$417,290, respectively. The District paid \$21,011 towards its bonded debt during the current year as well as \$22,266 in related interest. Principal and interest payments are funded by general revenues.

A summary of the long-term portion of bonds outstanding is as follows:

OUTSTANDING BONDS

	2017	2016
Revenue bonds		
Series 1987 dated 7/8/87	141,496	153,726
Series 1991 dated 7/29/93	33,220	36,040
Series 2001 dated 8/3/01	221,563	227,523
Total	396,278	417,289

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting the Waterworks District No. 7 of East Feliciana Parish, P. O. Box 8826, Clinton, Louisiana 70722 or 225-683-9124.

BASIC FINANCIAL STATEMENTS

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2017**

ASSETS

Current Assets

Cash and cash equivalents	134,844
Investments	70,209
Accounts receivable, net	30,986
Unbilled receivables	11,299
Prepaid Expenses	15,648
Total Current Assets	<u>262,987</u>

RESTRICTED ASSETS

Restricted Cash	76,587
Restricted Investments	88,605
Total Restricted Assets	<u>165,192</u>

PROPERTY, PLANT, AND EQUIPMENT

Land	4,500
Land lease, net	3,427
Plant and equipment, net	1,168,161
Total Property, Plant, and Equipment	<u>1,176,088</u>

TOTAL ASSETS

1,604,267

DEFERRED OUTFLOWS OF RESOURCES

-

See accompanying notes and independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2017**

LIABILITIES

Current Liabilities

Accounts payable	10,199
Payroll withholdings and related payables	826
Accrued salaries payable	4,121
Customer deposits	47,050
Bonds payable-current portion	22,420
Total Current Liabilities	84,616

Long-Term Liabilities

Bonds payable-revenue	373,858
Total Long-Term Liabilities	373,858

TOTAL LIABILITIES

458,474

DEFERRED INFLOWS OF RESOURCES

-

NET POSITION

Net investment in capital assets	779,810
Restricted for customer deposits	47,050
Restricted for debt service and contingencies	165,192
Unrestricted	153,741
TOTAL NET POSITION	1,145,793

See accompanying notes and independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION
JUNE 30, 2017**

OPERATING REVENUES

Charges for services	
Water sales	343,339
Late fees	11,557
Safe water fees	8,500
Miscellaneous revenues	2,688
Connection fees	6,870
Total operating revenues	<u>372,954</u>

OPERATING EXPENSES

Administrative	40,094
Depreciation/amortization	66,664
Employee and related expenses	128,346
Occupancy	46,872
Personal services	58,997
Total operating expenses	<u>340,973</u>

OPERATING INCOME 31,982

NON-OPERATING REVENUES (EXPENSES)

Grant proceeds	54,044
Interest income	808
Interest expense	<u>(22,266)</u>
Net non-operating income (expense)	<u>32,585</u>

Change in net position 64,567

Net position, beginning 1,081,226

Net position, ending 1,145,793

See accompanying notes and independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF CASH FLOWS
JUNE 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	376,012
Cash paid to suppliers for goods/services	(148,791)
Cash paid to employees for services	(128,346)
Net cash provided by operating activities	<u>98,875</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash received from grants	54,044
Cash received from other sources	
Net cash provided by non-capital financing activities	<u>54,044</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(135,504)
Interest paid on bonds	(22,266)
Principal paid on bond maturities	(21,011)
Net cash used for capital and related financing activities	<u>(178,781)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of certificate of deposits	(100,000)
Interest received	808
Net cash used for Investing Activities	<u>(99,192)</u>
Net Increase (Decrease) in cash and cash equivalents	<u>(125,055)</u>
Cash and Cash equivalents, beginning of year	336,486
Cash and Cash equivalents, ending of year	<u>211,431</u>
Unrestricted	134,844
Restricted	76,587
Cash and cash equivalents, end of year	<u>211,431</u>

See accompanying notes and independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF CASH FLOWS
JUNE 30, 2017**

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	31,982
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation/amortization	66,664
(Increase)/decrease in assets:	
Accounts receivable	943
Unbilled accounts receivable	(361)
Prepaid insurance	(636)
Increase/(decrease) in liabilities	
Accounts payable	4,400
Accrued salaries	(4,036)
Payroll tax withholdings	(631)
Customer Deposits	550
Net cash provided by operating activities	<u>98,875</u>

See accompanying notes and independent auditor's report.

