

LOUISIANA RURAL WATER ASSOCIATION, INC.

FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITORS' REPORT

Year Ended June 30, 2017

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**Gragson, Casiday & Guillory, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
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KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BARLOW, C.P.A.  
BRIAN MCCAIN, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Louisiana Rural Water Association, Inc.  
Kinder, LA

November 27, 2017

**Report on the Financial Statements**

We have audited the accompanying statement of financial position of Louisiana Rural Water Association, Inc. (a nonprofit organization), as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

**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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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To the Board of Directors  
Louisiana Rural Water Association, Inc.  
November 27, 2017  
Page Two

The prior year summarized comparative information has been derived from Louisiana Rural Water Association, Inc.'s 2016 financial statements and, in our report dated November 4, 2016; we expressed an unqualified opinion on those financial statements.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Rural Water Association, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information and other information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017 on our consideration of Louisiana Rural Water Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Louisiana Rural Water Association, Inc.'s internal control over financial reporting and compliance.

*Drayson Casiday & Guillory*

LOUISIANA RURAL WATER ASSOCIATION, INC.

Statement of Financial Position

June 30, 2017

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 541,055	\$ 613,781
Investments	142,258	143,249
Accounts receivable	257,266	140,385
Prepaid expenses	23,446	31,566
Total Current Assets	<u>964,025</u>	<u>928,981</u>
Fixed assets, at cost (net of accumulated depreciation of \$906,853 for 2017)	<u>533,379</u>	<u>517,211</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,497,404</u></u>	<u><u>\$ 1,446,192</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 89,584	\$ 67,133
Deferred income	250,744	215,440
Vacation and sick leave payable	255,409	285,116
Note payable	11,987	-
Total Current Liabilities	<u>607,724</u>	<u>567,689</u>
Net Assets		
Unrestricted	<u>889,680</u>	<u>878,503</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,497,404</u></u>	<u><u>\$ 1,446,192</u></u>

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

LOUISIANA RURAL WATER ASSOCIATION, INC.

Statement of Activities

Year Ended June 30, 2017

	Unrestricted	Temporarily restricted	Totals	
			2017	2016
<b>REVENUES AND RECLASSIFICATIONS</b>				
Grants	\$ 1,164,962	\$ -	\$ 1,164,962	\$ 1,177,626
Contributions - In-kind	19,134	-	19,134	-
Membership fees	299,945	-	299,945	290,640
Conference	251,419	-	251,419	253,350
Training	93,282	-	93,282	78,124
Advertising	40,791	-	40,791	36,164
Interest	617	-	617	7,436
Other - federal programs	62,194	-	62,194	15,777
Miscellaneous	21,725	-	21,725	23,485
Net Assets Released from Restrictions:				
Satisfaction of program restrictions	-	-	-	-
Total Revenues and Reclassifications	<u>1,954,069</u>	<u>-</u>	<u>1,954,069</u>	<u>1,882,602</u>
<b>EXPENSES</b>				
General and administrative	599,371	-	599,371	618,703
Federal program subsidies	55,395	-	55,395	15,777
Program services:				
LA - WARN	939	-	939	1,037
E.P.A.	87,047	-	87,047	112,207
Circuit rider - National Rural Water	379,731	-	379,731	363,963
Wastewater - National Rural Water	135,933	-	135,933	130,719
Energy	420,797	-	420,797	420,443
E.P.A. - Wastewater	25,758	-	25,758	27,382
Drinking water - USDA	135,327	-	135,327	123,487
DEQ - Homeowner sewer maintenance	56,158	-	56,158	-
Capacity Development training	46,436	-	46,436	40,000
Total Expenses	<u>1,942,892</u>	<u>-</u>	<u>1,942,892</u>	<u>1,853,718</u>
INCREASE (DECREASE) IN NET ASSETS	11,177	-	11,177	28,884
NET ASSETS - BEGINNING OF YEAR	<u>878,503</u>	<u>-</u>	<u>878,503</u>	<u>849,619</u>
NET ASSETS - END OF YEAR	<u>\$ 889,680</u>	<u>\$ -</u>	<u>\$ 889,680</u>	<u>\$ 878,503</u>

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

LOUISIANA RURAL WATER ASSOCIATION, INC.

