

CAMERON PARISH WATERWORKS DISTRICT NO. 10  
Johnson Bayou, Louisiana

ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2019

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## CAMERON PARISH WATERWORKS DISTRICT NO. 10

### Management's Discussion and Analysis

The Management's Discussion and Analysis of the Cameron Parish Waterworks District No. 10 (the District) presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

#### **FINANCIAL HIGHLIGHTS**

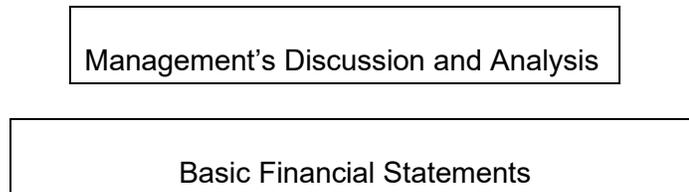
- \* The District's assets exceeded its liabilities by \$5,629,544 (net position).
- \* Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$3,699,197 include property and equipment, net of accumulated depreciation, and reduced for any outstanding debt related to the purchase or construction of capital assets.
  - (2) Net position - unrestricted of \$1,930,347 represents the portion available to maintain the District's continuing obligations to customers and creditors.
- \* Total revenues of \$994,672 were short of total expenditures of \$1,258,818, which resulted in a current year deficit of \$264,146, compared to the prior year's deficit of \$184,669.
- \* Total operating revenues increased by \$12,662 or 4.5% from the prior year. Operating expenses increased by \$121,571 or 12.4% from the prior year, mainly from an increase in maintenance.

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

### Management's Discussion and Analysis

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.



These financial statements consist of two sections – Management's Discussion and Analysis (this section) and the basic financial statements, including the notes to the financial statements.

#### BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents all of the District's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference reported as net position. Net position may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash from operating activities (indirect method) as required by GASB 34.

The notes provided additional information that is essential to a full understanding of the data provided in the financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Management's Discussion and Analysis

**FINANCIAL ANALYSIS OF THE DISTRICT**

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole. The District's net position at fiscal year end is \$5,629,544. The following table provides a summary of the District's net position:

	<u>2019</u>	<u>2018</u>
Current assets	\$ 3,081,278	\$ 3,089,460
Capital assets	3,699,197	3,849,048
Other assets	<u>-</u>	<u>18,856</u>
Total assets	6,780,475	6,957,364
Deferred outflows of resources	<u>157,129</u>	<u>51,111</u>
Total liabilities	<u>1,280,904</u>	<u>1,046,090</u>
Deferred inflows of resources	<u>27,156</u>	<u>68,695</u>
Net position:		
Net investment in capital assets	3,699,197	3,849,048
Net position - unrestricted	<u>1,930,347</u>	<u>2,044,642</u>
Total net position	<u>\$ 5,629,544</u>	<u>\$ 5,893,690</u>

Net position of the District decreased by \$264,146 for the year ended December 31, 2019.

	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 283,192	\$ 270,530
Operating expenses	<u>980,578</u>	<u>859,007</u>
Operating income (loss)	(697,386)	(588,477)
Non-operating revenues (expenses)	<u>433,240</u>	<u>403,808</u>
Net increase (decrease) in net position	<u>\$ (264,146)</u>	<u>\$ (184,669)</u>

The District's operating revenues are derived primarily from fees for water services. The District's operating revenues are insufficient to cover operating expenses and must rely on ad valorem taxes to supplement income.