NOTES TO FINANCIAL STATEMENTS

WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

INTRODUCTION

The Waterworks District No. 7 of East Feliciana Parish (hereinafter referred to as the District), located in Clinton, Louisiana, was created by the East Feliciana Parish Police Jury as allowed under Louisiana Revised Statute 33:7702. Its board members are appointed by the East Feliciana Parish Police Jury.

The District was created to provide water resources to the citizens of East Feliciana Parish residing within the boundaries of the District. It serves an average of 936 customers.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the District conforms to governmental accounting principles generally accepted in the United States of America. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the East Feliciana Parish Police Jury is the financial reporting entity for East Feliciana Parish. The District is considered a component unit of the East Feliciana Parish Police Jury because it appoints a voting majority of the District's governing body and its services are rendered within the Police Jury's boundaries. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Fund Accounting: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Proprietary Funds - used to account for governmental activities that are similar to activities performed by commercial enterprises in that goods/services are provided for a fee. Proprietary

Funds of the District include the following fund types:

1. Enterprise -account for operations (a) 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

WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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.

Basis of Accounting/Measurement Focus: In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund statements of the District are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated, and long-term debt is reported.

Operating/Non-Operating Revenues: Proprietary funds separately report operating and non operating revenues. Revenues from transactions of the District's water services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Budgets and Budgetary Accounting: The District adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The governing body must approve any revisions that alter the total expenditures. Budget amounts lapse at year-end.

Cash and Cash Equivalents: Cash includes amounts in demand deposits. Cash equivalents include amounts in investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

Inventory: Inventory is recorded at cost. It includes only office supplies, the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Receivables: Trade receivables are recorded at management's estimate of the amount that is expected to be collected. This is based in part on historical information. Revenues become susceptible to accrual when they become both measurable and available.

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.

Capital Assets: The District's assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing assets. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows: vehicles - 5 years, furniture and equipment - 5 to 7 years and distribution system - 15 to 40 years. The District has a land lease that it is amortizing over a period of 60 years.

In June 1999, the GASB issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the basic financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the District elected not to report its governmental infrastructure retroactively. From that point forward, the District has used the basic approach to infrastructure reporting for its governmental activities when applicable.

Net Position: In the statement of net position, the difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Position

Net position that is reserved by external sources, such as banks or by law, is reported separately as restricted net position. When assets are required to be retained in perpetuity, this non-expendable net position are recorded separately from expendable net position. These are components of restricted net position.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

Unrestricted Net Position

This category represents net position not appropriate for expenditures or legally segregated for a specific future use.

NOTE 2-CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) of the District are as follows:

Petty Cash	100
Interest-bearing demand deposits	134,744
Restricted:	
Interest-bearing demand deposits	<u>76,587</u>
Total	<u><u>211,431</u></u>

Deposits are stated at cost, which approximates market. Under state law, they 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.

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

With the adoption of GASB Statement No. 40, only deposits are considered exposed to custodial credit risk are required to be disclosed. The District has no deposits exposed to custodial credit risk.

NOTE 3-INVESTMENTS

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counter party or the counter-party's trust department or agent not in the entity's name. Investments of the District are certificates of deposit held by the counter-party in the District's name. They are secured from risk by \$250,000 of federal deposit insurance.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

A summary of investments for which cost and fair value are the same are as follow:

Certificate of Deposit	Cost	Interest Rate	Maturity
Feliciana Bank and Trust	48,579	0.55%	9/12/2017
Landmark Bank	50,152	0.60%	10/27/2017
Landmark Bank	50,084	0.35%	4/20/2018
Feliciana Bank and Trust	10,000	0.55%	5/2/2018
	158,815		

NOTE 4-RECEIVABLES

The net receivables at June 30, 2017 are as follows:

<u>Class of Receivables</u>	
Customers	51,986
Allowance for bad debts	(21,000)
Net	30,986

The District utilizes the allowance method for receivables estimated to not be collected. The current year receivables include \$21,906 delinquent more than 30 days.