Statement of Cash Flows

Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 11,177	\$ 28,884
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	31,611	36,875
Unrealized (gain) loss on investments	3,370	(1,688)
(Increase) decrease in assets		
Accounts receivable	(116,881)	31,469
Prepaid expenses	8,120	(5,592)
Increase (decrease) in liabilities		
Accounts payable	22,451	10,634
Deferred income	35,304	(10,845)
Vacation and sick leave payable	(29,707)	2,094
Net cash from operating activities	<u>(34,555)</u>	<u>91,831</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net sale (purchase) of investments and noncash equivalents	(3,524)	(5,279)
Purchase of fixed assets	(47,779)	(2,456)
Net (Payments) borrowings on debt	11,987	-
Net cash used by investing activities	<u>(39,316)</u>	<u>(7,735)</u>
Net increase (decrease) in cash equivalents	(73,871)	84,096
Cash equivalents - beginning of year	<u>412,378</u>	<u>328,282</u>
Cash equivalents - end of year	<u>\$ 338,507</u>	<u>\$ 412,378</u>
Supplemental Disclosure:		
Cash paid for interest	<u>\$ 436</u>	<u>\$ -</u>

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

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association was formed in 1978 to provide training and technical assistance to rural water and wastewater systems throughout Louisiana.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, Louisiana Rural Water Association, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenues

Revenues are derived primarily from federal and state grants and from membership fees. Grants are summarized as follows:

E.P.A. - To provide training and technical assistance to rural and small public water supply systems. Revenue of \$87,534 was recognized in the current year. Current grant agreement runs through July 31, 2017.

Circuit Rider - National Rural Water Association, Inc. - To provide technical assistance to systems servicing rural areas or cities/towns with a population under 10,000. Revenue of \$352,260 was recognized in the current year. Current grant agreement runs through November 30, 2017.

Wastewater - National Rural Water Association, Inc. - To provide technical assistance to "Rural Development Administration" funded and potentially funded wastewater systems. Revenue of \$122,923 was recognized in the current year. Current grant agreement runs through June 30, 2017.

Energy - "Rural Water Energy Conservation Program". Revenue of \$367,282 was recognized in the current year. Current grant agreement ran through June 30, 2021.

Drinking Water - USDA - To provide training and technical assistance to implement federal drinking water grant. Revenue of \$115,443 was recognized in the current year. Current grant agreement runs through June 30, 2017.

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Very small water system - To provide training for very small water system's operators. Revenue of \$10,000 was recognized in the current year. Current grant agreement runs through June 30, 2018.

DEQ homeowner sewage maintenance – To educate homeowners on the importance of inspecting and maintaining their own individual sewage treatment system. Revenue of \$70,245 was recognized in the current year. Current grant agreement runs through August 31, 2017.

Capacity Development - To provide on-site technical assistance and training for public water systems. Revenue of \$39,275 was recognized in the current year. Current grant agreement runs through June 30, 2018.

Estimates

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

Accounts Receivable

Accounts receivable at June 30, 2017 of \$257,266 represents receivables from the federal and state grants, all deemed collectable.

Advertising Costs

The Association expenses advertising costs as incurred. Expenses incurred were \$7,241 for 2017.

Deferred Income

Grant funds received from the grantor for particular operating purposes are deemed to be earned and reported as revenues when the Association has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet earned are reported as deferred amounts. There are no such deferred amounts at June 30, 2017.

Deferred income of \$250,744 at June 30, 2017 represents July 2017 conference income received prior to June 30, 2017.

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash

Cash includes amounts in demand deposits. The Association's policy is to secure required collateral to safeguard all of the financial instruments. At June 30, 2017, the Association had \$557,166 in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal depository insurance, and \$307,166 of pledged securities held by the custodial bank and government securities.

Investments

Investments are composed of mutual funds investing in debt and equity securities and are carried at fair value. The fair value is obtained from monthly investment statements. Investments as of June 30, 2017 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Liberty Mutual Fund for U.S. Government Securities	<u>\$ 158,632</u>	<u>\$ 142,258</u>	<u>\$ 142,258</u>

The following summarizes the investment return:

Interest earned	\$ 2,739
Unrealized gain (loss)	<u>(3,370)</u>
Net investment return	<u>\$ (631)</u>

Prepaid Expenses

Prepaid expenses of \$23,446 at June 30, 2017 represent mostly conference expenses paid at year end.

Vacation and Sick Leave Policies

The Association's vacation policy permits 10 days after one year of service, 15 days after five years of service and 20 days after 20 years of service. Accrued vacation must be taken within one year. Employees are paid for unused vacation days upon termination of employment. Accrued vacation payable is recorded at \$36,429 at June 30, 2017.

