

**JEFFERSON DAVIS PARISH  
WATER & SEWER COMMISSION NO. 1**

**Annual Financial Statements  
And Independent Auditor's Report  
Year Ended December 31, 2018 and 2017**

**JEFFERSON DAVIS PARISH WATER AND SEWER COMMISSION NO. 1**

**Annual Financial Report**  
December 31, 2018 and 2017

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**INDEPENDENT AUDITOR'S REPORT**

To the Board Members of the  
Jefferson Davis Parish  
Water & Sewer Commission No. 1  
Lake Arthur, Louisiana

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of the business-type activities of the Jefferson Davis Parish Water & Sewer Commission No. 1 (Commission), a component unit of the Jefferson Davis Parish Police Jury, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Commission'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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2019, on our consideration of Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the 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 Commission's internal control over financial reporting and compliance.

*Mike B. Gillespie, CPA, APAC*

Jennings, Louisiana  
June 25, 2019

## **BASIC FINANCIAL STATEMENTS**

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1**  
**STATEMENTS OF NET POSITION**  
December 31, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 701,400	\$ 625,833
Investments- certificates of deposit	343,297	337,422
Accrued interest receivable	331	221
Customer receivables, net of bad debt allowance of \$3,077 and \$4,646	117,994	112,672
Accounts receivable-other	-	1,837
Prepaid expenses	16,602	21,282
Inventory	51,523	30,877
Total current assets	1,231,147	1,130,144
Noncurrent assets:		
Investments- certificates of deposit	13,256	13,084
Restricted assets:		
Cash and equivalents	604,454	561,071
Investments- certificates of deposit	81,740	83,010
Total restricted assets	686,194	644,081
Capital assets, net of accumulated depreciation	6,071,853	6,292,886
Total noncurrent assets	6,771,303	6,950,051
<b>TOTAL ASSETS</b>	<b>\$ 8,002,450</b>	<b>\$ 8,080,195</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 32,632	\$ 14,248
Salaries, payroll and other taxes payable	21,297	12,711
Compensated absences	4,714	3,868
Accrued interest payable	5,544	5,671
Due to other governments	500	500
Current portion of long-term liabilities	122,231	117,493
Total current liabilities	186,918	154,491
Current liabilities payable from restricted assets:		
Customer deposits	232,465	222,590
Total current liabilities payable from restricted assets	232,465	222,590
Noncurrent liabilities:		
Revenue bonds payable, net of current portion	4,905,313	5,027,553
Total noncurrent liabilities	4,905,313	5,027,553
Total liabilities	5,324,696	5,404,634
<b>NET POSITION</b>		
Net investment in capital assets	1,044,309	1,147,841
Restricted for debt service	453,730	421,490
Unrestricted	1,179,715	1,106,230
<b>TOTAL NET POSITION</b>	<b>\$ 2,677,754</b>	<b>\$ 2,675,561</b>

The accompanying notes are an integral part of this statement.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES :</b>		
Charges for sales and services	\$ 1,129,451	\$ 1,078,971
Total operating revenues	<u>1,129,451</u>	<u>1,078,971</u>
<b>OPERATING EXPENSES :</b>		
Salaries and related benefits	345,923	293,501
Operating services:		
Advertising	1,263	1,006
Copier lease	1,519	1,509
Software maintenance	7,643	6,475
Dues and subscriptions	300	300
Insurance-general	28,113	36,061
Licenses and fees	36,408	35,368
Miscellaneous expense	22,858	21,032
Professional fees	17,840	14,734
Postage	11,847	11,879
Seminars	370	804
Telephone	10,348	8,674
Travel- lodging, mileage & meals	30	-
Utilities	27,647	31,051
Materials, supplies and repairs:		
Vehicle expenses	18,797	17,854
Office expense	26,005	14,331
Repairs and maintenance	108,907	83,102
Supplies and chemicals	47,811	31,072
Depreciation expense	226,883	221,186
Total operating expenses	<u>940,512</u>	<u>829,939</u>
Operating Income (Loss)	<u>188,939</u>	<u>249,032</u>
<b>NON-OPERATING REVENUES (EXPENSES) :</b>		
Other non-operating revenue	600	850
Interest income	6,180	3,886
Insurance proceeds	-	3,342
Gain on the sale of assets	4,420	2,001
Interest expense (net of amounts capitalized of \$0 and \$0)	(204,746)	(209,303)
Total non-operating revenues (expenses)	<u>(193,546)</u>	<u>(199,224)</u>
Income (loss) before capital contributions and special item	(4,607)	49,808
<b>CAPITAL CONTRIBUTIONS:</b>		
State of Louisiana	<u>6,800</u>	<u>-</u>
Change in net position	2,193	49,808
<b>TOTAL NET POSITION - BEGINNING</b>	<u>2,675,561</u>	<u>2,625,753</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 2,677,754</u>	<u>\$ 2,675,561</u>

The accompanying notes are an integral part of this statement.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1****STATEMENTS OF CASH FLOWS**

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 1,134,004	\$ 1,072,923
Payments to suppliers	(365,288)	(290,537)
Payments to employees	(336,491)	(289,183)
Other operating cash payments	1,837	163
Net cash provided by operating activities	<u>434,062</u>	<u>493,366</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Other non-operating revenue sources	600	4,192
Net cash provided by noncapital financing activities	<u>600</u>	<u>4,192</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions	6,800	12,000
Purchases of capital assets	(5,850)	(73,260)
Principal paid on capital debt	(117,502)	(112,949)
Interest paid on capital debt	(204,873)	(209,426)
Proceeds from the sale of assets	4,419	3,870
Net cash (used) by capital and related financing activities	<u>(317,006)</u>	<u>(379,765)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales on investments	433,516	428,200
Purchase of investments	(438,292)	(430,858)
Interest received	6,070	3,797
Net cash provided (used) by investing activities	<u>1,294</u>	<u>1,139</u>
Net increase (decrease) in cash and cash equivalents	118,950	118,932
Cash and cash equivalents - beginning of the year	1,186,904	1,067,972
Cash and cash equivalents - end of the year	<u>\$ 1,305,854</u>	<u>\$ 1,186,904</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 188,939	\$ 249,032
Adjustments to reconcile operating income to net cash provided (used by) operating activities:		
Depreciation expense	226,883	221,186
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,485)	(11,635)
(Increase) decrease in prepaid expenses	4,680	2,593
(Increase) decrease in inventory	(20,646)	13,915
Increase (decrease) in customer deposits	9,875	5,750
Increase (decrease) in accounts payable	18,384	8,207
Increase (decrease) in accrued payroll expenses	9,432	4,318
Net cash provided by operating activities	<u>\$ 434,062</u>	<u>\$ 493,366</u>

