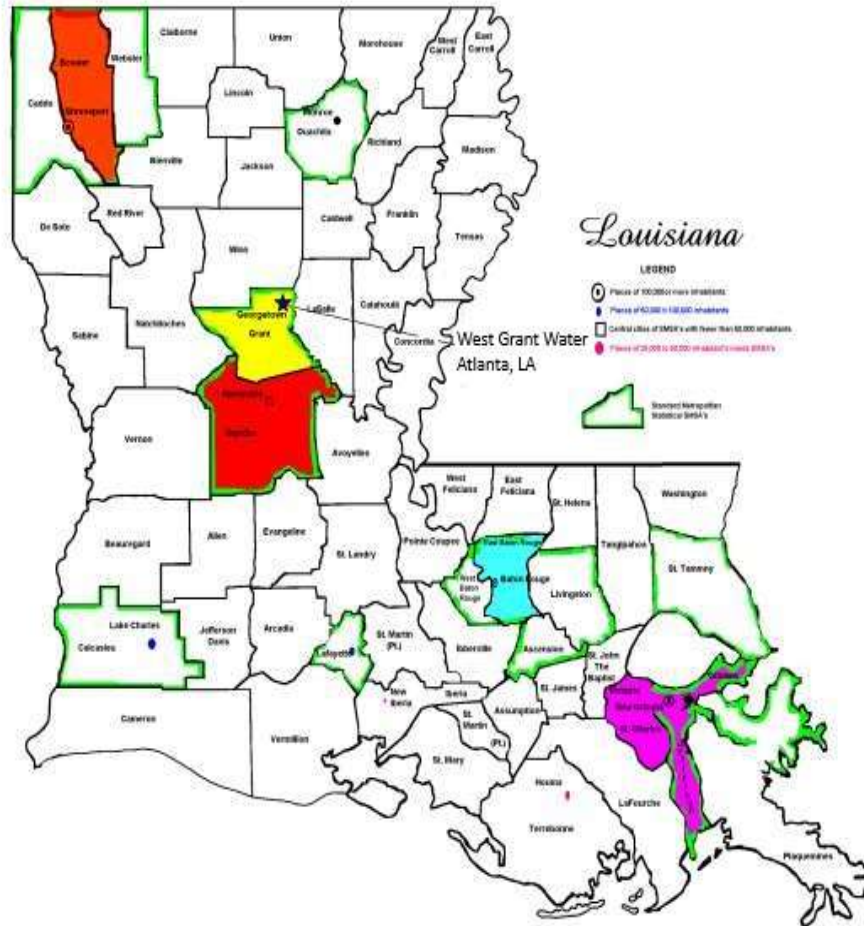


**WEST GRANT WATER ASSOCIATION**

**Financial Statements  
December 31, 2020**

# WEST GRANT WATER ASSOCIATION ATLANTA, LA



West Grant Water Association is a nonprofit corporation established under the laws of the State of Louisiana on September 28, 1972, to provide water to residents of the Atlanta Community. The system is governed by a board of directors elected by the membership.

**WEST GRANT WATER ASSOCIATION  
TABLE OF CONTENTS**

**December 31, 2020**

	<b>EXHIBIT</b>	<b>PAGE NO.</b>
Independent Auditor's Report .....		1-3
Statement of Financial Position.....	A	4
Statement of Activities.....	B	5
Statement of Functional Expenses.....	C	6
Statement of Cash Flow.....	D	7
Notes to the Basic Financial Statements.....		9-15
<u>Other Information</u>		
Schedule of Compensation Benefits and Other Payments		17
<u>Supplemental Information</u>		
Schedule of Expenditures of Federal Awards.....		19
Notes to the Schedule of Expenditures of Federal Awards.....		20
<u>Other Reports</u>		
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		22-23
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....		24-27
Schedule of Findings and Questioned Cost.....		28-34
Management Letter Comments.....		35-37
Management’s Summary of Prior Year Findings.....		38

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### MEMBERS

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Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

### **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of  
West Grant Water Association  
2900 Highway 122  
Atlanta, LA 71404

#### **Qualified Opinion**

We have audited the accompanying financial statements of the West Grant Water Association (nonprofit organization), which comprise the statement of financial position as of and for the year ended December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of West Grant Water Association, as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We did not obtain sufficient appropriate audit evidence about the amount recognized for billed water revenue collected because no accounting records or billing reports were maintained. We were unable to obtain sufficient appropriate audit evidence about billed water revenue by other auditing procedures.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Grant Water Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Grant Water Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Grant Water Association’s basic financial statements. The Schedule of Compensation, Benefits and other Payments to Agency Head or Chief Executive Officer and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and other Payments to Agency Head

or Chief Executive Officer and the schedule of expenditures of federal awards are 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 November 24, 2025, on our consideration of the West Grant Water Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the West Grant Water Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Grant Water Association office's internal control over financial reporting and compliance.