NOTE 5 - RESTRICTED ASSETS

The Revenue Bond Resolution, Section 8, originally adopted on September 5, 1985, provides for all income and revenue derived from the operation of the District to be pledged for the security and payment of Series A and Series 2001 Water Revenue Bonds. The first priority is the payment of reasonable and necessary costs of operating and maintaining the water distribution system.

Secondly, the District is required to maintain a Waterworks System Revenue Bond Reserve Fund (hereinafter referred to as the Reserve Fund) and a Depreciation and Contingency Fund (hereinafter referred to as the Depreciation Fund). The Reserve Fund, established when the system became revenue producing, includes monthly deposits of \$181 continuing until such time that the fund has accumulated a sum equal to \$43,275.90. These funds are restricted to the payment of principal and interest of all bonds payable to avoid default. The balance at June 30, 2017, is \$54,662.

The Depreciation Fund, established at the same time, includes monthly deposits of \$185 continuing until all bonds have been paid in full. These funds are restricted to unusual or extraordinary maintenance, repairs, replacements or extensions as well as the costs of improvements which will

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

either enhance the system's revenue-producing capacity or provide a higher degree of service. In the event that the funds available in the Reserve Fund are insufficient to cover principal and interest payments, the necessary balance may be transferred from this Fund. The balance at June 30, 2017, is \$21,925.

NOTE 6-CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, Non-Depreciable				
Land	4,500	-	-	4,500
Capital Assets Depreciable				
Buildings	174,298			174,298
Distribution system	2,051,908	101,150		2,153,058
Furniture and equipment	81,045	638		81,683
Vehicles	32,194	33,716		65,910
Total capital assets, depreciable	<u>2,339,445</u>	<u>135,504</u>	<u>-</u>	<u>2,474,949</u>
Less accumulated depreciation				
Buildings	5,207	4,468		9,675
Distribution system	1,140,308	54,907		1,195,215
Furniture and equipment	63,452	3,639		67,091
Vehicles	31,241	3,567		34,808
Total accumulated depreciation	<u>1,240,208</u>	<u>66,581</u>	<u>-</u>	<u>1,306,789</u>
Total capital assets, depreciable, net	<u>1,099,237</u>	<u>68,923</u>	<u>-</u>	<u>1,168,160</u>
Total capital assets, net	<u>1,103,737</u>	<u>68,923</u>	<u>-</u>	<u>1,172,660</u>

The district purchased a new truck for \$33,716, two office chairs for \$638, a major pump repair for \$49,862, and work on the Robins Road water line for \$51,288. Depreciation expense was recorded for \$66,581.

WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7-ACCOUNTS AND OTHER PAYABLES

The payables at June 30, 2017 are as follows:

<u>Class of payable</u>	
Accounts payable	10,199
Payroll withholdings and related payables	826
Accrued salaries payable	4,121
Customer deposits	47,050
Bonds payable-current portion	22,420
Total	<u>84,616</u>

NOTE 8-LONG TERM LIABILITIES

Revenue Bonds. The District is currently making payment on three different issues as follows:

Series 1987 issued in the amount of \$305,600, dated July 8, 1987, due in annual installments of \$21,863 including interest at 6.5% beginning 7/8/1990 for a period of 40 years

Series 1991 issued in the amount of \$74,800, dated July 29, 1993, due in monthly installments of \$397.94 including interest at 5.625% beginning 8/8/1995 for a period of 38 years

Series 2001 issued in the amount of \$295,000, dated August 3, 2001, due in monthly installments of \$1,386.50 including interest at 4.75% beginning 9/3/2002 for a period of 40 years.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	<u>Beginning</u>			<u>Ending</u>	
	Balance	Addition	Reductions	Balance	Due Within
					One Year
Revenue bonds	417,289	-	(21,011)	396,278	22,420

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

The annual debt service requirements to maturity for bonded debt are as follows:

Year Ending	Principal	Interest	Total
2018	22,420	21,084	43,504
2019	23,778	19,726	43,504
2020	25,169	18,335	43,504
2021	26,747	16,758	43,504
2022	28,371	15,133	43,504
2023-2027	126,762	49,507	176,270
2028-2032	55,633	27,954	83,588
2033-2037	70,543	13,045	83,588
2038-2042	16,855	495	17,350
	396,278	182,038	578,317

NOTE 9-LEASES

Operatng Leases. The District entered into a 60 year lease for land commencing on August 3, 1999 and terminating August 2, 2058. It prepaid the entire lease of \$5,000 at the time the lease was executed and is being amortized at an amount of \$83 per year. Accumulated amortization at June 30, 2017, was \$ 1573 providing for a land lease value of \$3,427.