The accompanying notes are an integral part of this statement.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
NOTES TO FINANCIAL STATEMENTS**

**INTRODUCTION**

The Water and Sewer Commission No. 1 of the Parish of Jefferson Davis (Commission) was created by the Jefferson Davis Parish Police Jury pursuant to LSA-RS 33:3811 in 1999. The Commission has the power and authority, within its boundaries, to establish, acquire, construct, improve, extend and maintain a waterworks system. The Commission is a subdivision of the State of Louisiana and may issue bonds and levy taxes in accordance with Article 6, Section 30 of the Louisiana Constitution.

Under the provision of LSA-RS 33:8812, the Commission shall be governed and controlled by five commissioners who shall be the governing authority of the district. These commissioners must be a resident of and own at least the five hundred dollars' worth of real estate in the district, or they must be the representative of some corporation owning at least five hundred dollars in real estate in the district. These commissioners are appointed by the Jefferson Davis Police Jury. All commissioners shall serve at the pleasure of the authority which appointed them.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**B. REPORTING**

For financial reporting purposes in conformance with Governmental Accounting Standards Board Statement No. 1, the Commission is a component unit of Jefferson Davis Parish Police Jury. The accompanying financial statements present information only as to the transactions of the Commission and are not intended to present fairly the financial position and results of operations of the Jefferson Davis Parish Police Jury.

**C. FUND ACCOUNTING**

The Jefferson Davis Parish Water and Sewer Commission No. 1 is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

**D. BASIS OF ACCOUNTING**

The Enterprise Fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
NOTES TO FINANCIAL STATEMENTS**

In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," it is the Commission's policy to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Commission has not adopted any Financial Accounting Standards Board Statements or Interpretations, Accounting Principles Board Opinion or Accounting Research Bulletins of the Committee on Accounting Procedures issued after November 30, 1989.

**E. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and these investments with original maturities of 90 days or less. Under state law, the Commission 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.

**F. INVENTORIES**

Inventory of materials and supplies are valued at average cost.

**G. ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The Commission considers accounts receivable to be collectible when received within 60 days of being billed and/or a security deposit is available; accordingly, an allowance for doubtful accounts has been established for amounts not meeting these criteria. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the collectability of the particular receivable.

**H. PREPAID EXPENSE**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**I. RESTRICTED ASSETS / RESOURCES**

Restricted assets consist of: 1) the "Customer Deposit" account, which is used to segregate water meter deposits used to pay an outstanding water bill when customers discontinue service, 2) the "Construction Fund" account, which is used to segregate resources used for capital improvements and renovations, and 3) the "Sinking", "Debt Service Reserve", and "Contingency" accounts, which are all used to segregate resources to pay debt services. When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
NOTES TO FINANCIAL STATEMENTS**

**J. CAPITAL ASSETS**

Capital assets of the Commission are recorded at historical cost. The Commission maintains an individual asset threshold level for capitalization of \$1,000 for movable assets. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible capital assets are charged as an expense against operations. Capital assets reported on the statement of net position are net of accumulated depreciation, exclusive of those reported under construction in progress. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water well	30-years
Storage and treatment plant	5-50 years
Water distribution system	10-50 years
Office equipment	5 years
Equipment	5-20 years
Vehicles	5 years
Improvements	15 years

**K. COMPENSATED ABSENCES**

Compensation time earned in lieu of overtime pay is accrued when incurred by the Commission.

**L. NET POSITION**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is displayed in the following three categories:

Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by the balances of deferred outflows of resources related to those assets.

Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Commission’s bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – Consists of all other net position that does not meet the definition of the above two components and is available for general use by the Commission.

When both restricted and unrestricted net position are available for use, it is the Commission’s policy to use restricted net position first, if allowable, then unrestricted net position as they are needed.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
NOTES TO FINANCIAL STATEMENTS**

**M. USE OF ESTIMATES**

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

**N. CAPITALIZATION OF INTEREST**

It is the policy of the Commission to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. Net interest costs capitalized totaled \$0 and \$0 during 2018 and 2017.

**O. OPERATING AND NONOPERATING ITEMS**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Commission are charges to customers for sales and services. Operating expenses included cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**2. DEPOSITS AND INVESTMENTS**

**Deposits**

At December 31, the Commission has cash equivalents (book balances) as follows:

	<u>2018</u>	<u>2017</u>
Demand deposits	\$ <u>1,305,854</u>	\$ <u>1,186,904</u>
Total Book Balances	\$ <u><u>1,305,854</u></u>	\$ <u><u>1,186,904</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the 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.

Custodial credit risk is the risk that in the event of a bank failure deposits may not be returned to the Commission. The Commission’s deposit policy for custodial credit risk requires that all uninsured deposits must be secured with acceptable collateral as defined in LRS 39:1221 valued at market. As of December 31, 2018, and 2017, the Commission had deposits (collected bank balances) totaling \$1,302,199 and \$1,187,660.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1**  
**NOTES TO FINANCIAL STATEMENTS**

As of yearend all deposits were either insured by FDIC coverage or collateralized by securities held by the pledging financial institution’s agent in the name of the Commission.