*The Vercher Group*

November 24, 2025

Jena, Louisiana

**WEST GRANT WATER ASSOCIATION**  
**Statement of Financial Position**  
**December 31, 2020**

<b>ASSETS</b>	<b><u>2020</u></b>
<b>CURRENT ASSETS</b>	
Cash	\$ 226,790
Accounts Receivable, Net	<u>59,304</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>286,094</u></b>
<b>RESTRICTED ASSETS</b>	
Debt Service Reserve	165,050
Debt Reserve	67,849
Construction Account	5,067
Customer Deposits	<u>35,579</u>
<b>TOTAL RESTRICTED ASSETS</b>	<b><u>273,545</u></b>
<b>NON-CURRENT ASSETS</b>	
Capital Assets	4,220,959
Less Accumulated Depreciation	<u>(94,761)</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<b><u>4,126,198</u></b>
<b>TOTAL ASSETS</b>	<b><u><u>4,685,837</u></u></b>
<b>LIABILITIES &amp; NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	15,757
Accrued Interest	61,069
Notes Payable-Current Portion	<u>60,390</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>137,216</u></b>
<b>LONG-TERM DEBT</b>	
Notes Payable-Current Portion	3,318,605
Customer Deposits	<u>35,579</u>
<b>TOTAL LONG-TERM DEBT</b>	<b><u>3,354,184</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>3,491,400</u></b>
<b>NET ASSETS</b>	
Net Assets Without Donor Restrictions	<u>1,194,437</u>
<b>TOTAL NET ASSETS</b>	<b><u>1,194,437</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ <u><u>4,685,837</u></u></b>

The accompanying notes are an integral part of this statement.

**WEST GRANT WATER ASSOCIATION**  
**Statement of Activities**  
**December 31, 2020**

<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u><b>2020</b></u>
<b>REVENUES</b>	
Water Sales & Other Charges	\$ 664,881
Capital Grant	739,157
Interest Income	859
<b>TOTAL REVENUES</b>	<u>1,404,897</u>
<b>EXPENSES</b>	
Program Services	579,349
Supporting Services	-0-
<b>TOTAL EXPENSES</b>	<u>579,349</u>
<b>INCREASE/DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	825,548
<b>NET ASSETS, BEGINNING</b>	<u>368,889</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 1,194,437</u>

The accompanying notes are an integral part of this statements.

**WEST GRANT WATER ASSOCIATION**  
**Statement of Functional Expenses**  
**December 31, 2020**

		<u>2020</u>
<b>PROGRAM SERVICES:</b>		
Advertising	\$	1,995
Salaries		191,240
Payroll Tax Expenses		15,631
Dues and Subscriptions		1,085
Insurance		28,445
Legal & Professional		2,700
Interest Expense		67,242
Contract Labor		21,031
Auto Expense		46,509
Office Expense		10,024
Repairs & Maintenance		52,219
Fuel Expense		13,844
Telephone		11,463
Other Operating Expenses		58,883
Utilities		39,322
Chemicals		17,716
<b>TOTAL PROGRAM SERVICES</b>		<u>579,349</u>
 <b>SUPPORTING SERVICES:</b>		 -0-
<b>TOTAL SUPPORTING SERVICES</b>	\$	<u>-0-</u>

The accompanying notes are an integral part of this statements.

**WEST GRANT WATER ASSOCIATION**  
**Statement of Cash Flow**  
**For December 31, 2020**

	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	633,235
Interest Earned	859
Cash paid to Suppliers	(229,318)
Cash paid to Employees	(191,240)
Interest paid on loans	(143,900)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>69,636</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from Grants	739,157
Proceeds from Loans	3,578,857
Principal payments on Loans	(3,364,483)
<b>NET CASH PROVIDED OR (USED) BY CAPITAL ACTIVITIES</b>	<b>953,531</b>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(882,929)
	<b>(882,929)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>140,238</b>
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>360,097</b>
<b>CASH &amp; CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 500,335</b>
 <b>RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED</b>	
Change in net assets	825,548
Depreciation	-0-
Grant Income	(739,157)
Changes in assets and liabilities	
(Increase) Decrease in accounts receivables	(11,646)
(Increase) Decrease in grant receivables	-0-
Increase (Decrease) in accounts payable	5,722
Increase (Decrease) in accrued interest payable	(13,776)
Increase (Decrease) in customer deposits	2,945
Total Adjustments	<b>69,636</b>
Reconciliation to Cash	
Cash	226,790
Restricted Cash	273,545
	<b>500,355</b>

The accompanying notes are an integral part of this statement.

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

## WEST GRANT WATER ASSOCIATION

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. GENERAL

West Grant Water Association is a nonprofit corporation established under the laws of the State of Louisiana on September 28, 1972, to provide water to residents of the Atlanta Community. The system is governed by a board of directors elected by the membership. The directors receive no pay or fees for their services to the system. The corporation is exempt from federal income taxes under (section 501(c) (12)) of nonprofit tax laws.

The books of the system are maintained on the cash basis of accounting and adjusted to the accrual basis of accounting at year-end for financial reporting purposes. The accounting and reporting methods used for the water system are those used to account for operations that are financed and operated in a manner similar to a private business enterprise, 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 through user charges.