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

### Management's Discussion and Analysis

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

The District's net investment in capital assets as of December 31, 2019 was \$3,699,197. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2019</u>	<u>2018</u>
Non-depreciable asset:		
Land	\$ 40,120	\$ 40,120
Depreciable assets:		
Buildings	7,446	7,446
Distribution system	5,900,597	5,829,627
Furniture, Fixtures and equipment	<u>2,500,978</u>	<u>2,474,778</u>
Total depreciable assets	8,409,021	8,311,851
Less accumulated depreciation	<u>4,749,944</u>	<u>4,502,923</u>
Book value-depreciable assets	<u>3,659,077</u>	<u>3,808,928</u>
Percentage depreciated	<u>56%</u>	<u>54%</u>
Book value-all assets	<u>\$ 3,699,197</u>	<u>\$ 3,849,048</u>

At December 31, 2019 the depreciable capital assets were 56% depreciated. This compares more than the December 31, 2018 percentage. This comparison indicates that the District depreciates its assets at a higher rate than they are replaced.

##### DEBT

The District has no debt.

##### ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is charges for revenue, the District's revenues are subject to changes in the economy.

##### CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Rhonda Morrison, Secretary, 6246 Gulf Beach Hwy, Cameron, LA 70631.



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JACKLYN BARLOW, C.P.A.  
BLAKE MANUEL, C.P.A.

## INDEPENDENT AUDITORS' REPORT

June 1, 2020

Board of Commissioners  
Cameron Parish Waterworks District No. 10  
Johnson Bayou, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Cameron Parish Waterworks District No. 10, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Cameron Parish Waterworks District No. 10's financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Cameron Parish Waterworks District No. 10 as of June 1, 2020, and the respective changes in financial position and the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and supplemental information on pages 3 through 6 and 31 through 34, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cameron Parish Water Districts No. 10's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

Cameron Parish Waterworks District No. 10  
June 1, 2020  
Page Three

America. In our opinion, the schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2020, on our consideration of Cameron Parish Waterworks District No. 10'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cameron Parish Waterworks District No. 10's internal control over financial reporting and compliance.

*Shagson, Casiday: Shillory*

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

## Statement of Net Position

December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 118,223	\$ 2,663,677
Investments	2,227,832	-
Receivables		
Ad valorem taxes, net	688,178	399,633
Accounts, net	24,215	2,602
Prepaid expenses	<u>22,830</u>	<u>23,548</u>
Total Current Assets	3,081,278	3,089,460
Property, plant and equipment		
Buildings	7,446	7,446
Distribution system	5,900,597	5,829,627
Furnitures, fixtures and equipment	<u>2,500,978</u>	<u>2,474,778</u>
	8,409,021	8,311,851
Less accumulated depreciation	<u>4,749,944</u>	<u>4,502,923</u>
	3,659,077	3,808,928
Land	<u>40,120</u>	<u>40,120</u>
	3,699,197	3,849,048
Other assets		
Net pension asset	<u>-</u>	<u>18,856</u>
Total Assets	<u>\$ 6,780,475</u>	<u>\$ 6,957,364</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>\$ 157,129</u>	<u>\$ 51,111</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accrued liabilities	\$ 20,843	\$ 20,930
Unearned revenue	<u>807,308</u>	<u>735,020</u>
Total Current Liabilities	828,151	755,950
Net OPEB obligation	340,605	290,140
Net pension liability	112,148	-
Total Liabilities	<u>\$ 1,280,904</u>	<u>\$ 1,046,090</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>\$ 27,156</u>	<u>\$ 68,695</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 3,699,197	\$ 3,849,048
Net position - unrestricted	1,930,347	2,044,642
Total Net Position	<u>\$ 5,629,544</u>	<u>\$ 5,893,690</u>