**Investments**

The Commission invests only in nonnegotiable certificates of deposits. Pursuant to GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

At year end, the Commission’s investments were as follows:

<u>Investment Type</u>	<u>2018</u>		<u>2017</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of Deposit	\$ 438,293	\$ 438,293	\$ 433,516	\$ 433,516
Total	<u>\$ 438,293</u>	<u>\$ 438,293</u>	<u>\$ 433,516</u>	<u>\$ 433,516</u>

All of the investments listed above have a maturity of less than one year from year end.

For an investment custodial credit risk is the risk that, in the event of a failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission’s investment policy for custodial credit risk requires that all uninsured investments must be secured with acceptable collateral as defined in LRS 39:1221 valued at market. As of December 31,2018, and 2017, the Commission had investments totaling \$438,293 and \$433,516. As of yearend all of the Commissions deposits were either insured by FDIC coverage or collateralized by securities held by the pledging financial institution’s agent in the name of the Commission.

A reconciliation of deposits and investments as shown on the statement of net position are as follows:

	<u>2018</u>	<u>2017</u>
Carrying amount of deposits	\$ 1,305,854	\$ 1,186,904
Carrying amount of investments	<u>438,293</u>	<u>433,516</u>
Total	<u>\$ 1,744,147</u>	<u>\$ 1,620,420</u>
Cash equivalents	\$ 701,400	\$ 625,833
Cash equivalents – Restricted	604,454	561,071
Investments	356,553	350,506
Investments – Restricted	<u>81,740</u>	<u>83,010</u>
Total	<u>\$ 1,744,147</u>	<u>\$ 1,620,420</u>

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
NOTES TO FINANCIAL STATEMENTS**

**3. RECEIVABLES**

The following is a summary of receivables at year end:

	<u>2018</u>	<u>2017</u>
Customer receivables:		
Current	\$ 61,599	\$ 62,454
Past Due	<u>10,141</u>	<u>12,691</u>
Gross customer receivables	71,740	75,145
Accrued unbilled receivables	49,331	42,173
Less: allowance for doubtful accounts	<u>(3,077)</u>	<u>(4,646)</u>
Net total receivables	<u>\$ 117,994</u>	<u>\$ 112,672</u>

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on an assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

**4. RESTRICTED ASSETS**

Assets were restricted for the following purposes at year end:

	<u>2018</u>	<u>2017</u>
Customer deposits	\$ 232,465	222,590
Revenue bond construction account	-	-
Revenue bond current debt service sinking fund account	-	-
Revenue bond future debt service reserve account	226,864	210,745
Revenue bond depreciation and contingency account	<u>226,865</u>	<u>210,746</u>
Total	<u>\$ 686,194</u>	<u>644,081</u>

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1**  
**NOTES TO FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS**

A summary of capital assets for the year ended December 31, 2018 follows:

	Balance Beginning	Additions	Completed Construction in Progress	Dispositions /Reclassifica- tions	Balance Ending
Capital assets not being depreciated:					
Land	\$ 37,124	-	-	-	37,124
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	37,124	-	-	-	37,124
Capital assets being depreciated:					
Water well	326,437	-	-	-	326,437
Storage and treatment plant	1,501,015	-	-	-	1,501,015
Buildings	245,840	-	-	-	245,840
Improvements	-	5,850	-	-	5,850
Water distribution system	6,992,294	-	-	-	6,992,294
Office equipment	67,605	-	-	(4,327)	63,278
Equipment	117,598	-	-	(2,750)	114,848
Vehicles	138,058	-	-	(46,108)	91,950
Total capital assets being depreciated	9,388,847	5,850	-	(53,185)	9,341,512
Less accumulated depreciation for:					
Water well	159,058	10,881	-	-	169,939
Storage and treatment plant	753,006	50,034	-	-	803,040
Buildings	81,039	6,146	-	-	87,185
Improvements	-	15	-	-	15
Water distribution system	1,898,614	140,429	-	-	2,039,043
Office equipment	62,911	1,817	-	(4,327)	60,401
Equipment	97,942	4,610	-	(2,750)	99,802
Vehicles	80,515	12,950	-	(46,108)	47,357
Total accumulated depreciation	3,133,085	226,882	-	(53,185)	3,306,782
Total capital assets being depreciated, net	6,255,762	(221,302)	-	-	6,034,730
Capital assets, net	\$ 6,292,886	(221,302)	-	-	6,071,854

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1**  
**NOTES TO FINANCIAL STATEMENTS**

A summary of capital assets for the year ended December 31, 2017 follows:

	Balance Beginning	Additions	Completed Construction in Progress	Dispositions /Reclassifica- tions	Balance Ending
Capital assets not being depreciated:					
Land	\$ 37,124	-	-	-	37,124
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	37,124	-	-	-	37,124
Capital assets being depreciated:					
Water well	326,437	-	-	-	326,437
Storage and treatment plant	1,501,015	-	-	-	1,501,015
Buildings	245,840	-	-	-	245,840
Water distribution system	6,983,785	8,509	-	-	6,992,294
Office equipment	67,605	-	-	-	67,605
Equipment	123,068	-	-	(5,470)	117,598
Vehicles	73,307	64,751	-	-	138,058
Total capital assets being depreciated	9,321,057	73,260	-	(5,470)	9,388,847
Less accumulated depreciation for:					
Water well	148,177	10,881	-	-	159,058
Storage and treatment plant	702,972	50,034	-	-	753,006
Buildings	74,893	6,146	-	-	81,039
Water distribution system	1,758,756	139,858	-	-	1,898,614
Office equipment	61,094	1,817	-	-	62,911
Equipment	96,301	5,242	-	(3,601)	97,942
Vehicles	73,307	7,208	-	-	80,515
Total accumulated depreciation	2,915,500	221,186	-	(3,601)	3,133,085
Total capital assets being depreciated, net	6,405,557	(147,926)	-	(1,869)	6,255,762
Capital assets, net	\$ 6,442,681	(147,926)	-	(1,869)	6,292,886

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
NOTES TO FINANCIAL STATEMENTS**

**7. LONG-TERM DEBT**

The long-term debt of the Commission consists of various revenue bonds payable to the United States Department of Agriculture as follows:

	<u>2018</u>	<u>2017</u>
\$1,765,000 US Department of Agriculture revenue bond, dated August 21, 2001, one interest only payment of \$57,362.50 due August 21, 2002, thereafter payable in monthly installments of \$6,671.70, including principal and interest, to August 21, 2041, interest at 3.25%.	\$ 1,276,786	1,314,682
\$3,049,000 US Department of Agriculture revenue bond, dated July 21, 2003, one interest only payment of \$133,394 due July 21, 2005, thereafter payable in monthly installments of \$13,598.54, including principal and interest, to July 21, 2043, interest at 4.375%.	2,452,532	2,507,118
\$1,530,000 US Department of Agriculture revenue bond, dated April 17, 2007 one interest only payment of \$58,554.38 due March 21, 2008, thereafter payable in monthly installments of \$6,594.30, including principal and interest, to July 21, 2043, interest at 4.125%.	<u>1,298,226</u>	<u>1,323,246</u>
Total Long-term Debt	5,027,544	5,145,046
Less current portion	<u>(122,231)</u>	<u>(117,493)</u>
	<u>\$ 4,905,513</u>	<u>5,027,553</u>

The annual requirements to amortize all debts outstanding including interest are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 122,233	200,143	322,376
2020	127,165	195,211	322,376
2021	132,300	190,076	322,376
2022	137,645	184,730	322,375
2023	143,210	179,165	322,375
2024-2028	807,864	804,009	1,611,873
2029-2033	985,639	626,233	1,611,872
2034-2038	1,203,243	408,629	1,611,872
2039-2043	1,185,989	150,793	1,336,782
2044-2048	182,256	9,578	191,834
	<u>\$ 5,027,544</u>	<u>2,948,567</u>	<u>7,976,111</u>
Total	\$ 5,027,544	2,948,567	7,976,111

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
NOTES TO FINANCIAL STATEMENTS**

The following is a summary of long-term liability activity for the year ended December 31, 2018:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Ending</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 5,145,046	-	117,501	5,027,544	122,233
Total long-term liability	<u>\$ 5,145,046</u>	<u>-</u>	<u>117,501</u>	<u>5,027,544</u>	<u>122,233</u>

The following is a summary of long-term liability activity for the year ended December 31, 2017:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Ending</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 5,257,995	-	112,949	5,145,046	117,493
Total long-term liability	<u>\$ 5,257,995</u>	<u>-</u>	<u>112,949</u>	<u>5,145,046</u>	<u>117,493</u>

**8. COMPENSATED ABSENCES**

All regular full time employees who work overtime in their daily operations are compensated with time and a half of their regular salary. Employees can accumulate compensatory time in lieu of payment for overtime. The Commission’s standard policy for sick and vacation leave is that it does not accumulate or vest past year end. As a result no liability is reported for unpaid accumulated sick or vacation leave at year end.

**9. RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. As of December 31, 2018, the Commission carries commercial insurance for the aforementioned risk. General liability coverage is maintained through a commercial insurance policy provided by the Jefferson Davis Parish Police Jury. During the construction phase, contractor nonperformance and liability risk is protected by requiring each contractor to post a performance bond and a certificate of liability insurance coverage for approved contracts. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years or since inception of the Commission.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
NOTES TO FINANCIAL STATEMENTS**

**10. INTEREST COST**

Interest costs recorded in financial statements consist of the following:

	<u>2018</u>	<u>2017</u>
Interest paid	\$ 204,873	209,426
Interest accrual change	<u>(127)</u>	<u>(123)</u>
Total interest recorded	204,746	209,303
Less amount capitalized in construction in progress		-
Amount charged to expense	<u>\$ 204,746</u>	<u>209,303</u>

**11. LITIGATION AND CLAIMS**

As of yearend there were no know matters of litigation involving the Commission which would materially affect the Commission’s financial position.

**12. PENSION PLAN**

The Commission began a Simple IRA defined contribution plan effective March 1, 2007 pursuant to Internal Revenue Code Section 408(p). Under the plan, each employee receiving at least \$2,000 in compensation, as defined in the plan, during any one prior year and who are reasonably expected to receive at least \$2,000 in compensation during the current year are eligible to participate in the plan. Under terms of the plan, participants are able to reduce their taxable compensation per federally mandated calculations for contributions made to the plan. The Commission provides a non-elective contribution of 2% of eligible compensation for all eligible employees. Benefits vest immediately upon contribution by the Commission. Pension expense for the year ending December 31, 2018 and 2017, was \$7,194 and \$3,584.

**13. SUBSEQUENT EVENTS**

The Commission has evaluated subsequent events through June 25, 2019 the date which the financial statements were available to be issued.

**15. Leases**

The Commission leases a copier machine under a 5-year noncancelable operating lease requiring minimum annual rentals of \$1,392 beginning March 23, 2017 and ending March 23, 2022. Future minimum rental payments due under this lease is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	1,392
2020	1,392
2021	1,392
2022	<u>348</u>
	<u>\$ 4,524</u>

**SUPPLEMENTARY INFORMATION SCHEDULES**

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1**  
**Schedule of Compensation and Other Expenses Paid to Commissioners**  
**For the Year Ended December 31, 2018**

Board Member

Gregory Bordelon	\$	1,400
Ric Berken		1,200
Don Johnson		1,400
Raymond Brown		1,100
Chad Woods		1,250
George Juneau		1,300
Bill Navarre		<u>1,300</u>
	\$	<u>8,950</u>

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1**  
**Additional Information Required by United States Department of Agriculture**  
For the Year Ended December 31, 2018

1. Accounts receivable for sales of water were aged as follows:

<u>Aging Category</u>	<u>Number of Customers</u>	<u>Receivable Amount</u>
Current	3,132	\$ 61,599
0-30 Days	218	7,815
31-60 Days	12	561
Over 60 Days	34	1,765
	3,396	\$ 71,740