##### B. FINANCIAL STATEMENT REPRESENTATION

The water system has adopted the provision of FASB Accounting Standard Update 2015-14 “*Not-for-Profit- Organizations (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*”. Under FASB ASU 2016-14, the water system is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the water system is required to present a statement of cash flows.

The financial statements of the water system have been prepared on the accrual basis and accordingly reflect all significant receivables, payables, and other liabilities. The significant accounting policies followed are described below.

##### C. NET ASSETS

The net assets of the water system and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by actions of the Water System or by the passage of time.

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the water system. These net assets may be used at the discretion of the water system’s management and board of directors.

**WEST GRANT WATER ASSOCIATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**D. INCOME TAXES**

The water system is a nonprofit organization exempt from Federal and State income taxes. Accounting principles generally accepted in the United State of America require management to evaluate tax positions taken by the water system and recognize a tax liability (or asset) if the water system has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the water system, and has concluded that as of December 31, 2019, and 2020, respectively, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The water system is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**E. STATEMENT OF CASH FLOWS**

The water system considers all highly liquid investment with a maturity of three months or less at the date of acquisition to be cash equivalents.

**F. CASH & INVESTMENTS (CDs IN EXCESS OF 90 DAYS)**

Cash and cash equivalents is comprised of interest-bearing deposits which are stated at cost, which approximates market. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase. The Associations bank balances at December 31, 2020, was \$518,297. Of the total bank balance \$18,297 is in excess of the \$500,000 FDIC coverage.

Amounts on deposit are secured by the following pledges:

<u>Description</u>	<u>Sabine State Bank</u>
FDIC (Category 1)	\$ 500,000
<b>Total Securities</b>	<b>\$ 500,000</b>

Deposits were **NOT** fully secured as of December 31, 2020.

**G. COMPENSATED ABSENCES & RETIREMENT PLANS**

The system does not compensate for unused vacation and sick leave. System employees are covered under the social security system.

**WEST GRANT WATER ASSOCIATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**H. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The entity maintains a threshold level of \$1,000 or more for capitalizing capital assets.

All fixed assets are recorded at cost and are depreciated using the straight-line method over the following useful lives:

Water System & Building	40-50 Yrs.
Equipment & Workover	5-15 Yrs.

**I. ACCOUNTS RECEIVABLE**

Accounts receivable are reported net of allowance for bad debts. The allowance account has been established at approximately 5% of accounts receivable. Detail accounts receivables follow:

Accounts Receivable	\$ 59,304
<b>Accounts Receivable (Net)</b>	<b><u>\$ 59,304</u></b>

**NOTE 2 – PLANT, PROPERTY, & EQUIPMENT**

Changes in plant, property, and equipment are as follows:

	<b>Balance 12-31-19</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12-31-20</b>
Construction in Progress*	\$ 3,319,990	\$ 900,969	\$ -0-	\$ 4,220,959
Land*	18,040	-0-	-0-	18,040
Accumulated Depreciation	(94,761)	-0-	-0-	(94,761)
<b>Net Total</b>	<b><u>\$ 3,243,269</u></b>	<b><u>\$ 900,969</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 4,126,198</u></b>

\* Fixed assets include land in the amount of \$18,040 and construction in progress in the amount of \$4,220,959 are not being depreciated.

The system’s assets are pledged as security for the system’s debt.

**NOTE 3 – ACCOUNTS PAYABLE AND ACCRUALS**

At December 31, 2020, the water system’s payables consisted of the following:

Accounts Payables	\$ 15,757
Accrued Interest	61,069
<b>Total</b>	<b><u>\$ 76,826</u></b>

## WEST GRANT WATER ASSOCIATION

### NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

#### NOTE 4 – ASSET LIQUIDITY

The water system regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenses over a 12-month period, the water system considers all expenses related to its regular, recurring, and ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenses. The water system anticipates revenues to be sufficient to meet its general expense needs.

The water system does not consider assets including deposits and fixed assets to be available for general expense. Fixed assets cannot be liquidated due to donor and self-imposed restrictions.

As of December 31, 2020, the following schedule identifies financial assets that could be made readily available within one year of the statement of financial position date to meet general expenditures:

Cash and Cash Equivalents	\$	500,335
Receivables		59,304
Fixed Assets, Net of Accumulated Depreciation		<u>4,126,198</u>
Total Financial Assets, Period End		<u>4,685,837</u>
Less, those unavailable for general expenses within one year, due to:		
Restricted Cash		273,545
Fixed Assets, Net of Accumulated Depreciation		<u>4,126,198</u>
Financial assets available to meet cash needs for general expenses within one year	\$	<u>286,094</u>

#### NOTE 5 – RESTRICTED ASSETS & RESTRICTED NET ASSETS

Net assets have been restricted as follows:

Debt Service Reserve Fund	\$	165,050
Debt Reserve		67,849
Construction Account		5,067
Customer Deposits		<u>35,579</u>
Total Restricted Net Assets	\$	<u>273,545</u>

#### NOTE 6 – PENSION PLAN

The West Grant Water Association does not have a pension plan. Employees participate in the social security system.