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

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

Statement of Revenues, Expenses  
and Changes in Net Position

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services	\$ 281,639	\$ 252,325
Miscellaneous revenue	1,553	18,205
	<u>283,192</u>	<u>270,530</u>
OPERATING EXPENSES		
Advertising	70	70
Auto	25,488	17,036
Bank fees	17	-
Computer expense	1,270	-
Depreciation	247,021	244,000
Dues	-	728
Employee benefits - OPEB	2,969	-
Insurance - general	27,078	22,118
Insurance - health	83,628	76,566
Maintenance	146,057	99,102
Miscellaneous	8,197	8,055
Per diem	4,500	5,900
Postage	1,837	1,546
Professional fees	9,673	9,661
Rent - temporary office	622	612
Retirement-employees	27,614	25,660
Retirement - net pension liability	30,943	-
Salaries	234,375	227,193
Supplies	72,283	67,280
Taxes and licenses	2,986	2,885
Telephone	8,774	10,296
Travel and training	2,370	1,486
Utilities	42,806	38,813
TOTAL OPERATING EXPENSES	<u>980,578</u>	<u>859,007</u>
OPERATING INCOME (LOSS)	<u>(697,386)</u>	<u>(588,477)</u>

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

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Statement of Revenues, Expenses  
and Changes in Net Position - Continued

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	\$ 688,398	\$ 399,308
Intergovernmental - FEMA	(278,240)	-
Interest income	23,082	4,500
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>433,240</u>	<u>403,808</u>
CHANGE IN NET POSITION	(264,146)	(184,669)
NET POSITION - BEGINNING	5,893,690	6,314,576
Prior period adjustment	-	(236,217)
NET POSITION - BEGINNING	<u>5,893,690</u>	<u>6,078,359</u>
NET POSITION - ENDING	<u>\$ 5,629,544</u>	<u>\$ 5,893,690</u>

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

# CAMERON PARISH WATERWORKS DISTRICT NO. 10

## Notes to Financial Statements

December 31, 2019

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cameron Parish Waterworks District No. 10 was created by the Cameron Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the Johnson Bayou area of the Parish. The District is governed by a board of commissioners.

#### 1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish Waterworks District No. 10. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

# CAMERON PARISH WATERWORKS DISTRICT NO. 10

## Notes to Financial Statements

December 31, 2019

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### 2. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses from enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### 3. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2019, the District has \$147,460 in deposits (collected bank balances). These deposits are secured from risk by \$147,460 of federal deposit insurance.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Investments

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer. The financial statements of the Louisiana Asset Management Pool, Inc. (LAMP) can be obtained by accessing their website.

Investments held at December 31, 2019 consist of \$2,227,832 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126 the investment in LAMP at December 31, 2019 is not categorized in the three risk categories provided by GASB Codification Section 150.126 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the Laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA- R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest, and foreign currency risk for all public held entity investments.

Lamp is an investment pool that, to the extent practical, invest in a manure consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days of 762 days for U.S. Government floating/variable rate investments.

Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA- R.S. 33:2955 (A)(J)(h) which allows all municipalities, parishes, school boards, and any other political subdivision of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

5. Accounts Receivable

The District utilizes the allowance method to recognize doubtful accounts. The allowance for doubtful accounts at December 31, 2019 was \$-.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disasters or other calamity in this one concentrated geographic location.

6. Compensated Absences

The District has the following policy relating to vacation and sick leave:

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Vacation – 5-25 days per year depending on length of service

Sick Leave – 12-18 days per year, depending on length of service

The District's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2019, the District had an accrual for compensated absences of \$21,051.

7. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents.

8. Net Position

In the financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Net position – restricted – Consists of net position with constraints placed on use either by (1) external groups such as creditors grantors, contributors, laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Net position - unrestricted – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net or related debt”.

When an expense is incurred for purposes for which both restricted and unrestricted amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first.

9. 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.

10. Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government’s Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Subsequent Events

Management has evaluated subsequent events as of June 1, 2020. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our citizens, employees and local industries all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

12. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District’s financial position and operations.

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2019, taxes of 4.18 mills were levied on property with taxable assessed valuations totaling \$170,945,272.

Total taxes levied were	<u>\$ 714,552</u>
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Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15<sup>th</sup> of the current year, and become delinquent after December 31<sup>st</sup>. Property taxes not paid by the end of February are subject to lien.

