

**NORTHWEST ALLEN PARISH
WATERWORKS DISTRICT**

Grant, Louisiana

Financial Report

Year Ended December 31, 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Commissioners
Northwest Allen Parish Waterworks District
Grant, Louisiana

We have reviewed the accompanying financial statements of the business-type activities and major fund of the Northwest Allen Parish Waterworks District (the District), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
March 11, 2020

BASIC FINANCIAL STATEMENTS

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Statement of Net Position
December 31, 2019

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 10,212
Accounts receivable, net of allowance	21,395
Total current assets	<u>31,607</u>
Noncurrent assets:	
Restricted assets:	
Cash and interest-bearing deposits -	
Revenue bond debt service account	20
Revenue bond contingency account	77,912
Customer deposits	20,246
Total restricted assets	<u>98,178</u>
Capital assets:	
Land	19,486
Other capital assets, net of accumulated depreciation	5,080,002
Total capital assets	<u>5,099,488</u>
Total assets	<u>5,229,273</u>

LIABILITIES

Current liabilities (payable from current assets):	
Accounts payable	3,438
Accrued liabilities	1,527
Total current liabilities (payable from current assets)	<u>4,965</u>
Current liabilities (payable from restricted assets):	
Customer's deposits	23,977
Accrued interest	2,483
Revenue bonds payable	26,291
Total current liabilities (payable from restricted assets)	<u>52,751</u>
Total current liabilities	57,716
Noncurrent liabilities -	
Revenue bonds payable	1,484,322
Total liabilities	<u>1,542,038</u>

NET POSITION

Net investment in capital assets	3,588,875
Restricted for debt service	64,863
Unrestricted	33,497
Total net position	<u>\$ 3,687,235</u>

See accompanying notes and independent accountant's review report.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Statement of Revenues, Expenses and
Changes in Net Position
For the Year Ended December 31, 2019

Operating revenues:	
Charges for services -	
Water sales	\$ 231,043
Penalties	11,351
Miscellaneous	<u>23,085</u>
Total operating revenues	<u>265,479</u>
Operating expenses:	
Salaries	56,685
Payroll taxes	4,548
Insurance	12,458
Advertisements	1,378
Office expenses	4,528
Telephone and utilities	16,560
Supplies and parts	5,609
Auto expense	18,479
Depreciation	224,326
Professional fees	6,290
Postage	2,592
Maintenance and repairs	20,592
Dues and subscriptions	1,649
Miscellaneous expenses	<u>2,873</u>
Total operating expenses	<u>379,569</u>
Operating loss	<u>(114,090)</u>
Nonoperating revenues (expenses):	
Interest and fiscal charges	(57,122)
Interest income	<u>19</u>
Total nonoperating revenues (expenses)	<u>(57,103)</u>
Loss before capital contributions	(171,193)
Capital contributions	<u>53,321</u>
Change in net position	(117,872)
Net position, beginning	<u>3,805,107</u>
Net position, ending	<u>\$ 3,687,235</u>

See accompanying notes and independent accountant's review report.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Statement of Cash Flows
For the Year Ended December 31, 2019

Cash flows from operating activities:	
Receipts from customers	\$ 264,098
Payments to suppliers	(92,796)
Payments to employees	<u>(60,206)</u>
Net cash provided by operating activities	<u>111,096</u>
Cash flows from noncapital financing activities:	
Net proceeds from meter deposits	<u>700</u>
Cash flows used by capital and related financing activities:	
Proceeds from grants	53,321
Principal paid on revenue bonds	(25,327)
Interest paid on revenue bonds	<u>(57,164)</u>
Net cash used by capital and related financing activities	<u>(82,491)</u>
Cash flows from investing activities:	
Net purchases of certificates of deposits	(11)
Interest received on interest-bearing deposits	<u>19</u>
Net cash provided by investing activities	<u>8</u>
Net increase in cash and cash equivalents	29,313
Cash and cash equivalents, beginning of period	<u>68,491</u>
Cash and cash equivalents, end of period	<u>\$ 97,804</u>
Supplemental information:	
Interest paid	<u>\$ 57,164</u>