**WEST GRANT WATER ASSOCIATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**NOTE 7 – LONG-TERM LOAN**

West Grant Water Association received a Loan from USDA to improve the water distribution system. The Note is as follows:

**USDA Loan 91-01**

Date of Loan	02/06/2020
Maturity	Project is Incomplete
Interest Rate	<u>2.25%</u>
2020 Beginning Balance	\$ -0-
2020 Principle	-0-
2020 Additions	<u>3,032,000</u>
2020 Ending Balance	\$ <u>3,032,000</u>
2020 Interest	\$ 60,557
Monthly Payments	\$ 9,764

**USDA Loan 91-03**

Date of Loan	02/06/2020
Maturity	Project is Incomplete
Interest Rate	<u>2.25%</u>
2020 Beginning Balance	\$ -0-
2020 Principle	(4,517)
2020 Additions	<u>337,000</u>
2020 Ending Balance	\$ <u>332,483</u>
2020 Interest	\$ 6,713
Monthly Payments	\$ 1,069

**WEST GRANT WATER ASSOCIATION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

<b><u>Sabine State Bank</u></b>	
Date of Loan	11/04/2019
Maturity	Complete
Interest Rate	<u>6.00%</u>
2020 Beginning Balance	\$ 3,322,002
2020 Principle	(3,322,002)
2020 Additions	<u>-0-</u>
2020 Ending Balance	\$ <u>-0-</u>
2020 Interest	\$ 128,644
Monthly Payments	\$ -0-

The annual requirements to amortize all debt outstanding as of December 31, 2020, are as follows:

<u>Year Ending December 31,</u>	<u>USDA 91-01</u>	<u>USDA 91-02</u>	<u>Total</u>
2026	117,168	12,828	129,996
2027	117,168	12,828	129,996
2028	117,168	12,828	129,996
2029	117,168	12,828	129,996
2030	117,168	12,828	129,996
2031-2035	585,840	64,140	649,980
2036-2040	585,840	64,140	649,980
2041-2045	585,840	64,140	649,980
2046-2050	585,840	64,140	649,980
2051-2055	585,840	64,140	649,980
2056-2060	585,840	23,468	609,308
<b>Total</b>	<b>\$ 4,100,880</b>	<b>\$ 408,308</b>	<b><u>4,509,188</u></b>

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

The water system is currently not involved in any lawsuits as of November 24, 2025.

## WEST GRANT WATER ASSOCIATION

### NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

#### NOTE 9 – THE BOARD MEMBERS' NAMES & ADDRESSES ARE AS FOLLOWS:

Richard Bottrell  
President  
2900 Highway 122  
Atlanta, LA 71404

Donna Bryant  
Vice President  
209 Fred Delong Rd  
Colfax, LA 71417

Betty Ashley  
Board Member  
208 Fred Delong Rd  
Colfax, LA 71417

Selena Bryant  
Board Member  
226 Bryant Rd  
Montgomery, LA 71454

Burt Lavespere  
Board Member  
176 Dub Bryant Rd  
Atlanta, LA 71404

Bobby Chelette  
769 Fletchers Loop  
Montgomery, LA 71454

Board members are paid \$-0- for their services.

#### NOTE 10 – USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 revenues, expenditures, and expense during the reporting period. Actual results could differ from those estimates.

#### NOTE 11 – RECENT ACCOUNTING PRONOUNCEMENT

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers* as a new Topic, Accounting Standards Codification *Topic 606*. The ASU is intended to provide a more robust framework for addressing revenue issues, improving comparability of revenue recognition practices and improve disclosure requirements. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts: Deferral of the Effective Date*, which deferred the effective date of ASU No. 2014-09 by one year. This ASU is effective for annual reporting periods beginning after December 13, 2023, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The water system is currently evaluating the impact on the results of operations, financial condition and cash flows, and has not determined the impact on its financial statement at this time.

## WEST GRANT WATER ASSOCIATION

### NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about liquidity and availability of resources, expenses and investment return, and cash flows. ASU No. 2016-14 is effective for annual reporting periods beginning after December 15, 2018, and shall be applied retrospectively. Early adoption is permitted. The water system has implemented 2016-14 as of July 1, 2018. The net effect is a reclassification of net assets among classes, but total net assets remain the same.

#### NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date through, November 24, 2025, of the independent auditor's report for potential recognition or disclosure in the financial statements.

**OTHER INFORMATION**

**WEST GRANT WATER ASSOCIATION**  
**Schedule of Compensation Benefits and Other Payments**  
**to Agency Head or Chief Executive Officer**  
**For the Year Ended December 31, 2020**

Richard Bottrell-President

Purpose	Amount
Salary	\$ -0-
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

\*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

**SUPPLEMENTAL INFORMATION**

**WEST GRANT WATER ASSOCIATION**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures(\$)</i>
<b><i>Other Programs</i></b>		
United States Department of Agriculture		
Water and Waste Disposal System for Rural Communities		
Water and Waste Disposal System for Rural Communities	10.760	<u>\$4,108,157</u>
<b><i>Total Expenditures of Federal Awards</i></b>		<u><u>\$4,108,157</u></u>

The accompanying notes are an integral part of this schedule.  
See Independent Auditor's Report

## WEST GRANT WATER ASSOCIATION

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2020

#### Note A – Single Audit Requirements

In July 1996, the Single Audit Act Amendments of 1996 (1996 Act) were enacted and superseded the Single Audit Act of 1984. In June 1997 OMB issued a revised Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, to implement the changes from the 1996 Act and to rescind Circular A-128. On 06/27/2003 OMB Circular A-133 was revised for fiscal years ending 12/31/2003 and forward. For 2015 and forward OMB Circular A-133 has been superseded in its entirety by OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance) which changes the single audit threshold to \$750,000.