Capital Leases. The District has no capital leases.

NOTE 10- RETIREMENT PLAN

The District does not provide a retirement plan for its employees other than social security in which it matches the 6.2% of gross salaries paid in by the employee.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

The District does not provide post-employment benefits.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 12-RELATED PARTY TRANSACTIONS

The District obtains water under the terms of a local service agreement with the East Feliciana Parish Policy Jury, of which it is a component unit. The water utilized by the District is obtained from a well constructed by the EFP Policy Jury on property owned by the District. The service agreement provides for a 50 year lease of the well that began when the well was first placed into service.

In exchange, the District agreed to issue revenue bonds to place into operation a waterworks utility system for which it was granted a franchise by the EFP Police Jury. Both parties agreed that no action would be taken by either party that would impair the security for or the payment of the revenue bonds.

The District has the option of purchasing the water well from the EFP Policy Jury at any time by paying a sum equal to the original cost of the well less depreciation as may be certified by the District's consulting engineer. The cost was \$155,000, funded by proceeds from a grant through U.S. Housing and Urban Development.

NOTE 13 - LITIGATION AND CLAIMS

There is no litigation that would require disclosure in the accompanying financial statements.

NOTE 14- SUBSEQUENT EVENTS

In December 2017, the District has filed an application for financial assistance with the USDA, Rural Development Office. The specific purpose of this application is the placement of approximately 9900 linear feet of 6-inch water main starting at Rist Road and LA 961 and will run along the south side of LA 961 to LA 10.

There were no other transactions or events between the close of the year through January 28, 2018, the date on which the financial statements were available to be issued, that would materially impact these basic financial statements.

SUPPLEMENTARY INFORMATION

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2017**

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
OPERATING REVENUES				
Charges for services				
Water sales	350,000	340,000	343,339	3,339
Late fees	11,000	11,000	11,557	557
Safe water fees	12,000	7,000	8,500	1,500
Miscellaneous revenues	1,000	1,000	2,688	1,688
Connection fees	4,000	4,000	6,870	2,870
Total operating revenues	<u>378,000</u>	<u>363,000</u>	<u>372,954</u>	<u>9,954</u>
OPERATING EXPENSES				
Administrative	43,700	29,500	40,094	10,594
Depreciation/amortization	70,000	70,000	66,664	(3,336)
Employee and related expenses	135,100	135,100	128,346	(6,754)
Occupancy	50,300	52,800	46,872	(5,928)
Personal services	78,000	94,700	58,997	(35,703)
Total operating expenses	<u>377,100</u>	<u>382,100</u>	<u>340,973</u>	<u>(41,127)</u>
OPERATING INCOME	900	(19,100)	31,982	51,082
NON-OPERATING REVENUES (EXPENSES)				
Grant proceeds	50,000	50,000	54,044	4,044
Interest income	400	800	808	8
Bad debts	(2,000)	(2,000)	-	2,000
Interest expense	(25,000)	(25,000)	(22,266)	2,734
Net non-operating income (expense)	<u>23,400</u>	<u>23,800</u>	<u>32,585</u>	<u>8,785</u>
Change in net position	<u>24,300</u>	<u>4,700</u>	<u>64,567</u>	<u>59,867</u>
Net position, beginning	1,081,226	1,081,226	1,081,226	-
Net position, ending	<u>1,105,526</u>	<u>1,085,926</u>	<u>1,145,793</u>	<u>59,867</u>

See independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION
JUNE 30, 2017**

ADMINISTRATIVE

Advertsing	247
Board expense	6,720
Dues and subscriptions	2,431
Office supplies	5,020
Postage	3,956
Bank charges	189
Miscellaneous	1,121
Website	1,498
Professional fees	18,913
Total administrative	<u>40,094</u>

DEPRECIATION/AMORTIZATION	<u>66,664</u>
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EMPLOYEE AND RELATED EXPENSES