NOTE C – PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE C – PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Buildings	15 years
Distribution system	15-45 years
Furniture, fixtures and equipment	5-20 years

A summary of changes in property, plant and equipment for the year ended December 31, 2019 are as follows:

	Beginning of Year	Net Additions	End of Year
Buildings	\$ 7,446	\$ -	\$ 7,446
Distribution system	5,829,627	70,970	5,900,597
Furniture, fixtures and equipment	2,474,778	26,200	2,500,978
Land	40,120	-	40,120
	<u>8,351,971</u>	<u>\$ 97,170</u>	8,449,141
Less accumulated depreciation	4,502,923		4,749,944
TOTALS	<u>\$ 3,849,048</u>		<u>\$ 3,699,197</u>

Depreciation expense was \$247,021 for the year ended December 31, 2019.

NOTE D - RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the District's full-time employees. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District's participation in these systems are provided below.

Parochial Employees' Retirement System

The System is composed of two distinct plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week and not participating in another public funded retirement system. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees hired prior to January 1, 2007 can retire at any age with 30 or more years of creditable service, age 55 with 25 years of creditable service, age 60 with 10 years of creditable service, or age 65 with 7 years of creditable service. Employees hired after January 1, 2007 can retire at age 55 with 30 or more years of creditable service, age 62 with 10 years of creditable service, or age 67 with 7 years of creditable

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

service. Retirees are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 11.50% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2019 totaled \$27,614.

At December 31, 2019, the District reported a liability of \$112,148 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the District's proportion was .02527%.

For the year ended December 31, 2019, the District recognized pension expense of \$58,557 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$1,258. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 6,832
Difference between expected and actual Investment	53,686	-
Difference between expected and actual Assumption	28,041	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	8	5,442
Contributions subsequent to the measurement date	<u>27,614</u>	<u>-</u>
Total	<u>\$ 109,349</u>	<u>\$ 12,274</u>

\$27,614 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2021	\$ 24,311
2022	12,578
2022	10,113
2023	22,458
2024	-
Thereafter	-

*Actuarial methods and assumption.* The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.50% (Net of investment expense, including inflation)
Expected Remaining Service Lives	4 years
Projected Salary Increases	4.75%
Inflation Rate	2.40%
Cost of Living Adjustments	The present values of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet amortized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees using MP2018 scale for disabled annuitants. Multiplying each table by 130% for males and 125% for females.

The discount rate used to measure the total pension liability was 6.50% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations and projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018.

Best estimates of arithmetic real rates of return for major asset class included in the System's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	35%	1.22%
Equity	52%	3.57%
Alternatives	11%	0.65%
Real assets	2%	0.11%
Total	100%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for the General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

*Sensitivity to changes in discount rate.* The following presents the net pension liability of the District calculated using the discount rate of 6.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.50% or one percentage point higher 7.50% than the current rate.

	Changes in Discount Rate		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
	Net Pension Liability (Asset)	\$ 238,173	\$ 112,148

NOTE E - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$100 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$100.

Per diem paid commissioners for the year ended December 31, 2019 were as follows:

Connie Trahan	\$ 1,200
Wesley Roberts	500
Kent Carlson	1,200
Jim Snyder	1,100
Nathan Griffith	<u>1,000</u>
	<u>\$ 5,000</u>

NOTE F - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE G – UNEARNED REVENUE

Sabine Pass' LNG is a liquefied natural gas receiving facility located within the Cameron Parish boundaries. Sabine Pass' LNG qualified for the State of Louisiana's industrial ad valorem tax abatement program for a ten year period beginning in the year Sabine Pass' LNG's operations commenced. As a result of this abatement, in February 2007, Cameron Parish Waterworks