(continued)

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Statement of Cash Flows (Continued)
For the Year Ended December 31, 2019

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

Operating loss	\$ (114,090)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	224,326
Change in assets and liabilities -	
Accounts receivables, net	(1,381)
Accounts and other payables	1,214
Accrued expenses	<u>1,027</u>
Net cash provided by operating activities	<u>\$ 111,096</u>

Reconciliation of cash and cash equivalents per
statement of cash flows to the statement of net position:

Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits	\$ 3,745
Cash and interest-bearing deposits, restricted	75,321
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(10,575)</u>
Total cash and cash equivalents	<u>68,491</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits	10,212
Cash and interest-bearing deposits, restricted	98,178
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(10,586)</u>
Total cash and cash equivalents	<u>97,804</u>
Net increase	<u>\$ 29,313</u>

See accompanying notes and independent accountants' review report.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The financial reporting entity for Northwest Allen Parish Waterworks District consists of the Allen Parish Police Jury, which, as governing authority of the parish, has oversight responsibility over other governmental units (component units) within the parish. 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. Oversight responsibility by the Police Jury is determined on the basis of the following criteria: appointment of governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service. Because the Police Jury created the District and appoints its board of commissioners, the District was determined to be a component unit of the Allen Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the fund 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 governmental reporting entity.

The Northwest Allen Parish Waterworks District, which is a component unit of the Allen Parish Police Jury (Police Jury), was created under the provisions of Louisiana Revised Statutes 33:3811, for the purpose of providing water to the rural areas of Northwest Allen Parish. The District is governed by a board of commissioners composed of five members appointed by the Police Jury.

B. Basis of Presentation

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

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

C. Fund Accounting

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

The District maintains only one fund and it is described below:

Proprietary Fund –

Enterprise Fund

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

D. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

Basis of Accounting

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

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

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

Cash and cash equivalents

For purposes of the statement of net position, cash and cash equivalents include all demand, savings accounts, and certificates of deposit of the District. For the purposes of the statement of cash flows, cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities report customer's utility service receivables as their major receivables. This receivable is reported net of an allowance for doubtful accounts, if any.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at acquisition value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Utility System and Improvements	25-50 years
Equipment	5 years

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

Compensated Absences

Vacation leave is granted on January 1 of each year and must be used in the calendar year granted. Vacation leave is awarded based on years of service with a maximum of 4 weeks per year. Sick leave may be carried over with a maximum of 120 days of accumulation at any one time. Sick leave is not payable at termination of employment and is recorded as an expense of the period in which paid. There is no accrual for compensated absences at December 31, 2019.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the District's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been. At December 31, 2019, the District reported \$64,863 of restricted net position, none of which was restricted by enabling legislation.
- c. Unrestricted net position consists of all other assets, deferred outflows or resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

F. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds generally are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of new installation and tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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

G. Bad Debts

Through the establishment of an allowance account, uncollectible amounts due from customers' utility receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible customer utility receivables at December 31, 2019 was \$10,639.

H. Use of Estimates

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

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

(2) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2019, the District had cash and interest-bearing deposits (book balances) totaling \$108,390 as follows:

Demand deposits	\$ 10,212
Interest-bearing accounts	87,592
Certificates of deposit	<u>10,586</u>
	<u>\$ 108,390</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the collateral securities that are in the possession of an outside will not be recovered. 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 similar federal security 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 bank. These securities are held in the name of District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2019, the District has deposit balances (bank balances) totaling \$111,626.

As of December 31, 2019, the District's bank balances were fully insured by Federal deposit insurance and therefore, not exposed to custodial credit risk.