The business type funds used to account for these funds use the accrual basis of accounting.

#### 1.) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the System. The System reporting entity is defined in Note 1 to the System's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

#### 2.) Basis of Accounting

The accompanying Schedule of expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the System's basic financial statements.

#### 3.) Relationship to Basic Financial Statements

Federal award revenues are reported in the District's basic financial statements as follows:

General:	
Water and Waste Disposal Systems for Rural Communities	\$ <u>739,157</u>
Total	\$ <u>739,157</u>
Loan Balance as of December 31, 2020	\$ 3,369,000

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with U.S. generally accepted principles.

#### 4.) Federal Awards

"Federal awards" do not include the System's other state grants.

#### 5.) Indirect Cost Rate

West Grant Water Association has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Presented for purposes of additional analysis only.

**OTHER REPORTS**

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## **THE VERCHER GROUP**

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### MEMBERS

American Institute of  
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Society of Louisiana  
Certified Public Accountants

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Certified Fraud Examiners

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

Richard Bottrell- President  
& Members of the Board of Directors  
2900 Highway 122  
Atlanta, LA 71404

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Grant Water Association (a nonprofit organization), as of and for the year ended December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the West Grant Water Association’s basic financial statements, and have issued our report thereon dated November 24, 2025.

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

In planning and performing our audit of the financial statements, we considered the West Grant Water Association’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 West Grant Water Association’s internal control. Accordingly, we do not express an opinion on the effectiveness of the West Grant Water Association’s internal control.

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 questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned items (**2020-3 Documentation of Expenditures, 2020-4 Minutes of Meetings, 2020-6 Old Outstanding Checks, and 2020-10 Lack of Adequate Billing Records for Water System Customers**) to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items (**2020-1 Small Size Entity, 2020-2 Policy and Procedures Manual, and 2020-5 Inventory of Movable Property and Equipment**) to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the West Grant Water Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items (**2020-7 Reporting, Federal Award Programs, 2020-8 Annual Filing of Single Audit Submission, 2020-9 Annual Filing of Financial statements with the Legislative Auditor**).

### **Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the West Grant Water Association's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. West Grant Water Association's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*The Vercher Group*

Jena, Louisiana  
November 24, 2025

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Certified Fraud Examiners

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Board of Directors  
West Grant Water Association  
2900 Highway 122  
Atlanta, LA 71404

#### **Report on Compliance for Each Major Federal Program**

##### ***Qualified and Unmodified Opinions***

We have audited West Grant Water Association's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of West Grant Water Association's major federal programs for the year ended December 30, 2020. West Grant Water Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

##### ***Qualified Opinion on 10.760 Water and Waste Disposal Systems for Rural Communities***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, West Grant Water Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on 10.760 Water and Waste Disposal Systems for Rural Communities for the year ended December 31, 2020.

##### ***Basis for Qualified Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of West Grant Water Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for each major federal program. Our audit does not provide a legal determination of West Grant Water Association's compliance with the compliance requirements referred to above.

*Matter Giving Rise to Qualified Opinion on 10.760 Water and Waste Disposal Systems for Rural Communities*

As described in the accompanying schedule of findings and questioned costs, West Grant Water Association did not comply with requirements regarding 10.760 Water and Waste Disposal Systems for Rural Communities as described in finding number 2020-7 Reporting.

<b>Finding #</b>	<b>Assistance Listing #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2020-7	10.760	Water and Waste disposal Systems for Rural Communities	Reporting

Compliance with such requirements is necessary, in our opinion, for West Grant Water Association to comply with the requirements applicable to that program.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to West Grant Water Association’s federal programs.

***Auditor’s Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on West Grant Water Association’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about West Grant Water Association’s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding West Grant Water Association’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of West Grant Water Association’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of West Grant Water Association’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with The Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item **2020-8 Timely filing of Single Audit Submission with Federal Audit Clearinghouse**. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on West Grant Water Association's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. West Grant Water Association's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **2020-7 Reporting, Federal Award Programs** to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on West Grant Water Association's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. West Grant Water Association's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*The Vercher Group*

Jena, Louisiana

November 24, 2025

**WEST GRANT WATER ASSOCIATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended December 31, 2020**

We have audited the financial statements of the West Grant Water Association, as of and for the two years ended December 31, 2020, and have issued our report thereon dated November 24, 2025. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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**Section I. Summary of Auditor’s Results**

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Our audit of the financial statements as of December 31, 2020, resulted in an unmodified opinion.