2. Estimated number of active customers as of year end:

Residential	2,931
Commercial	130

3. Schedule of insurance in force was as follows:

<u>Policy No.</u>	<u>Company</u>	<u>Agent</u>	<u>Type Coverage</u>	<u>Amount Coverage</u>	<u>Effective From</u>	<u>Date To</u>
WCV0089211 03	Stonetrust Commerical Insurance Company		Workers' Compensation	\$1,000,000	1/1/18	1/1/19
WCV0089211 04	Stonetrust Commerical Insurance Company		Workers' Compensation	\$1,000,000	1/1/19	1/1/20
GPPAPF6056 87300	American Alternative Insurance Company	Stiel Insurance of Acadiana	Buildings & contents, General Liability, Auto, Employee Bond	Building & Plant \$2,953,693 Contents & Equipment \$115,000 GL Occurrence \$1,000,000 GL aggregate \$3,000,000, Auto \$1,000,000 Employee Dishonest \$250,000	5/14/18	5/14/19

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1**  
**Additional Information Required by United States Department of Agriculture**  
For the Year Ended December 31, 2018

4. Schedule of approved water rates were as follows:

\$15.00 minimum per month for the first 2,000 gallons.

4.00 per thousand or part thereof all over 2,000 gallons for Calcasieu and Cameron Parish customers

\$3.35 per thousand or part thereof all over 2,000 gallons for all other areas.

\$10.00 late fee is assessed on past due residential and commercial accounts, 10% late fee on industrial accounts effective March 2008

5. Disconnection policy:

Bills are sent on the 1<sup>st</sup> of each month, and customers have until the 15<sup>th</sup> of the month to pay the bill. On the 15<sup>th</sup> of the month the late fee is added to the bill of customers who have not paid and a disconnection notice is sent to the customer. On the last work day of the month, the delinquent customer is charged a \$40 delinquency fee and the meter is subject to being locked. The following week, the meters of delinquent customers are locked.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1**  
**Additional Information Required by United States Department of Agriculture**  
For the Year Ended December 31, 2018

6. Board members' information:

Board Member	Address	Phone Number
Gregory Bordelon	6173 Morgan Shores, Lake Arthur, LA 70549	337-774-2171
Ric Berken	6034 Hwy. 382 Lake Arthur, LA 70549	337-587-2485
Don Johnson	P.O. Box 178 Roanoke, LA 70591	337-515-8280
Raymond Brown	P.O. Box 5 Roanoke, LA 70581	337-753-2509
Chad Woods	4515 Guidry Rd. Jennings, LA 70546	337-824-9353
George Juneau	P.O. Box 112 Lacassine, LA 70650	337-588-4466
Bill Navarre	12486 Bellard Rd. Welsh, LA 70591	337-302-7720

Term limits are at the discretion of Jeff Davis Parish Police Jury.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO. 1**  
**Schedule of Compensation, Benefits and Other Payments to Agency Head**  
**or Chief Executive Officer**  
**For the Year Ended December 31, 2018**

Agency Head Name: David Trahan, Manager

Salary	\$	52,285
Benefits- insurance		9,943
Benefits- retirement		1,142
Benefits- Medicare & Social Security		2,184
Cell phone		639
	\$	<u>66,193</u>

## **OTHER REPORTS**

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
MANAGEMENT'S STATUS OF PRIOR YEAR AUDIT FINDINGS**

For the Year Ended December 31, 2018

**SECTION I – FINANCIAL STATEMENT FINDINGS**

**Finding 2007-1: Lack of segregation of duties**

Recommendation: If possible, management should adopt procedures in the office to mitigate lack of segregation of duties. This condition existed in previous years.

Management Response: This condition still exists. Due to small size of our office staff we are limited in our ability to adequately segregate accounting functions. The board does review accounts payable invoices and the financials at each board meeting.

**Item 2016-2 Internal control over payroll**

Recommendation: Management should have separate pay authorization sheets in each employee file that are signed and dated by an authorized person in upper management and/or from the board. This document should also note the effective date of the change in pay. The Board may also want to consider oversight review and authorization of all changes in employee pay. One copy of this pay authorization should be maintained independently in a secure location by the authorizing person and one copy should be maintained by the payroll clerk. Management should consider establishing a checklist summary sheet listing all required documents that should be maintained in each employee's individual personnel file. Each item on this listing could have a checkoff box or line that provides for indication that each item has been properly completed, signed, obtained and filed. The person in charge of managing personnel files should be required to sign off indicating they accomplished collecting all necessary signed forms for each employee.

Management Response: Management agrees with the finding and will take auditor's recommendation under advisement.

**Item 2016-3 Overpayment or Underpayment of employee retirement withholdings**

Recommendation: Although some progress was made in this area the finding is not considered resolved. Management should design and implement procedures to assist in preventing future over and under payments. Procedures such as requiring that reconciliations and comparison of pension reports be made to payroll reports, records, and forms on a periodic basis could help eliminate errors in a timely manner. In addition, management should consider either preparing a manual entry at year end to accrue unpaid employer pension match or consider integrating employer match within the computer payroll system. Either way monthly reconciliation of amounts should be implemented.

Management Response: Management agrees with the finding and will take auditor's recommendation under advisement.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
MANAGEMENT'S STATUS OF PRIOR YEAR AUDIT FINDINGS**

For the Year Ended December 31, 2018

**2017-1 Incorrect computation of hourly employee's gross pay**

Recommendation: Management should review this situation and implement changes in computation of gross pay that is in compliance with FLSA immediately. Management should also consider consulting a qualified employment attorney for advice regarding resolution of this finding.

Management Response: Management considers this finding to be resolved.

**Item 2017-2 Mandatory ethics training noncompliance**

Recommendation: Management should implement an annual review of all employees to determine if mandatory required ethics education and training has taken place.

Management Response: Management is in agreement with the finding and will work on corrective measures to comply with L.R.S. 42:1170.

**SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings reported.

**SECTION III – MANAGEMENT LETTER FINDINGS**

No findings reported.