(3) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at December 31, 2019:

Revenue bond debt service account	\$ 20
Revenue bond contingency account	77,912
Customer deposits	<u>20,246</u>
Total restricted assets	<u>\$ 98,178</u>

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

(4) Capital Assets

A summary of the District's capital assets at December 31, 2019 follows:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets not being depreciated:				
Land	\$ 19,486	\$ -	\$ -	\$ 19,486
Other capital assets:				
Buildings	1,700	-	-	1,700
Furniture and fixtures	88,581	-	-	88,581
Equipment	59,822	-	-	59,822
Water system	6,509,399	53,321	-	6,562,720
Total other capital assets at historical cost	6,659,502	53,321	-	6,712,823
Less: Accumulated depreciation for				
Buildings and furniture & fixtures	90,281	-	-	90,281
Equipment	41,368	6,457	-	47,825
Water system	1,276,846	217,869	-	1,494,715
Total accumulated depreciation	1,408,495	224,326	-	1,632,821
Other capital assets, net	5,251,007	(224,326)	-	5,026,681
Business-type activities, capital assets, net	\$ 5,270,493	\$ (171,005)	\$ -	\$5,099,488

Depreciation expense included in the financial statements for the year ended December 31, 2019 totaled \$224,326.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

(5) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2019:

	Water Revenue Bonds		Total
	Bonds Series 2010 Number R-1	Bonds Series 2010 Number R-2	
	Long-term debt payable payable at December 31, 2018	\$ 790,250	
Long-term debt issued	-	-	-
Long-term debt retired	(13,031)	(12,296)	(25,327)
Long-term debt payable at December 31, 2019	\$ 777,219	\$ 733,394	\$ 1,510,613
Less: Portion of Long-term debt due within one year	(13,408)	(12,883)	(26,291)
Portion of Long-term debt due in more than one year	\$ 763,811	\$ 720,511	\$ 1,484,322

Long-term debt payable at December 31, 2019 is composed of the following issuances:

Water Revenue Bonds, Series 2010, numbers R-1 and R-2:

\$869,000 Water Revenue Bonds, Series 2010, Number R-1, payable over 40 years, interest at 3.75 percent.	\$ 777,219
\$820,000 Water Revenue Bonds, Series 2010, Number R-2, payable over 40 years, interest at 3.75 percent.	733,394
Total	\$1,510,613

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

The annual requirements to amortize all debt outstanding at December 31, 2019 is as follows:

Year Ended December 31,	Revenue Bonds		Total
	Principal	Interest	
2020	26,291	56,200	82,491
2021	27,294	55,197	82,491
2022	28,335	54,156	82,491
2023	29,416	53,075	82,491
2024	30,539	51,952	82,491
2025 - 2029	171,084	241,371	412,455
2030 - 2034	206,305	206,150	412,455
2035 - 2039	248,780	163,675	412,455
2040 - 2044	299,999	112,456	412,455
2045 - 2049	361,761	50,700	412,461
2050 - 2054	80,809	1,651	82,460
	<u>\$ 1,510,613</u>	<u>\$1,046,583</u>	<u>\$ 2,557,196</u>

(6) Flow of Funds; Restrictions on Use - Utility Revenues

Under the terms of the bond indenture on the \$869,000 and \$820,000 water revenue bonds, Series 2010, Numbers R-1 and R-2, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Water Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds.

Each month there will be set aside into a "Water Revenue Bond and Interest Sinking Fund" (the "sinking fund") an amount sufficient to accumulate the amount needed to assure the prompt payment of the principal and interest installments as they become due, by transferring from the operating account on or before the 20th day of each month of each year a sum equal to the total amount of principal and interest falling due on the bonds on the next principal payment, together with such additional proportionate monthly sum as may be required to pay said principal, interest and administrative fee as the same become due. Payments to the paying agent must be made not less than three days prior to each interest payment date to pay promptly the principal, interest and administrative fee of the bonds.