**a. Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses  Yes      Significant Deficiencies  Yes

Compliance

Compliance Material to Financial Statements  Yes

**b. Federal Awards**

Internal Control

Material Weaknesses  Yes      Other Conditions      Yes

Type of Opinion on Compliance      Unmodified       Qualified   
For Major Programs      Disclaimer       Adverse

Are there findings required to be reported in accordance with Uniform Guidance?

Yes  No

**c. Identification of Major Programs:**

<b>CFDA Number (s)</b>	<b>Name of Federal Program (or Cluster)</b>
<b>10.760</b>	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B Programs:      \$ 750,000

Is the auditee a ‘low-risk’ auditee, as defined by OMB Uniform Guidance?       Yes       No

WEST GRANT WATER ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COST- (CONT.)  
For the Year Ended December 31, 2020

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**Section II Financial Statement Findings**

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**2020-1 Small Size Entity (Internal Control)**

**Condition:** Because of the small size of the entity and lack of separation of duties of employees, many of the important elements of good internal control cannot always be achieved to ensure adequate protection of the Entity's cash.

**Criteria:** Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

**Cause of Condition:** Small size of entity and lack of employees.

**Potential Effect of Condition:** Significant deficiency in internal controls.

**Recommendation:** We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**Client Response and Corrective Action:** Management will continue to provide necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**2020-2 Policy and Procedures Manual (Internal Control)**

**Condition:** The entity does not have a written policy and procedures manual that addresses budgeting, purchasing, disbursements, receipts, contracting, credit cards, travel and expense reimbursement, ethics, or debt service.

**Criteria:** Good internal controls require that an entity have written policies and procedures addressing budgeting, purchasing, disbursements, receipts, contracting, credit cards, travel and expense reimbursement, ethics, or debt service.

**Cause of Condition:** Not having written policy and procedures.

**Potential Effect of Condition:** Significant internal control weaknesses.

**Recommendation:** The entity should prepare a written policy and procedures manual that addresses budgeting, purchasing, disbursements, receipts, contracting, credit cards, travel and expense reimbursement, ethics, or debt service.

## WEST GRANT WATER ASSOCIATION

### SCHEDULE OF FINDINGS AND QUESTIONED COST- (CONT.) For the Year Ended December 31, 2020

**Client Response and Corrective Action:** The System will adopt a written policy and procedures manual that addresses budgeting, purchasing, disbursements, receipts, contracting, credit cards, travel and expense reimbursement, ethics, or debt service.

#### **2020-3 Documentation of Expenditures**

**Condition:** During the test of a sample expenditure, the auditor found that the entity was unable to provide invoices/statements for its expenditures.

**Criteria:** Good accounting practices require that all expenditures be documented as to the description of the expenditure and the business purpose, unless readily determined from the documentation.

**Cause of Condition:** Not adequately documenting expenditure at time of purchase.

**Effect of Condition:** Inadequate documentation of expenditures.

**Recommendation:** We recommend that all expenditures be documented as to the description and the business purpose of the expenditure, unless readily determined by the documentation.

**Client Response and Corrective Action:** Management will ensure that all expenditures be documented as to the description and the business purpose of the expenditure, unless readily determined by the documentation.

#### **2020-4 Minutes of Meetings**

**Condition:** The System was unable to locate the minutes of board meetings.

**Criteria:** Minutes of board meetings document decisions and actions by the System's board of directors.

**Cause of Condition:** Not safeguarding minutes of meetings.

**Potential Effect of Condition:** Material deficiency in internal controls.

**Recommendation:** We recommend the system document and keep minutes of the board of director's meetings and store them in a safe location.

**Client Response and Corrective Action:** Management will ensure that the system documents and keep minutes of the board of director's meetings and store them in a safe location.

**WEST GRANT WATER ASSOCIATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COST- (CONT.)  
For the Year Ended December 31, 2020**

**2020-5 Inventory of movable property and equipment**

**Condition:** The entity does not maintain an inventory of movable property and equipment.

**Criteria:** Good internal controls require that a written inventory of movable property and equipment be maintained and updated when new property and equipment is purchased and disposals are documented when made.

**Cause of Condition:** Not maintaining the required records.

**Potential Effect of Condition:** Weak internal controls over property and equipment.

**Recommendation:** A written inventory of movable property and equipment should be maintained and updated when new property and equipment is purchased and disposals documented when made.

**Client Response and Corrective Action:** Management will begin keeping a written inventory of movable property and equipment should be maintained and updated when new property and equipment is purchased and disposals documented when made.

**2020-6 Old Outstanding Checks**

**Condition:** The entity has \$35,295 in old outstanding checks that are more than a year old. Further, the back reconciliation's cash balance does not match the cash balance on the financial statements.

**Criteria:** Not clearing old outstanding checks on a regular basis can result in the issuance of financial statements that understates cash.