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

### Notes to Financial Statements

December 31, 2019

#### NOTE G – UNEARNED REVENUE - CONTINUED

District No. 10 entered into a Cooperative Endeavor and Payment in Lieu of Tax Agreement with Sabine Pass' LNG wherein Sabine Pass' LNG agreed to make advanced payments of its ad valorem tax liability which will begin in the eleventh year after operations commence. In return, Cameron Parish Waterworks District No. 10 agreed to provide Sabine Pass' LNG with a dollar for dollar credit against those future taxes. As a result of these advanced payments, the Cameron Parish Waterworks District No. 10 annually records unearned revenue. These payments will continue to accrue until the ad valorem tax is assessed against Sabine Pass' LNG and the credits are applied at which time the revenue will be recognized by Cameron Parish Waterworks District No. 10. The balance of unearned revenue at December 31, 2019 is \$807,308.

#### NOTE H – POST-EMPLOYMENT BENEFITS

##### **General Information about the OPEB Plan**

*Plan description* – The District provides certain continuing health care and life insurance benefits for its retired employees. The District's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

*Benefits Provided* – Medical and life insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. A level \$20,000 amount of insurance coverage while active is continued after retirement.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

*Employees covered by benefit terms* – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>4</u>
	<u>5</u>

**Total OPEB Liability**

The District's total OPEB liability of \$340,605 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	4.10% annually (Beginning of Year to Determine ADC) 2.74%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2019.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

**Changes in the Total OPEB Liability**

Balance at December 31, 2018	\$ 290,140
Changes for the year:	
Service cost	4,545
Interest	11,989
Differences between expected and actual experience	12,586
Changes in assumptions	37,901
Benefit payments and net transfers	(16,556)
Net changes	50,465
Balance at December 31, 2019	\$ 340,605

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current discount rate:

	<b>1.0% Decrease (1.74%)</b>	<b>Current Discount Rate (2.74%)</b>	<b>1.0% Increase (3.74%)</b>
Total OPEB liability	\$ 374,502	\$ 340,605	\$ 311,747

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	<b>1.0% Decrease (4.5%)</b>	<b>Current Trend (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	\$ 316,646	\$ 340,605	\$ 368,142

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2019, the District recognized OPEB expense of \$19,525. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,038	\$ -
Changes in assumptions	34,743	(14,882)
<b>Total</b>	<b>\$ 47,780</b>	<b>\$ (14,882)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:	
2020	2,991
2021	2,991
2022	2,991
2023	2,991
2024	2,991
Thereafter	17,994

NOTE I – LEASES

The District has a lease for property to operate the water plant in Holly Beach, Louisiana in effect for the year ended December 31, 2019. The lease originated July 16, 1979, with an initial term of ninety-nine (99) years. The lease calls for an annual lease payment based on the

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE I – LEASES – CONTINUED

preceding annual payment multiplied by the percentage of increase in the annual average CPI for the last full calendar year of the preceding ten-year period over the CPI for the last full calendar year of the previous preceding ten-year period. Additionally, the district has entered into an annually renewing lease agreement for use of property to drill a test well for the purpose of distribution of water to a portion of the water district. Total lease payments made for the year ended December 31, 2019 were \$522.

The minimum future lease payments under these obligations are as follows:

2020	513
2021	513
2022	513
2023	513
2024	513
2025-2029	2,565
2030-2034	2,565
2035-2039	2,565
2040-2044	2,565
2045-2049	2,565
2050-2054	2,565
2055-2059	2,565
2060-2064	2,565
2065-2069	2,565
2070-2074	2,565
2075-2079	2,565
2080-2084	2,565
2085-2088	2,052
	<u>\$ 35,397</u>

NOTE J– TAX ABATEMENTS

Louisiana’s State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millages in force at the time. The future value of this exempt property could be subject to significant fluctuation from today’s value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Cameron Parish

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2019

NOTE K – TAX ABATEMENTS – CONTINUED

Police Jury and directly affect the District's ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the District's financial statements to record a receivable. As of December 31, 2019, \$2,202,881,160 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$9,208,043 in ad valorem taxes.