Payroll taxes	8,311
Salaries/clerical assistance	119,138
Seminars/workshops	897
Total employee and related expenses	<u>128,346</u>

OCCUPANCY

Insurance	20,550
Office rent	-
Telephone	3,376
Utilities	22,947
Total occupancy	<u>46,872</u>

PERSONAL SERVICES

Bad Debts	-
Repairs/maintenance	11,070
Safe drinking water fees	6,693
Vehicle operations	18,297
Supplies	22,937
Total personal services	<u>58,997</u>

TOTAL OPERATING EXPENSES	<u><u>340,973</u></u>
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See independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF REVENUES AND EXPENSES AS A PERCENTAGE
OF TOTAL OPERATING REVENUES
JUNE 30, 2017**

OPERATING REVENUES	<u>\$</u>	<u>%</u>
Charges for services		
Water sales	343,339	92.06%
Late fees	11,557	3.10%
Safe water fees	8,500	2.28%
Miscellaneous revenues	2,688	0.72%
Connection fees	6,870	1.84%
Total operating revenues	<u>372,954</u>	<u>100.00%</u>
 OPERATING EXPENSES		
Administrative	40,094	10.75%
Depreciation/amortization	66,664	17.87%
Employee and related expenses	128,346	34.41%
Occupancy	46,872	12.57%
Personal services	58,997	15.82%
Total operating expenses	<u>340,973</u>	<u>91.42%</u>
 OPERATING INCOME	<u>31,982</u>	<u>8.58%</u>
 NON-OPERATING REVENUES (EXPENSES)		
Grant proceeds	54,044	14.49%
Interest income	808	0.22%
Interest expense	(22,266)	-5.97%
Net non-operating income (expense)	<u>32,585</u>	<u>8.74%</u>
 CHANGE IN NET POSITION	<u>64,567</u>	<u>17.31%</u>

See independent auditor's report.

**WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2017**

<u>POLICY NUMBER</u>	<u>EXPIRATION DATE</u>	<u>COMPANY AND COVERAGE</u>	<u>AMOUNT</u>
GWPKG0191803	5/17/17	Grundy Insurance Company	
	5/17/18	Bodily injury/property damage-aggregate	\$3,000,000
		Bodily injury/property damage per occurrence	\$1,000,000
		Personal injury & Adv. Injury-aggregate	\$3,000,000
		Personal injury & Adv. Injury-per occurrence	\$1,000,000
		Employee Benefits Liability-aggregate	\$3,000,000
		Employee Benefits Liability-per occurrence	\$1,000,000
		Damage to Rented Premises	\$100,000
GWPKG0191802	5/17/17	Grundy Insurance Company	
	5/17/18	Auto Coverage Liability	\$1,000,000
		Uninsured Motorists	\$500,000
		Comprehensive Deductible	\$500
		Collison Deductible	\$500
GWPKG091803	5/17/17	Grundy Insurance Company	
	5/17/18	Real and Personal Property	
		Limit of insurance per occurrence	\$100,000
		Deductible property per occurrence	\$1,000
		Deductible inland marine per occurrence	\$500
22983-S	5/17/17	Louisiana Worker's Compensation Corp.	
	5/17/18	Worker's Compensation	Statutory
68686855	12/18/17	CNA Surety Company	
	12/18/18	Fidelity Bond	\$88,600

See independent auditor's report.

See Independent Auditor's Report

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
COMPARATIVE DATA
June 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>SUMMARY OF STATEMENT OF REVENUES</u>					
Operating revenues	372,954	\$ 362,303	\$ 364,546	\$ 355,722	\$ 341,279
Operating expenses	340,973	319,100	320,199	326,514	343,178
Operating Income (Loss)	31,982	43,203	44,347	29,208	(1,899)
Non-operating revenues	54,851	71,016	3,504	1,690	38,986
Non-operating expenses	(22,266)	(23,464)	(24,592)	(31,688)	(24,478)
Net Income (Loss)	64,567	90,756	23,259	(790)	12,609