Funds will also be set aside into a "Water Revenue Bond Reserve Fund" (the "reserve fund") to be retained solely for the purpose of paying the principal and interest on the bonds payable from the "Water Revenue Bond and Interest Sinking Fund" as to which there would otherwise be default. Payments into this fund will commence with the month following completion of and acceptance of the water system financed with the proceeds of the bonds, a sum at least equal to 5% of the amount to be paid into the "Water Revenue Bond and Interest Sinking Fund", the payments into the reserve fund to continue until such time as there has been accumulated in the reserve fund a sum equal to the highest combined principal and interest falling due in any year on the bonds payable from the sinking fund as a debt service reserve.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

Funds will also be set aside into a “Water Depreciation and Contingency Fund” (the “contingency fund”) to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system, by transferring from the operating account on or before the 20th day of each month of each year commencing with the month following completion of and acceptance of the water system financed with the proceeds of the bonds, a sum equal to five percent of the amount to be paid monthly into the Sinking Fund. Upon the reserve fund being funded to the reserve fund requirement, the monthly deposit into the contingency fund will increase to 10% of the amount to be paid into the sinking fund. Money in the contingency fund shall also be used to pay the principal of and the interest on any bond for the payment of which there is not sufficient money in the sinking fund or the reserve fund, but if so used, such money shall be replaced by the issuer as soon as possible thereafter out of the earnings of the system after making the required payments into the respective funds and accounts hereinabove set out.

Funds will also be set aside into a “Waterworks System Short-Lived Assets Depreciation Fund” (the “asset fund”) to provide for the maintenance and replacement of short lived assets of the system, by transferring from the operating account on or before the 20th day of each month of each year commencing with the month following completion of and acceptance of the water system financed with the proceeds of the bonds, a sum of \$2,356.

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

The Northwest Allen Parish Waterworks District was not in compliance with all significant limitations and restrictions in the bond indenture at December 31, 2019 because it did not make the required payments as described above.

(7) Compensation, Benefits, and Other Payments to Supervisor

Board President Don Dowies also serves as agency head of the District. He serves without compensation. During the year ended December 31, 2019, he received no payments for compensation, benefits or other reimbursements.

(8) Compensation of Board Members

The Board members receive no compensation for their services.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Notes to Basic Financial Statements (Continued)

(9) Risk Management

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

(10) Pending Litigation

There is no litigation pending against the Northwest Allen Parish Waterworks District at December 31, 2019.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2019

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

A. Compliance

2019-001 Bond Covenants

Fiscal year finding initially occurred: 2012

CONDITION: The District violated its bond agreement with USDA by not making all required transfers to its bond reserve, depreciation and contingency, and short-lived assets depreciation accounts.

CRITERIA: Under the terms of the bond indenture on the \$869,000 and \$820,000 water revenue bonds, Series 2010, Numbers R-1 and R-2, all income and revenues of every nature, earned or derived from operations of the Water Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside into specific funds.

CAUSE: The District did not make all required transfers to its bond reserve, depreciation and contingency, and short-lived assets depreciation accounts due to cash flow constraints.

EFFECT: The District was not in compliance with all significant provisions of the bond indenture.

RECOMMENDATION: It is recommended that the District make all required transfers to its bond accounts as set forth in the bond indenture.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District agrees with this finding and will begin making all required transfers in 2019.

2019-002 Insufficient Deposit Account Balance

Fiscal year finding initially occurred: 2015

CONDITION: The District did not maintain a sufficient cash balance in its customer deposit bank account to adequately cover the customer deposit liability.

CRITERIA: Sound business practices require that sufficient cash balances must be maintained in a separate account to fully cover the customer meter deposit liability.

NORTHWEST ALLEN PARISH WATERWORKS DISTRICT
Grant, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2019

CAUSE: The cause of the condition is the result of cash flow constraints.

EFFECT: Failure to maintain sufficient cash balance in its deposit account to fully cover the customer deposit liability may result in the District being unable to repay customer deposits timely.

RECOMMENDATION: The District should fully fund the customer meter deposit account and maintain a sufficient balance to fully cover the customer meter deposit liability at all times.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District will fully fund the customer meter deposit and ensure a sufficient balance is maintained to fully cover the customer meter deposit liability at all times.

B. Management Letter

A management letter was issued related to operating deficits.