REQUIRED SUPPLEMENTAL INFORMATION

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Statement of Revenues, Expenses  
and Changes in Net Position- Budget and Actual

Year Ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 284,200	\$ 281,639	\$ (2,561)
Miscellaneous revenue	-	1,553	1,553
<b>TOTAL OPERATING REVENUES</b>	<u>284,200</u>	<u>283,192</u>	<u>(1,008)</u>
<b>OPERATING EXPENSES</b>			
Advertising	100	70	30
Auto	27,000	25,488	1,512
Bank fees	-	17	(17)
Computer expense	-	1,270	(1,270)
Depreciation	235,000	247,021	(12,021)
Dues	500	-	500
Employee benefits - OPEB	5,500	2,969	2,531
Insurance - general	28,000	27,078	922
Insurance - health	75,000	83,628	(8,628)
Maintenance	167,000	146,057	20,943
Miscellaneous	5,000	8,197	(3,197)
Per diem	6,000	4,500	1,500
Postage	1,700	1,837	(137)
Professional fees	10,000	9,673	327
Rent - temporary office	1,000	622	378
Retirement-employees	27,000	27,614	(614)
Retirement - net pension liability	15,500	30,943	(15,443)
Salaries	237,000	234,375	2,625
Supplies	83,500	72,283	11,217
Taxes and licenses	3,300	2,986	314
Telephone	11,000	8,774	2,226
Travel and training	2,500	2,370	130
Utilities	45,000	42,806	2,194
<b>TOTAL OPERATING EXPENSES</b>	<u>986,600</u>	<u>980,578</u>	<u>6,022</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(702,400)</u>	<u>(697,386)</u>	<u>5,014</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Ad valorem taxes, net	488,351	688,398	200,047
Intergovernmental - FEMA	(288,290)	(278,240)	10,050
Interest income	4,500	23,082	18,582
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>204,561</u>	<u>433,240</u>	<u>228,679</u>
<b>CHANGE IN NET POSITION</b>	<u>(497,839)</u>	<u>(264,146)</u>	<u>233,693</u>
<b>NET POSITION - BEGINNING</b>	<u>5,893,690</u>	<u>5,893,690</u>	<u>-</u>
<b>NET POSITION - ENDING</b>	<u>\$ 5,395,851</u>	<u>\$ 5,629,544</u>	<u>\$ 233,693</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Schedule of Changes in Net OPEB Liability and Related Ratios

Year Ended December 31, 2019

	2018	2019
<b>Total OPEB Liability</b>		
Service cost	\$ 5,222	\$ 4,545
Interest	10,610	11,989
Changes of benefit terms	-	-
Differences between expected and actual experience	1,773	12,586
Changes of assumptions	(17,588)	37,901
Benefit payments	<u>(15,693)</u>	<u>(16,556)</u>
<b>Net change in total OPEB liability</b>	<u>(15,676)</u>	<u>50,465</u>
<b>Total OPEB liability - beginning</b>	<u>305,816</u>	<u>290,140</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 290,140</u></u>	<u><u>\$ 340,605</u></u>
Covered-employee payroll	\$ 197,203	\$ 203,119
Net OPEB liability as a percentage of covered-employee payroll	147.13%	167.69%
<b>Notes to Schedule:</b>		
Benefit Changes:	None	None
Changes of Assumptions:		
Discount Rate:	4.10%	2.74%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

## Schedule of Employer's Proportionate Share of Net Pension Liability

Year Ended December 31, 2019

## Parochial Employees' Retirement System of Louisiana

	December 30, 2019	December 30, 2018	December 30, 2017	December 30, 2016	December 30, 2015
Employer's portion of the net pension liability (asset)	0.02527%	0.02540%	0.02629%	0.22001%	0.21411%
Employer's proportionate share of the net pension liability (asset)	\$ 112,148	\$ (18,856)	\$ 54,149	\$ 57,914	\$ 5,854
Employer's covered payroll	\$ 234,463	\$ 227,034	\$ 225,686	\$ 193,247	\$ 183,261
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.83%	-8.31%	23.99%	29.97%	3.19%
Plan fiduciary net position as a percentage of the total pension liability	88.86%	101.98%	94.15%	92.23%	99.14%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