The Association's sick leave policy permits the accumulation of one day per month up to a maximum of 120 days. Employees are not paid for unused sick days upon termination of employment. Accrued sick leave is recorded at \$218,980 at June 30, 2017.

The Association has received permission from its federal grantor agency to accrue funded vacation and sick leave benefits. The federal programs fund the accruals to accumulate funds to pay for terminations and long-term illnesses of employees paid from those programs. The accrual cannot be more than the legal liability for those programs.

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Reconciliation of cash and cash equivalents at June 30, 2017 is as follows:

Cash Equivalents	\$ 338,507
Noncash Equivalents	<u>202,548</u>
Total Cash	<u>\$ 541,055</u>

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as restricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Subsequent Events

Management has evaluated subsequent events through November 27, 2017, the date the financial statements were available to be issued.

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2017

NOTE B - FIXED ASSETS

A summary of fixed assets follows:

Building and land	\$ 709,632
Equipment	<u>730,600</u>
	1,440,232
Less accumulated depreciation	<u>906,853</u>
	<u>\$ 533,379</u>

Fixed Assets are stated at cost, net of accumulated depreciation. Acquisitions of property and equipment in excess of \$1,000 are capitalized. Depreciation is provided over the estimated useful lives, ranging from 5 to 31 years, of the respective assets calculated on the straight line method. Depreciation expense for the year ended June 30, 2017 was \$31,611.

NOTE C - FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE D - CONTINGENCIES

The Association receives a substantial amount of its support from federal and state government grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the programs and activities.

NOTE E - INCOME TAXES

The Association is exempt from federal income taxes under the provision of Section 501(c)(6) of the Internal Revenue Code.

Tax years 2014 through 2016 remain subject to examination by the IRS.

NOTE F – RETIREMENT PLAN

The Association has a defined contribution salary deferral plan covering substantially all employees. Under the plan, the Association contributes seven percent of each eligible employee's salary. Employees may contribute up to fifteen percent, but must contribute at least three percent, of each eligible employee's salary. Plan expenses incurred by the Association for the year ended June 30, 2017 was \$51,364.

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2017

NOTE G – COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

NOTE H – NOTE PAYABLE

Note payable at June 30, 2017 consisted of the following:

\$150,000 line of credit to Jeff Davis Bank dated August 29, 2016, payable on demand or in one payment, including interest at 2.66%, maturity March 26, 2018, collateral of certificate of deposits.

\$ 11,987

NOTE I – FAIR VALUE MEASUREMENTS

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available-for-sale on a recurring basis.

FASB ASC 820-10 defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements.

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

LOUISIANA RURAL WATER ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2017

NOTE I – FAIR VALUE MEASUREMENTS - CONTINUED

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2017 are as follows:

	<u>Fair Value</u>	<u>Quoted prices in Active markets Identical assets Level 1</u>	<u>Significant Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
Short-term investments:				
U.S. Government Securities	<u>\$ 142,258</u>	<u>\$ 142,258</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>

LOUISIANA RURAL WATER ASSOCIATION, INC.

Schedule of General and Administrative Expenses

Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
Advertising	\$ 7,241	\$ 4,555
Conference - other	7,666	6,968
Conference - LRWA	139,658	124,093
Dues	23,145	16,605
Employee benefits	14,077	11,864
Indirect expenses - Internal	149,681	145,091
Indirect expenses - unallocated excess	65,613	124,722
Miscellaneous	15,878	14,451
Newsletter	27,036	33,959
Office expense	15	15
Public relations	13,377	9,798
Retirement	3,117	3,022
Rural water rally	21,946	20,545
Salaries	45,862	41,274
Scholarship	4,000	4,000
Service charges	2,545	3,933
Taxes - payroll	3,695	3,498
Training	48,623	45,897
Travel	6,196	4,413
	<u>\$ 599,371</u>	<u>\$ 618,703</u>

LOUISIANA RURAL WATER ASSOCIATION, INC.