**Mike B. Gillespie**  
**Certified Public Accountant**  
A Professional Accounting Corporation

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

To the Board Members of the  
Jefferson Davis Parish Water & Sewer Commission No. 1  
Lake Arthur, Louisiana

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 Jefferson Davis Parish Water and Sewer Commission No. 1 (Commission), a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statement, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 25, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, I considered the Commission'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 Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of the Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control that I consider to be a material weakness. I consider the deficiencies described in the accompanying schedule of findings and responses as item 2007-1, 2016-2, and 2016-3 to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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 our audit, and accordingly, I do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2017-2.

## Commission's Response to Findings

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Mike B. Gillespie, CPA, APAC*

Jennings, Louisiana  
June 25, 2019

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1**  
**SCHEDULE OF FINDINGS & RESPONSES**  
**For the Year Ended December 31, 2018**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

1. Type of report issued: unmodified opinion on the basic financial statements
2. Internal control over financial reporting:
  - Material weakness(es) identified? – Yes
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? - Yes
3. Noncompliance material to the financial statements noted? – No
4. Was a management letter issued? – No

***Federal Awards***

5. Internal control over major programs:
  - Material weakness(es) identified? – N/A
  - Significant deficiency(ies) identified that that are not considered to be material weakness(es)? – N/A
6. Type of auditor's report issued on compliance for major programs: Not applicable
7. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? N/A
8. The programs tested as major programs included:

<u>CFDA No.</u>	<u>Program Name</u>
Not applicable	Not applicable

9. The threshold used for distinguishing between Type A and B programs was: Not applicable
10. Did the auditee qualify as a low risk auditee? – N/A

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Unresolved Prior Year Findings:**

**Item: 2007-1 Lack of segregation of duties**

Criteria/ Specific Requirement: A good system of internal control provides for a proper segregation of the accounting functions.

Condition: The Commission does not have the proper segregation of duties cash receipts and disbursements, accounts receivable, and accounts payable. This condition existed in previous years.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1**  
**SCHEDULE OF FINDINGS & RESPONSES**  
**For the Year Ended December 31, 2018**

Cause: Due to the small number of employees involved in the accounting functions, it appears the Commission did not have adequate segregation of duties within the accounting system.

Effect of Condition: The lack of proper segregation of duties increases the risk that errors or fraud could occur and not be discovered in a timely manner.

Recommendation: If possible, management should adopt procedures in the office to mitigate lack of segregation of duties. Where possible, duties should be segregated to reduce the risk of errors or fraud.

Management Response: This condition still exists. Due to small size of our office staff we are limited in our ability to adequately segregate accounting functions. The board does review accounts payable invoices and the financials at each board meeting.

**Item 2016-2 Internal control over payroll**

Criteria/ Specific Requirement: Internal controls should be in place that provide reasonable assurance that wages paid are properly authorized and that employee files contain all required documentation. This condition also existed in the prior year and is being updated for current year findings but is essentially a repeated prior year finding.

Condition: For nine separate employees tested noted the following findings:

1. Three employee personnel files lacked signed documentation of authorized current pay rates.
2. One employee file lacked a signed retirement withholding authorization form.
3. One employee file lacked an updated signed retirement withholding authorization form.

Cause: There are no procedures either in place or in operation that provide for validation that all necessary documents reside in individual employee files.

Effect of Condition: The lack of documentation is a deficiency in design and/or operation of controls over payroll processing that can lead to errors occurring and not being detected in a timely manner by management.

Recommendation: Management should have separate pay authorization sheets in each employee file that are signed and dated by an authorized person in upper management and/or from the board. This document should also note the effective date of the change in pay. The Board may also want to consider oversight review and authorization of all changes in employee pay. One copy of this pay authorization should be maintained independently in a secure location by the authorizing person and one copy should be maintained by the payroll clerk. Management should consider establishing a checklist summary sheet listing all required documents that should be maintained in each employee's individual personnel file. Each item on this listing could have a checkoff box or line that provides for indication that each item has been properly completed, signed, obtained and filed. The person in charge of managing personnel files should be required to sign off indicating they accomplished collecting all necessary signed forms for each employee.

Management Response: Management agrees with the finding and will take auditor's recommendation under advisement.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1**  
**SCHEDULE OF FINDINGS & RESPONSES**  
**For the Year Ended December 31, 2018**

**Item 2016-3 Overpayment or Underpayment of employee retirement withholdings**

Criteria/ Specific Requirement: Internal controls should be in place that provide reasonable assurance that only amounts withheld from employee's paychecks are submitted to the employee's retirement account. In addition, controls should be in place that insure that the 2% employer nonelective contribution match is properly computed and submitted to the pension plan at least annually. This condition also existed in the prior year and is being updated for current year findings but is essentially a repeated prior year finding.

Condition: During a review of payroll processing it was noted that ending pension payable had not been properly balance by the bookkeeper.

Cause: There are no procedures in place that require validation and/or reconciliation of amounts submitted to the pension plan for employees to the general ledger. In addition, the employer matching contribution is not being properly accrued at year-end.

Effect of Condition: This condition caused overall ending pension payable to be understated \$320.52. However, it was noted that overpayments for three employees were made during 2018 which totaled \$379.16 and five of the remaining employee's employer match had not been properly accrued at year end.

Recommendation: Although some progress was made in this area the finding is not considered resolved. Management should design and implement procedures to assist in preventing future over and under payments. Procedures such as requiring that reconciliations and comparison of pension reports be made to payroll reports, records, and forms on a periodic basis could help eliminate errors in a timely manner. In addition, management should consider either preparing a manual entry at year end to accrue unpaid employer pension match or consider integrating employer match within the computer payroll system. Either way monthly reconciliation of amounts should be implemented.

Management Response: Management agrees with the finding and will take auditor's recommendation under advisement.

**Item 2017-2 Mandatory ethics training noncompliance**

Criteria/ Specific Requirement: Louisiana Revised Statue 42:1170 requires that each public servant receive one hour of ethics education and training each year on the Louisiana Code of Government Ethics.

Condition: Failure to maintain documentation of compliance with Louisiana Revised Statue 42:1170.