OTHER DATA

Capital assets, net	1,176,088	1,107,249	995,512	1,021,050	1,070,858
Net working capital		286,299	333,683	323,936	340,947
Total assets	1,604,267	1,560,430	1,488,718	1,477,091	1,493,007
Long-term liabilities	373,858	442,778	463,740	479,653	491,120
Total equity	1,145,793	1,081,227	990,470	967,521	968,001
Average no. of customers	936	926	923	918	927
Total cubic feet of water sold (MCF)	54,886.0	57,024.9	54,088.7	59,627.8	61,530.0
No. of residential customers	907	904	906	891	902
No. of commercial customers	36	29	19	23	21
No. of commercial customers with 3/4" meter	-	-	-	-	-

See Independent Auditor's Report

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**SCHEDULE OF SUBSEQUENT BUDGET
JUNE 30, 2018**

OPERATING REVENUES

Charges for services	
Water sales	350,000
Late fees	11,000
Safe water fees	10,000
Miscellaneous revenues	1,500
Connection fees	4,000
Total operating revenues	<u>376,500</u>

OPERATING EXPESNES

Administrative	47,800
Depreciation/amortization	70,000
Employee and related expenses	126,100
Occupancy	53,300
Personal servcies	90,000
Total operating expenses	<u>387,200</u>

OPERATING INCOME (10,700)

NON-OPERATNG REVENUES (EXPENSES)

Grant proceeds	50,000
Interest income	600
Bad debt expense	(2,000)
Interest expense	(25,000)
Net non-operatng ncome (expense)	<u>23,600</u>

Change in net position 12,900

Net position, beginning 1,081,227

Net position, ending 1,094,127

See independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**SCHEDULE OF COMPENSATION PAID TO GOVERNING BODY
JUNE 30, 2017**

Brown, Samuel (President) 11332 Dan Delee Rd. Norwood, LA 70761 (225) 683-5032	1,500
Bryant, Louise Spurlock PO Box 1671 Clinton, LA 70722 (225) 683-8664	1,500
Granier, Jr., Larry (Vice-President) 12912 Graner Ln. Clinton, LA 70722 (225) 683-5030	1,140
Howell, Joe 14444 Highway 10 Clinton, LA 70722 (225) 683-5062	1,200
Stewman, John 12914 Perkins Rd. Norwood, LA 70761	1,380
Total	6,720

See independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD**

JUNE 30, 2017

Agency Head: James Jenkins, Maintenance Supervisor

Salary	47,583
FICA	<u>3,640</u>
Total	<u><u>51,223</u></u>

See independent auditor's report.

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

820 11th Avenue
Franklinton, Louisiana 70438
(985) 839-4413
Fax (985) 839-4402
wrcpa@franklinton.net

Member
AICPA

Member
LCPA

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*

To the Board of Directors

Waterworks District No. 7 of East Feliciana Parish

P O Box 8826

Clinton, LA 70722

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Waterworks District No. 7 of East Feliciana Parish, a component unit of the East Feliciana Parish Policy Jury, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Waterworks District No. 7 of East Feliciana Parish's basic financial statements and have issued our report thereon dated January 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, I considered the Waterworks District No. 7 of East Feliciana Parish'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 Waterworks District No. 7 of East Feliciana Parish's internal control. Accordingly, I do not express an opinion on the effectiveness of the Waterworks District No. 7 of East Feliciana Parish'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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2017-001 that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Waterworks District No. 7 of East Feliciana Parish's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of mtests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2017-002.

Waterworks District No. 7 of East Feliciana Parish's Response to Findings

Waterworks District No. 7 of East Feliciana Parish's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Waterworks District No. 7 of East Feliciana Parish's responses was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Minda Raybourn CPA

Franklinton, LA
January 28, 2018.

**WATERWORKS DISTRICT NO 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017**

I have audited the basic financial statements of the Waterworks District No. 7 of East Feliciana Parish as of and for the year ended June 30, 2017, and have issued my report thereon dated January 28, 2018. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2017, resulted in an unmodified opinion.