\*The amounts presented have a measurement date of December 31, 2018.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Schedule of Employer Contributions

Year Ended December 31, 2019

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochial Employees Retirement System of Louisiana (System):					
2015	\$ 15,836	\$ 15,836	\$ -	\$ 183,261	8.6%
2016	\$ 23,567	\$ 23,567	\$ -	\$ 193,247	12.2%
2017	\$ 26,115	\$ 26,115	\$ -	\$ 225,686	11.6%
2018	\$ 25,660	\$ 25,660	\$ -	\$ 227,034	11.3%
2019	\$ 27,614	\$ 27,614	\$ -	\$ 234,463	11.8%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## OTHER INFORMATION

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Schedule of Compensation, Benefits and Other Payments  
To Chief Executive Officer

Year Ended December 31, 2019

Chief Executive Officer: Nathan Griffith, Board President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	1,000
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

## Statement of Cash Flows

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers and others	\$ 333,867	\$ 346,246
Payments for supplies and expenses	(498,551)	(405,041)
Payments to employees for services	<u>(200,463)</u>	<u>(244,049)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(365,147)</b>	<b>(302,844)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Ad valorem taxes	399,853	373,717
Intergovernmental revenues	<u>(278,240)</u>	<u>-</u>
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>121,613</b>	<b>373,717</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of fixed assets	(97,170)	(8,450)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(2,227,832)	-
Interest on investments	<u>23,082</u>	<u>4,500</u>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2,204,750)</b>	<b>4,500</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,545,454)</b>	<b>66,923</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>2,663,677</u></b>	<b><u>2,596,753</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u><u>\$ 118,223</u></u></b>	<b><u><u>\$ 2,663,676</u></u></b>
<b>RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (697,386)	\$ (588,477)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	247,021	244,000
Net change in deferred outflows/inflows	(147,557)	86,423
(Increase) decrease in:		
Accounts receivable	(21,613)	3,428
Prepaid expense	718	(5,707)
Increase (decrease) in:		
Accounts payable	-	(11,716)
Accrued liabilities	(87)	196
Unearned revenue	72,288	72,288
OPEB obligation	50,465	(30,274)
Net pension liability	<u>131,004</u>	<u>(73,005)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b><u><u>\$ (365,147)</u></u></b>	<b><u><u>\$ (302,844)</u></u></b>

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



RAYMOND GUILLORY, JR., C.P.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
BRIAN MCCAIN, C.P.A.  
GRAHAM A. PORTUS, E.A.  
KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BARLOW, C.P.A.  
BLAKE MANUEL, C.P.A.

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

May 30, 2019

Board of Commissioners  
Cameron Parish Waterworks District No. 10  
Johnson Bayou, Louisiana

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 the business-type activities of the Cameron Parish Waterworks District No. 10, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Cameron Parish Waterworks District No. 10's basic financial statements, and have issued our report thereon dated May 30, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cameron Parish Waterworks District No. 10'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 Cameron Parish Waterworks District No. 10's internal control. Accordingly, we do not express an opinion on the effectiveness of Cameron Parish Waterworks District No. 10's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cameron Parish Waterworks District No. 10's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Cameron Parish Waterworks District No. 10's Response to Findings**

Cameron Parish Waterworks District No. 10's response to the findings identified in our audit is described in the accompanying findings and responses. The District's response was not subjected to the auditing procedures in the audit of the financial statements, and accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Dragon, Cassidy; Shillory*

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Schedule of Findings and Responses

Year Ended December 31, 2019

1. Summary of Auditors' Results:

Type of auditors' report issued: unmodified

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

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

**Finding #2018-001:**

**Inadequate Segregation of Duties**

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Schedule of Findings and Responses - Continued

Year Ended December 31, 2019

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

**Finding 2017-001:**

Inadequate segregation of duties.