Schedule of Indirect Expenses

Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
Board members	\$ 383	\$ 147
Depreciation	17,145	16,425
Employee benefits	68,192	49,223
Equipment lease	11,929	14,023
Insurance	9,697	9,601
Office supplies	16,768	25,571
Postage	4,979	3,750
Professional fees	12,065	12,178
Repairs and maintenance	8,286	7,780
Retirement	19,229	19,278
Salaries	274,695	275,405
Taxes - payroll	21,084	20,673
Telephone	22,987	25,987
Training	-	900
Travel - Administrative	37,348	34,049
Travel - Board	33,652	21,945
Utilities	5,312	5,284
	<u>\$ 563,751</u>	<u>\$ 542,219</u>

OTHER INFORMATION

LOUISIANA RURAL WATER ASSOCIATION, INC.  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO CHIEF EXECUTIVE OFFICER

Year Ended June 30, 2017

Chief Executive Officer: Patrick Credeur, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$106,919
Benefits - insurance	18,742
Benefits - retirement	7,484
Benefits - cell phone	-
Vehicle provided by government	-
Per diem	5,416
Reimbursements	-
Travel-mileage	16,706
Registration fees	1,274
Conference travel	17,691
Continuing professional education fees	-
Housing-lodging	16,999
Unvouchered expenses	-
Meal reimbursements	5,386
Dues	-



**Gragson, Casiday & Guillory, L.L.P.**  
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Louisiana Rural Water Association, Inc.  
Kinder, LA

November 27, 2017

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Louisiana Rural Water Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Louisiana Rural Water Association, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Rural Water Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors  
Louisiana Rural Water Association, Inc.  
November 27, 2017  
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### **Compliance and Other Matters**

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

### **Purpose of this Report**

This report is intended solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dwight Casiday & Guilley*

LOUISIANA RURAL WATER ASSOCIATION, INC.

Schedule of Findings and Responses

Year Ended June 30, 2017

I - Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses(es) identified?             yes     no
- Control deficiencies identified that are  
not considered to be material weakness(es)?     yes     none reported

Noncompliance material to financial  
statements noted?                                     yes     no

II - Financial Statement Findings

- None

III - Federal Award Findings and Questioned Costs

- Not applicable

IV - Prior Year Findings

- None



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INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Louisiana Rural Water Association, Inc.  
Kinder, Louisiana

December 19, 2017

We have performed the procedures included enumerated below, which were agreed to by the Louisiana Rural Water Association, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP's) for the fiscal year July 1, 2016 through June 30, 2017. The Association's management is responsible for those C/C areas identified in the SAUP's.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain the Association's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Association does not have any written policies and procedures), as applicable:
  - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.  
***The Association does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.***
  - b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.  
***The Association does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.***
  - c) *Disbursements*, including processing, reviewing, and approving.  
***The Association does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.***
  - d) *Receipts*, including receiving, recording, and preparing deposits.  
***The Association does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.***

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

*The Association does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

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

*The Association does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

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

*The Association does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

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

*The Association does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Association's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*The Association does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

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

*The Association does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

***Council (or Finance Committee, if applicable)***

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2. Obtain and review the board minutes for the fiscal year, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*The minutes reflected that the managing board met monthly in accordance with enabling legislation.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Association's prior audit (GAAP-basis).

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

*Monthly income statements with budgetary comparisons and variances were not provided to the board. In addition, there was not a fund balance deficit.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal year.

*Minutes, where applicable, contained approval of non-budgetary financial information.*

#### ***Bank Reconciliations***

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

*The listing was provided by management.*

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

- a) Bank reconciliations have been prepared;

*For each bank account selected, the accounts were reconciled.*

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

*There is documentation that a member of management or a board member has reviewed each bank reconciliation.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*As of June 30, 2017, there are no outstanding checks for more than six months.*

### **Collections**

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

***The listing was provided by management.***

6. Using the listing provided by management, select all of the Association's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

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

***All employees are covered by a \$100,000 theft policy. One employee performs all functions: collections, deposits, records the transaction, and reconciles the bank account. There are no compensating controls performed. The Association does not maintain a cash drawer.***

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Association has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

***The same person performs all functions of collections, deposits, recording and reconciliations. There is no formal process of reconciling collections to ledgers by an independent individual. However, a formal process exists and is documented of reconciling collections to ledgers.***

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using Association collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

***All deposits were made within one day of collections.***

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

***No evidence of exceptions was found during the testing.***

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Association has a process specifically defined (identified as such by the Association) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*The Association's policies include some of the processes specifically defined to determine completeness of all collections but they are generally performed by persons who are also responsible for collections.*

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

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

*The listing was provided by management.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Association had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