Section I Summary of Auditor’s Reports

Report on Compliance and Internal Control Material to the Financial Statements

A. Internal Control

- | | | | | |
|-------------------------------------|--------------|-----|--------------|----|
| • Material Weaknesses | <u> </u> | Yes | <u> X </u> | No |
| • Significant Deficiencies | <u> X </u> | Yes | <u> </u> | No |
| • Compliance Material to Statements | <u> X </u> | Yes | <u> </u> | No |

B. Federal Awards

N/A

Section II Financial Statement Findings

N/A

Section III Federal Award Findings and Questioned Costs

N/A

Section IV Management Letter

N/A

**WATERWORKS DISTRICT NO 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017**

Finding 2017-001 - Accounts Receivable Payments

Condition: The District has an arrangement with two local banks where the customer may take their payment and utility bill to the local bank for payment. The bank will forward to the District utility stubs presented for payment and a listing of payments made. This information is processed by the District in the utility billing system. A batch report is printed with the payments listed by customer and the total that was posted. No deposit tickets or other deposit information is forwarded by the banks. At the end of the month, payments posted to the utility billing system are not balanced against the deposits made by the banks for the customer payments processed at the banks. Accounts receivable is not balanced monthly but at the end of the year.

Criteria: Accounts receivable payments processed in the utility billing system should be balanced daily with all bank deposits whether processed at the District office or at the local banks. Payment and batch reports should be compared and reconciled with the daily deposit slips.

Cause of condition: For the payments made by customers at the banks, deposit tickets and deposit reports are not submitted to the District.

Effect: Accounts receivable could be misstated.

Recommendation: The District should develop procedures to ensure all payments made by customers and processed at the banks are balanced not only with the customer utility stubs but with the deposit tickets.

Management response: The District will take steps to implement the auditor's recommendation.

Finding 2017-002 – Late Submission of Audit

Condition: The District's audit report was submitted to the Louisiana Legislative Auditor past the six month statutory due date.

Criteria: Audit reports are due to the Louisiana Legislative Auditor no more than six months past the entity's fiscal year end.

Cause of condition: The auditor was not engaged until October 2017.

Effect: The audit report was submitted in February 2018.

Recommendation: The District should take engage the auditor as soon as possible before the fiscal year ends so that auditor procedures can be conducted on a timely basis and the audit report can be submitted before the due date.

**WATERWORKS DISTRICT NO 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017**

Management response: The District was informed by the prior auditor that he would conduct the audit for the year ending June 30, 2017. However, in October of 2017, he informed the District he could not prepare the audit. The transition to a new auditor took time to complete and was a major contributing factor for the audit being completed more than six months after year end.

**WATERWORKS DISTRICT NO 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2016**

Section I Financial Statement Findings

N/A

Section II Internal Control and Compliance Material to the Financial Statements

N/A

Section III Federal Award Findings and Questioned Costs

N/A

Section IV Management Letter

N/A

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

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

820 11th Avenue
Franklinton, Louisiana 70438
(985) 839-4413
Fax (985) 839-4402
wrcpa@franklinton.net

Member
AICPA

Member
LCPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

January 28, 2018

To the Board of Directors
Waterworks District No. 7 of
East Feliciana Parish
PO Box 8826
Clinton, LA 70722
And Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Waterworks District No. 7 of East Feliciana Parish (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 July 1, 2016 through June 30, 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, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

The District does not have written policies addressing budgeting.

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

The District does not have written policies addressing purchasing.

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

The District does not have written policies addressing disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

The District does not have written policies addressing receipts.

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

There were no exceptions noted as a result of applying this procedure.

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

The District not have written policies addressing contracts.

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

The District not have written policies addressing debit cards. Credit cards, fuel cards, and P-Cards are not used.

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

The District has a travel policy but it does not address dollar thresholds by category of expense, documentation requirements, or required approves.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The District has policies regarding ethics but they do not address the annual attest of reading the policy.

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

The District not have written policies addressing debt service.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- 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, charter, or other equivalent document.

I obtained and reviewed the minutes. The board meets monthly.

- 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).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes reflect the review of finances but actual to budget comparisons were not referenced in the minutes.

- 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.

There were no exceptions noted as a result of applying this procedure

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

A listing of client bank accounts and management's representation the listing is complete were obtained.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

A listing of cash collection locations and management's representation that the listing is complete were obtained. The District has one office location for cash collections. In addition, customers can pay their utility bills at two local banks which deposit the payment and forward documentation back to the District for processing.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The District has two employees collecting cash and they are bonded. One employee is responsible for depositing cash in the bank. Both employees record and post transactions in the District's utility billing system. The District uses an external account to record transactions to the general ledger and reconcile bank accounts.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether 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.