Part II: Prior Year Findings:

A. Compliance

2018-001 Bond Covenants

CONDITION: The District violated its bond agreement with USDA by not making all required transfers to its bond reserve, depreciation and contingency, and short-lived assets depreciation accounts.

RECOMMENDATION: It is recommended that the District make all required transfers to its bond reserve, depreciation and contingency, and short-lived assets depreciation accounts.

CURRENT STATUS: Unresolved. See 2019-001.

2018-002 Insufficient Deposit Account Balance

CONDITION: The District did not maintain a sufficient cash balance in its customer deposit bank account to adequately cover the customer deposit liability.

RECOMMENDATION: The District should fully fund the customer meter deposit account and maintain a sufficient balance to fully cover the customer meter deposit liability at all times.

CURRENT STATUS: Unresolved. See 2019-002.

**ATTESTATION REPORT AND
QUESTIONNAIRE**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

* A Professional Accounting Corporation

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The Board of Commissioners and the Louisiana Legislative Auditor
Northwest Allen Parish Waterworks District
Grant, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of the Northwest Allen Parish Waterworks District (the District) and the Louisiana Legislative Auditor (the specified parties), on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2019, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated 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:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

There were no expenditures made during the year which exceeded \$30,000 for materials and supplies, or \$157,700 for public works.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided us with the requested information.

3. Obtain a list of all employees paid during the fiscal year.

Management provided us with the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

None of the employees included on the list of employees provided by management for agreed-upon Procedure 3 appeared on the list provided by management in agreed-upon Procedure 2.

5. Obtain a list of all disbursements made during the year, and a list of outside business interests of board members, employees, and board members; and employees' immediate families. Report whether any vendors appears on both lists.

Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

The District is not legally required to adopt a budget.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

The District is not legally required to adopt a budget.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceed budgeted amounts by 5% or more.

The District is not legally required to adopt a budget.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and: (a) report whether the six disbursements agree to the amount and payee in the supporting documentation, (b) report whether the six disbursements are coded to the correct fund and general ledger account, and (c) report whether the six disbursements were approved in accordance with management's policies and procedures.

Each of the six selected disbursements agreed with the amount and payee in the supporting documentation, were properly coded to the correct fund and general ledger account and were approved in accordance with management's policies and procedures.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Management represented that the District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Although management has asserted that such documents were properly posted, no evidence was provided to support management's assertion other than an unmarked copy of the notices and agendas.

Debt

11. Obtain bank deposit slips for the fiscal year and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We scanned copies of all bank deposit slips for the fiscal year and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain a list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

We scanned payroll disbursements and read the meeting minutes of the District's board of commissioners for the fiscal year. We found no payments or approval for payments to employees that would constitute bonuses, advances, or gifts.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The District's report, due on June 30, 2020, was submitted March 11, 2020.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A.(2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Management represented that the District was not on the noncompliance list at any time during the fiscal year. Management further represented that the District did not enter into any contracts during the fiscal year that were subject to the public bid law.

Prior Comments and Recommendations

15. Obtain and report management's representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved.

See the schedule of current and prior year findings and management's corrective action plan for any comments or unresolved matters.

This agreed-upon procedures engagement was conducted in accordance with attention standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the District's compliance with the foregoing matters. 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 the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, 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 Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
March 11, 2020

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

March 11, 2020 (Date Transmitted)

Kolder, Slaven, & Company, LLC (CPA Firm Name)

332 West Sixth Avenue (CPA Firm Address)

Oberlin, LA 70655 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2019 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [X] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [X] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [X] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [X] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [X] No []

KOLDER, SLAVEN & COMPANY, LLC

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MANAGEMENT LETTER

The Board of Commissioners
Northwest Allen Parish Waterworks District
Grant, Louisiana

We have completed our review of the basic financial statements of the Northwest Allen Parish Waterworks District for the year ended December 31, 2019, and submit the following recommendation for your consideration.

The Northwest Allen Parish Waterworks District should increase revenues and/or decrease expenses in order to generate enough operating income to operate the system effectively and be able to service its debt properly.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
March 11, 2020