**Cause of Condition:** Not correcting the bank reconciliation and financial statements.

**Potential Effect of Condition:** Understatement of cash in the financial statements.

**Recommendation:** The old outstanding checks should be added back to the books and bank reconciliation corrected.

**Client Response and Corrective Action:** The entity will have their fee accountant make the necessary adjustments.

## WEST GRANT WATER ASSOCIATION

### SCHEDULE OF FINDINGS AND QUESTIONED COST- (CONT.) For the Year Ended December 31, 2020

#### **2020-9 Filing of Financial statements with the Legislative Auditor**

**Condition:** The entity did not timely file their financial statements with the legislative auditor on a timely basis.

**Criteria:** LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable, require that governmental units file their financial statements annually with the Legislative Auditor's Office with six months of the entity's year end closing.

**Potential Effect on Condition:** Compliance finding and a freeze on grant funding.

**Recommendation:** We recommend the entity have their audit completed in time to file with the Legislative Auditor's office within six months of the entity's year end closing.

**Client Response and Corrective action:** Management will have their financial statements completed in time to file with the Legislative Auditor's Office within six months of it's year end closing.

#### **2020-10 Lack of Adequate Billing Records for Water System of Customers**

**Condition:** During our review of the Water System's customer billing processes, we noted that the system did not maintain complete and accurate billing records for the audit period. Billing documentation-including customer ledgers, billing registers, usage reports, and payment histories-was missing or incomplete. As a result, we were unable to verify the accuracy of amounts billed to customers or confirm that all billed revenue was properly recorded and collected.

**Criteria:** Best practices for utility operations, as well as state/local record-retention requirements, mandate that public water systems maintain accurate billing records sufficient to support charges assessed to customers and revenue recorded in the accounting system. Additionally internal control standards require adequate documentation to support financial transactions.

**Potential Effect on Condition:** Management indicated that the billing software previously used by the Water System malfunctioned and that manual backup records were not consistently maintained. In addition, staff turnover contributed to insufficient oversight of billing recordkeeping.

**Recommendation:** We recommend that the Water System implement and maintain a comprehensive billing record system that accurately tracks customer usage, billing amounts, payments received, and account balances. Management should ensure that the system is backed up regularly, that staff are trained in its use, and that routine monitoring procedures are established to verify the completeness and accuracy of billing data.

**Client Response and Corrective Action:** The Water System has implemented a new billing software platform and will ensure that billing records are properly maintained and backed up. Staff training will be conducted, and monthly reconciliations will be instituted to ensure accurate billing.

**WEST GRANT WATER ASSOCIATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COST- (CONT.)  
For the Year Ended December 31, 2020**

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**Section III Federal Awards Findings and Questioned Costs**

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**2020-7 Reporting Federal Award Programs**

**Condition:** Reporting requirements in relation to federal funding, assistance listing number 10.760 Water and Waste Disposal Systems for Rural Communities were not met. The required forms were not filed, and an annual audit was not submitted until five years after the due date.

**Criteria:** Form RD 442-2, Statement of Budget, Income Equity- This report covers financial operations relating to the borrower's water and waste disposal project. A borrower may submit this financial data on other forms, provided the forms are in a similar format and signed and dated by the organization's official to certify the correctness of the information. Also, an annual audit may be submitted in lieu of this form.

Form RD 442-3, Balance Sheet- This report presents the financial status of the borrower's water or waste disposal project. A borrower may submit this financial data on other forms, provided the forms are in a similar format and signed and dated by the organization's official to certify the correctness of the information. Also, an annual audit may be submitted in lieu of this form.

**Cause of the Condition:** Small size entity, lack of professional guidance and a change in personnel and management.

**Potential Effect on Condition:** Compliance violation and material internal control deficiency.

**Recommendation:** We recommend the system should obtain professional guidance regarding compliance requirements.

**Client Response and Corrective Action:** The system will obtain professional guidance regarding compliance requirements for future projects.

**2020-8 Timely filing of Single Audit submission with the Federal Audit Clearinghouse**

**Condition:** A query of the Single Audit Database found that the Entity Did not submit its reporting package and data collection form to the Federal Audit Clearinghouse (FAC) for the year that were Uniform Guidance Single Audits.

**Criteria:** Sec. 320(a) of the Uniform Guidance requires the reporting package and data collection form to be submitted to the Federal Audit Clearinghouse the earlier of 30 days after the reports are received from the auditor or nine months after the end of the audit period, unless a longer period of time was agreed to in advance by to cognizant or oversight agency for audit.

**Cause of Condition:** The audits were completed late, and the reporting package and data collection form were not submitted.

**WEST GRANT WATER ASSOCIATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COST- (CONT.)**

**For the Year Ended December 31, 2020**

**Potential Effect of Condition:** Uniform Guidance Compliance violation.

**Recommendation:** We recommend the reporting package and data collection form should be submitted to the Federal Audit Clearinghouse (FAC) within 9 months of the entity's fiscal year closing.

**Client Response and Corrective Action:** The Entity will submit all future reporting packages and data collection forms to the Federal Audit Clearinghouse (FAC) within 9 months of its fiscal year end closing.