Cause: For five employees selected for testing IN 2018, management was unable to provide documentation of annual ethics training certifications for one employee.

Effect of Condition: Noncompliance with Louisiana Revised Statue 42:1170.

Recommendation: Management should implement an annual review of all employees to determine if mandatory required ethics education and training has taken place pursuant to L.R.S 42:1170.

Management Response: Management is in agreement with the finding and will work on corrective measures to comply with L.R.S. 42:1170.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1**  
**SCHEDULE OF FINDINGS & RESPONSES**  
**For the Year Ended December 31, 2018**

**Current Year Findings:**

No findings reported.

**SECTION III – FINANCIAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings reported.

**SECTION IV – MANAGEMENT LETTER**

No current year findings reported.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended December 31, 2018**

**SECTION I – FINANACIAL STATEMENT FINDINGS**

**Finding 2007-1: Lack of segregation of duties**

Recommendation: If possible, management should adopt procedures in the office to mitigate lack of segregation of duties. This condition existed in previous years.

Management Response: This condition still exists. Due to small size of our office staff we are limited in our ability to adequately segregate accounting functions. The board does review accounts payable invoices and the financials at each board meeting.

**Item 2016-2 Internal control over payroll**

Recommendation: Management should have separate pay authorization sheets in each employee file that are signed and dated by an authorized person in upper management and/or from the board. This document should also note the effective date of the change in pay. The Board may also want to consider oversight review and authorization of all changes in employee pay. One copy of this pay authorization should be maintained independently in a secure location by the authorizing person and one copy should be maintained by the payroll clerk. Management should consider establishing a checklist summary sheet listing all required documents that should be maintained in each employee's individual personnel file. Each item on this listing could have a checkoff box or line that provides for indication that each item has been properly completed, signed, obtained and filed. The person in charge of managing personnel files should be required to sign off indicating they accomplished collecting all necessary signed forms for each employee.

Management Response: Management agrees with the finding and will take auditor's recommendation under advisement.

**Item 2016-3 Overpayment or Underpayment of employee retirement withholdings**

Recommendation: Although some progress was made in this area the finding is not considered resolved. Management should design and implement procedures to assist in preventing future over and under payments. Procedures such as requiring that reconciliations and comparison of pension reports be made to payroll reports, records, and forms on a periodic basis could help eliminate errors in a timely manner. In addition, management should consider either preparing a manual entry at year end to accrue unpaid employer pension match or consider integrating employer match within the computer payroll system. Either way monthly reconciliation of amounts should be implemented.

Management Response: Management agrees with the finding and will take auditor's recommendation under advisement.

**Item 2017-2 Mandatory ethics training noncompliance**

Recommendation: Management should implement an annual review of all employees to determine if mandatory required ethics education and training has taken place pursuant to L.R.S. 42:1170.

**JEFFERSON DAVIS PARISH WATER & SEWER COMMISSION NO.1  
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended December 31, 2018**

Management Response: Management is in agreement with the finding and will work on corrective measures to comply with L.R.S. 42:1170.

**SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No current year findings reported.

**SECTION III – MANAGEMENT LETTER**

No current year findings reported.

\* \* \* \* \*

THIS CORRECTIVE ACTION PLAN HAS BEEN PREPARED BY MANAGEMENT

**Mike B. Gillespie**  
**Certified Public Accountant**  
A Professional Accounting Corporation

Mike B. Gillespie, CPA, CGMA

Eric C. Gillespie, CPA

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board Members of the  
Jefferson Davis Parish  
Water & Sewer Commission No.1  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Jefferson Davis Parish Water & Sewer Commission No.1 (Commission) 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 year ended December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget  
***Finding: No written policies and procedures were obtained that address the functions noted above.***
  - 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.  
***Finding: No written policies and procedures were obtained that address functions noted above.***
  - c) ***Disbursements***, including processing, reviewing, and approving  
***Finding: No written policies and procedures were obtained that address the functions noted above.***
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for

each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

***Finding: No written policies and procedures were obtained that address the functions noted above.***

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

***Finding: Written policies and procedures were obtained but they did not specifically address the functions noted above.***

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

***Finding: No written policies and procedures were obtained that address the functions noted above.***

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

***Finding: No written policies and procedures were obtained that address the functions noted above.***

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

***Finding: Written policies and procedures were obtained that address the functions noted above.***

- 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.

***Finding: Written policies and procedures were obtained but they did not completely address the functions (1), (3), or (4) noted above.***

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

***Finding: No written policies and procedures were obtained that address the functions noted above.***

**Board or Finance Committee:**

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

***Finding: Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, and bylaws in effect during the fiscal period and observed for the following functions listed below.***

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

***Finding: No exceptions noted.***

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue

funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

***Finding: Not applicable.***

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

***Finding: Not applicable.***

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

***Finding: Obtained listing of client's bank accounts from management and management's representation that listing is complete. Management has identified the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts. We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliations for each selected account, and observed for the following functions listed below.***

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

***Finding: Exceptions. Two of the five bank reconciliations selected and inspected displayed evidence that they were not prepared within two months of the statement closing date.***

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

***Finding: Exceptions. All five bank reconciliations selected and inspected did not display any evidence that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.***

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

***Finding: Exceptions. One of the five bank reconciliations selected and inspected had outstanding items for more than twelve months from the statement closing date. Management does not have any documentation reflecting that it has researched reconciling these outstanding items.***

## **Collections**

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

***Finding: Obtained listing of the deposit sites and management's representation that the listing is complete. The Jefferson Davis Parish Water & Sewer Commission #1 Central Plant Office located at 5171 Aguiard Road, Lake Arthur, LA 70549 is the only deposit site for the entity.***

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

***Finding: Obtained listing of collection locations and management's representation that the listing is complete. Collections are received by front desk walk-ins and by mail sent to the Jefferson Davis Parish Water & Sewer Commission #1 Central Plant Office located at 5171 Aguiard Road, Lake Arthur, LA 70549. We were unable to obtain written policies and procedures relating to employee job duties at collection location. Inquired with Office Bookkeeper about employee job duties at collection location and observed whether those job duties were properly segregated at collection location for the following functions listed below.***