**Randomly selected 25 disbursements and obtained supporting documentation for each transaction.**

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

*Not applicable, Association does not use purchase order system.*

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

*Not applicable, Association does not use purchase order system.*

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

*All 25 disbursement invoices were approved by check signatures; however, documentation was not reflected on the invoices.*

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

*The Clerk has the authority to sign checks, perform accounts payable payment processing, and add vendors to the Association's system.*

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

*The Clerk has signatory authority and authorization for disbursements. The clerk can also initiate and record purchases.*

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

*The Association's checks are printed on blank check stock. The blank checks are maintained in a locked location. The Clerk has signatory authority and access to print checks.*

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

*The Association has two signature stamps, for director and board president. The stamps are only utilized with consent of signer. Checks are maintained under the control of the signer until mailed.*

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

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

*The listing was provided by management.*

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

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

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

***On the months tested, supporting documentation was reviewed and approved in writing, however not by someone other than the authorized card holder.***

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

***No finance charges and/or late fees were assessed on the months tested.***

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

***Each transaction was supported by an original itemized receipt.***

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

***Documentation of business/public purpose was provided.***

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

***All documentation appeared to be in order.***

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

***No exceptions were noted.***

- c) For each transaction, compare the Association's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

***No exceptions were noted.***

***Travel and Expense Reimbursement***

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

***The listing was provided by management.***

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

***The Association has a written travel and expense reimbursement policy. No reimbursements exceeded the GSA rates.***

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Association does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

***For the expense reimbursements tested, all were reimbursed in accordance with written policy.***

- b) Report whether each expense is supported by:

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

***Itemized receipts were provided for all expenses tested that identified what was purchased.***

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

***Each expense was supported by documentation of business purpose.***

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

***No other documentation is required.***

- c) Compare the Association's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the

transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

***The Association's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.***

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

***Each expense tested was supported by documentation and approval by someone other than reimbursed person.***

### ***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

***The listing was provided by management.***

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

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

***Three of the five highest paid vendors had formal/written contracts, and invoices were present for all five vendor payments.***

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

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

***The contracts/vendors were not subject to the public bid law.***

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

***Solicited quotes were not obtained.***

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

***None of the contracts were amended.***

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*All payments complied with the terms of the contract/invoice.*

- e) Obtain/review contract documentation and council minutes and report whether there is documentation of council approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*This is not required by policy or law.*

### ***Payroll and Personnel***

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*The listing was provided by management.*

- a) Review compensation paid to each employee during the fiscal year and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*All selected employees were paid in strict accordance with the approved pay rate structure.*

- b) Review changes made to hourly pay rates/salaries during the fiscal year and report whether those changes were approved in writing and in accordance with written policy.

*There were no changes to pay rate/salaries during the period.*

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Association had less than 25 employees during the fiscal period), and:

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

*All employees tested had documentation of leave, however there was no documentation of daily attendance.*

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

*There was written documentation that supervisors approved attendance and leave.*

- c) Report whether there is written documentation that the Association maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*The Association maintained written leave records reflecting the hours earned, the hours used, and the balance available.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*The listing was provided by management. One employee was terminated during the fiscal year. The termination payments were made in strict accordance with policy.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*Documentation reflected that payroll tax return/reports were timely filed and all payroll taxes were timely paid and submitted for the fiscal year. The Association does not have a retirement plan.*

#### **Ethics**

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Association maintained documentation to demonstrate that required ethics training was completed.

*The Association is a nonprofit entity and ethics training is not required.*

27. Inquire of management whether any alleged ethics violations were reported to the Association during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Association's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Management was not notified of any alleged or actual ethics violations during the fiscal year.*

#### **Debt Service**

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

*The Association is a nonprofit entity and State Bond Commission Approval is not required.*

29. If the Association had outstanding debt during the fiscal period, obtain supporting documentation from the Association and report whether the Association made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*The Association made scheduled debt service payments. Debt reserves were not required by debt covenant.*

30. If the Association had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*The Association did not have tax millages related to debt service payments.*

**Other**

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31. Inquire of management whether the Association had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Association reported the misappropriation to the legislative auditor and the Association attorney of the parish in which the Association is domiciled.

*Management informed us that the Association did not have any misappropriation of public funds or assets during the fiscal year.*

32. Observe and report whether the Association has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.lra.la.gov/hotline](http://www.lra.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The Association did not have the required notice posted in a conspicuous place upon its premises or its website.*

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

*The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUP's. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUP's, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Dragan, Casubay & Diellory*