There is a formal process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections. The District uses an external accountant for this process.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day

of collection, report the number of days from receipt to deposit for each day at each collection location.

The highest (dollar) week of cash collections for the one collection location was obtained along with collection documentation, deposit slips, and bank statements. All collections were deposited by the next business day.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

All collections were completely supported by documentation for the location tested.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

In all locations, there is not a process defined in writing to determine the completeness of all collections by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

The general ledger was obtained and filtered for entity disbursements. Management's representation that the general ledger population is complete were obtained.

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:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The District does not use a requisition or purchase order or equivalent electronic system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

The District does not use a requisition or purchase order or equivalent electronic system. The board approves each invoice for payment before submitting to the vendor.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

The District does not use a requisition or purchase order or equivalent electronic system. However, at each board meeting, the board will approve all invoices submitted for payment. Once approved by the board, the check will be processed for payment.

- 10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The District does not have written documentation that prohibits the person responsible for processing payments from adding vendors to the District's purchasing/disbursement system. The person processing the payment is different than the person adding vendors to the system. The District uses an external account to record transactions and to add vendors to the disbursement system.

- 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The District does not have written documentation that prohibits the person with signatory authority or the person that makes the final authorization for disbursements from initiating or recording purchases. The supervisor initiates all purchases, the clerk will present the invoice for payment to the board, and the board will approve the payment. Once approved, the board will sign the checks for payment. The information to record the purchases will be forwarded to the accountant. The board approves purchases; they do not initiate or record purchases.

- 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Inquiry and observations of management indicated that unused check stock is maintained in a locked location.

- 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Clerk does not use signature stamps or a signature machine.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

I obtained the debit card information and management's representation that the list is complete. Credit cards, fuel cards, and P-cards are not used.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

There were no exceptions to applying this procedure.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no exceptions to applying this procedure.

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) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)

An original itemized receipt was obtained for all transactions.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

The business/public purpose of the purchase was clear.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

There was no other documentation to be required.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

The District does not have written purchasing/disbursement policies. However, none of the transactions tested violated the Louisiana Public Bid Law.

- c) For each transaction, 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. cash advances or non-business purchases, regardless whether they are reimbursed). 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.

There were no exceptions to applying this procedure.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

The general ledger was obtained and filtered for travel reimbursements. Management's representation that the general ledger population is complete was obtained.

- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The District does not have a written policy addressing amounts of the per diem and mileage rates.

- 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.

Mileage was reimbursed at amounts that did not exceed GSA rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Original itemized receipts were obtained and the purchase was identified.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

The business/public purpose was documented.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

There were no other documentation required to be obtained.

- 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.

There were no exceptions noted as a result of applying this procedure.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The board approved all reimbursement expenditures.

Contracts

- 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. Obtain management's representation that the listing or general ledger is complete.

A listing of all contracts in effect during the fiscal period and management's representation that the listing is complete were obtained.

- 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:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There were no exceptions noted as a result of applying this procedure.

- 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:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

There were no exceptions noted as a result of applying this procedure.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

There were no exceptions noted as a result of applying this procedure.

- 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 amendment.

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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).

There were no exceptions noted as a result of applying this procedure.

Payroll and Personnel

- 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:

A listing of employees with their related salaries and management's representation that the listing is complete were obtained. Four employees were selected and their information was obtained. The District employs four people.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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:

- 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.)

There were no exceptions noted as a result of applying this procedure.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

While the payroll is approved by management, time sheets indicating attendance and leave are not signed by the supervisor.

- 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.

There were no exceptions noted as a result of applying this procedure.

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.

There were no employees terminated.

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.

There were no exceptions noted as a result of applying this procedure.

Ethics (excluding nonprofits)

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.

There were no exceptions noted as a result of applying this procedure.

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.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

There was no debt issued during the fiscal period.

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.

There were no exceptions noted as a result of applying this procedure. All required debt service payments were made and the debt reserves were maintained as required.

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.

The District has no tax millages relating to debt service.

Other

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.

There were no exceptions noted as a result of applying this procedure.

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 www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

There were no exceptions noted as a result of applying this procedure.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

There were no exceptions noted as a result of applying this procedure.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA
Franklinton, LA
January 28, 2018