**WEST GRANT WATER ASSOCIATION  
DECEMBER 31, 2020**

**MANAGEMENT CORRECTIVE ACTION**

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**CURRENT YEAR FINDINGS COMMENTS**

**2020-1 Small Size Entity**

***Findings:*** The Entity's small size and lack of separation duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Entity's cash.

***Corrective Action:*** Management will continue to provide necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

***Contact Person:*** Richard Bottrell, President

***Anticipated Completion Date:*** N/A

**2020-2 Policy and Procedures manual**

***Findings:*** The entity does not have a written policy and procedures manual that addresses budgeting, purchasing, disbursements, receipts, contracting, credit card/fuel cards, travel and expense reimbursement, ethics, or debt service.

***Corrective Action:*** The entity will adopt a written policy and procedures manual that addresses budgeting, purchasing, disbursements, receipts, contracting, credit card/fuel cards, travel and expense reimbursement, ethics, or debt service.

***Contact Person:*** Richard Bottrell, President

***Anticipated Completion Date:*** December 31, 2025

**2020-3 Documentation of Expenditures**

***Findings:*** During the test of a sample of expenditures, the auditor found that the entity was unable to provide invoices/statements for its expenditures.

***Corrective Action:*** All expenditures will be documented as to the description and the business purpose of the expenditure, unless readily determinable from the documentation.

***Contact Person:*** Richard Bottrell, President

***Anticipated Completion Date:*** December 31, 2025

**WEST GRANT WATER ASSOCIATION  
DECEMBER 31, 2020**

**MANAGEMENT CORRECTIVE ACTION CONTINUED**

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**2020-4 Minutes of Meetings**

*Findings:* The system was unable to locate the minutes of board meetings. The board minutes document decisions and actions by the entity's board of directors.

*Corrective Action:* Management will ensure that the system documents and keep minutes of the board of director's meetings and store them in a safe location.

*Contact Person:* Richard Bottrell, President

*Anticipated Completion Date:* December 31, 2025

**2020-5 Inventory of movable property and equipment**

*Findings:* The entity does not maintain an inventory of movable property and equipment. Good internal controls require that a written inventory of movable property and equipment be maintained and updated when new property and equipment is purchased and disposals documented when made.

*Corrective Action:* Management will begin keeping a written inventory of movable property and equipment should be maintained and updated when new property and equipment is purchased and disposals documented when made.

*Contact Person:* Richard Bottrell, President

*Anticipated Completion Date:* December 31, 2025

**2020-6 Old Outstanding Checks**

*Findings:* The entity has \$35,295 in outstanding checks that are more than a year old. Further, the bank reconciliation's cash balance does not match the cash balance on the financial statements.

*Corrective Action:* The entity will have their fee accountant make the necessary adjustments.

*Contact Person:* Richard Bottrell, President

*Anticipated Completion Date:* December 31, 2025

**2020-7 Reporting, Federal Award Programs**

*Findings:* Reporting requirements in relation to federal funding, assistance listing number 10.760 Water and Waste Disposal Systems for Rural Communities were not met. The required forms were not filed and an annual audit was not submitted until five years after the due date.

**WEST GRANT WATER ASSOCIATION  
DECEMBER 31, 2020**

**MANAGEMENT CORRECTIVE ACTION- CONTINUED**

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**Corrective Action:** The system will obtain professional guidance regarding compliance requirements for future projects.

**Contact Person:** Richard Bottrell, President

**Anticipated Completion Date:** December 31, 2025

**2020-8 Timely filing of Single Audit Submission with the Federal Audit Clearinghouse**

**Findings:** A query of the Single Audit Database found that the entity did not submit its reporting package and data collection form to the Federal Audit Clearinghouse (FAC) for the year that were Uniform Guidance Single Audit.

**Corrective Action:** The Entity will submit all future reporting packages and data collection forms to the Federal Audit Clearinghouse (FAC) within 9 months of its fiscal year end closing.

**Contact Person:** Richard Bottrell, President

**Anticipated Completion Date:** December 31, 2025

**2020-9 Filing of Financial statements with the Legislative Auditor**

**Findings:** The entity did not timely file their financial statements with the Legislative Auditor on a timely basis.

**Corrective Action:** Management will have their financial statements completed in time to file with the Legislative Auditor's Office within six months of it's year end closing.

**Contact Person:** Richard Bottrell, President

**Anticipated Completion Date:** December 31, 2025

**2020-10 Lack of Adequate Billing Records for Water System Customers**

**Findings:** The entity did not keep accurate billing records to confirm billed revenue was properly recorded and collected.

**Corrective Action:** Management will billing records are properly maintained and backed up, as well as staff training and monthly reconciliations to ensure accurate billing.

**Contact Person:** Richard Bottrell, President

**Anticipated Completion Date:** December 31, 2025

**WEST GRANT WATER ASSOCIATION  
DECEMBER 31, 2020**

**MANAGEMENT'S SUMMARY  
OF PRIOR YEAR FINDINGS**

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The management of West Grant Water Association has provided the following action summaries relating to findings brought to their attention as a result of their audit for the year ended December 31, 2019.

**PRIOR YEAR FINDINGS**

No findings to report.