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

***Finding: No exceptions noted.***

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

***Finding: Exception. No segregation of duties. The Assistant Bookkeeper is the only employee in the office responsible for collections by front desk and mail. She is also the only employee responsible for preparing/making bank deposits and reconciling collection documentation to the deposit.***

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

***Finding: No exceptions noted.***

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

***Finding: No exceptions noted.***

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

***Finding: Inquired with Office Bookkeeper and obtained insurance policy showing evidence that all employees at the Jefferson Davis Parish Water & Sewer Commission #1 Central Plant Office who have access to cash are covered for theft.***

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

***Finding: Two of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above had multiple deposits throughout the month. We randomly selected two deposit dates from each of those two bank accounts. The remaining three bank accounts only had one deposit for each account for the month. We obtained supporting documentation for all seven deposits selected and observed for the following procedures listed below.***

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

***Finding: Exception. The entity does not use sequentially pre-numbered receipts.***

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

***Finding: We traced system reports and other related collection documentation for each deposit selected to the deposit slip without exception.***

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

***Finding: No exceptions noted.***

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

***Finding: We observed that one of the seven deposits selected from the bank accounts was not made within one business day of receipt at the collection location. The total deposit of \$3,389 was made four days after the original collection date. The six remaining deposits totaling \$31,613 were all made within one business day of collection date.***

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

***Finding: No exceptions noted.***

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

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

***Finding: Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. The entity has one location that processes payments.***

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

***Finding: We obtained a listing of those employees involved with non-payroll purchasing and payment functions selected under #8. Written policies and procedures relating to employee job duties could not***

***be obtained. We inquired with employees about their specific job duties and observed whether or not those job duties are properly segregated for the following functions listed below.***

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

***Finding: Exception. The entity does not have a requisition/purchasing system implemented with job duties properly segregated that involve at least two employees initiating a purchase request, approving a purchase, and placing an order/making the purchase.***

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

***Finding: No exceptions noted.***

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

***Finding: No exceptions noted.***

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

***Finding: No exceptions noted.***

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

***Finding: A listing of the entity's non-payroll disbursement transaction population (excluding credit cards and travel reimbursements) and management's representation that the population is complete was obtained. We randomly selected five disbursements from this population, obtained supporting documentation for each transaction, and performed the procedures listed below.***

- a) Observe that the disbursement matched the related original invoice/billing statement.

***Finding: No exceptions noted.***

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

***Finding: No exceptions noted.***

***Credit Cards/Debit Cards/Fuel Cards/P-Cards: This Section is Not Applicable***

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

***Finding: A listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing is complete was obtained.***

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

***Finding: Using the listing prepared by management, we selected all three of the cards that were used during the fiscal period. We randomly selected one monthly statement for the charge card, one monthly bank statement for each of the debit cards, obtained supporting documentation and observed for the following functions listed below.***

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

***Finding: Exception. The Plant Manager is the only employee of the entity that reviews and approves in writing all original receipts/invoices for credit/debit card purchases. He is the cardholder of one of the debit cards. All the original receipts/invoices for purchases made on his debit card are reviewed and approved by him.***

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

***Finding: Not applicable.***

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

***Finding: Using the bank statements for the two debit cards and the monthly statement for the one charge card selected under #12 above, we were only able to test a total of thirteen total transactions between all three cards. We were able to randomly selected ten transactions from debit card #1 monthly bank statement, debit card #2 only had a total of two transactions on monthly bank statement, and the charge card had one total transaction on monthly statement.***

***Debit card #1: Exceptions. Three out of the ten transactions selected were not supported by (1) an original itemized receipt that identifies precisely what was purchased. All ten transactions selected were not supported by (2) written documentation of the business/public purpose.***

***Debit card #2: Exceptions. The only two transactions we were able to select were not supported by (2) written documentation of the business/public purpose.***

***Charge card: Exceptions. The lone transaction we were able to select for \$24.95 was not supported by (1) an original itemized receipt that identifies precisely what was purchased or (2) written documentation of the business/public purpose.***

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

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

***Finding: A listing of all travel and travel-related expense reimbursements during the fiscal period from the general ledger and management's representation that the general ledger is complete was obtained. There were only two travel-reimbursements during the fiscal period. We obtained the related expense reimbursement forms/prepaid expense documentation, as well as the other supporting documentation, and performed the procedures listed below.***

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

***Finding: Not applicable.***

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

***Finding: No exceptions noted.***

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

***Finding: No exceptions noted.***

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

***Finding: No exceptions noted.***

## ***Payroll and Personnel***

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

***Finding: A listing of all employees during the fiscal period and management's representation that the listing is complete was obtained. We randomly selected five employees, obtained related paid salaries, and employee personnel files. We agreed paid salaries/pay rates to authorized salaries/pay rates located in employee personnel files for three of the five employees selected. We were not able to obtain written authorized pay rates in personnel files for two of the employees selected.***

16. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

***Finding: We randomly selected one pay period during the fiscal period. We obtained the attendance records and leave documentation for the pay period for the five employees selected and performed the procedures listed below.***

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

***Finding: No exceptions noted.***

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

***Finding: No exceptions noted.***

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

***Finding: No exceptions noted.***

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

***Finding: Not applicable.***

18. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

***Finding: Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.***

### ***Ethics***

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

***Finding: Obtained all ethics documentation on selected employees from management.***

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

***Finding: Exceptions. We were not able to observe documentation demonstrating that one employee out of the five randomly selected completed one hour of ethics training during the fiscal period.***

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

***Finding: Exceptions. We were not able to observe documentation that demonstrates each employee attested through signature verification that he or she has read the entity's ethics policy during the fiscal period for any of the five employees randomly selected.***

### ***Other***

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

***Finding: Management has asserted that the entity did not have any misappropriations of public funds or assets.***

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

***Finding: No exceptions noted.***

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.

***Mike B. Gillespie, CPA, APAC***

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana

June 25, 2019