Corrective Action Taken: None, repeat finding in 2018.

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners  
Cameron Parish Waterworks District No. 10  
Cameron, LA

June 1, 2020

We have performed the procedures included enumerated below, which were agreed to by the Cameron Parish Waterworks District No. 10 and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2019 through December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations)
  - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.  
***Procedure was not performed due to no exceptions in the prior 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.  
***Procedure was not performed due to no exceptions in the prior year.***
  - c) *Disbursements*, including processing, reviewing, and approving.  
***Procedure was not performed due to no exceptions in the prior year.***
  - d) *Receipt/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequence, agency fund forfeiture monies confirmation).  
***Procedure was not performed due to no exceptions in the prior year.***

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

***Procedure was not performed due to no exceptions in the prior 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.

***Procedure was not performed due to no exceptions in the prior 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 (.e.g., determining the reasonableness of fuel card purchases).

***Procedure was not performed due to no exceptions in the prior year.***

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

***Procedure was not performed due to no exceptions in the prior 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 entity's ethics policy.

***Procedure was not performed due to no exceptions in the prior year.***

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

***Procedure was not performed due to no exceptions in the prior year.***

- k) *Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

***Procedure was not performed due to no exceptions in the prior year.***

### ***Board or Finance Committee***

---

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

***The minutes did not reference or include monthly budget-to-actual comparisons.***

***Management Response: The District will implement a policy to review monthly budget-to-actual comparisons at the board meetings and reference the comparisons in the minutes to the board meetings.***

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

***The District did not have a negative fund balance in the general fund in the prior year.***

### ***Bank Reconciliations***

---

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

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

***Procedure was not performed due to no exceptions in the prior year.***

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

***Procedure was not performed due to no exceptions in the prior year.***

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

***Procedure was not performed due to no exceptions in the prior year.***

***Collections***

---

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

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

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

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

***The employee that is responsible for cash collections does not share the cash drawer.***

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

***The employee responsible for collecting cash is responsible for preparing/making bank deposits.***

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

***The employee responsible for collecting cash is responsible for posting collection entries to the general ledger.***

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

***The employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash.***

***Management Response: The District maintains an office with only one office employee who performs all accounting functions. As a compensating control, a board member reviews each bank statement and reconciliation.***

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

***All employees are covered by a surety bond.***

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made no the same day). Obtain supported documentation for each of the deposits and:

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

*No exceptions.*

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

*No exceptions.*

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

*No exceptions.*

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

*No exceptions.*

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

*No exceptions.*

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

---

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

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

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

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

***Purchase orders are not utilized. Purchases can be initiated by either employee.***

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

***At least two employees are involved in processing and approving payments to vendors.***

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

***The employee responsible for processing payments is not prohibited from adding/modifying vendor files. Another employee is not responsible for periodically reviewing changes to vendor files.***

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

***The employee responsible for processing payments also mails payments.***

***Management Response: The District employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The District does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.***

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

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

***The disbursements tested where paid by and matched the original invoice.***

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

***Items tested included evidence of above.***

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

---

- 11. 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.

***Procedure was not performed due to no exceptions in the prior year.***

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excess fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

*Procedure was not performed due to no exceptions in the prior year.*

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

*Procedure was not performed due to no exceptions in the prior year.*

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

*Procedure was not performed due to no exceptions in the prior year.*

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

---

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

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

*Procedure was not performed due to no exceptions in the prior year.*

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

*Procedure was not performed due to no exceptions in the prior year.*

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

*Procedure was not performed due to no exceptions in the prior year.*

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

*Procedure was not performed due to no exceptions in the prior year.*

#### ***Contracts***

---

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the list is complete. Randomly select 5 contracts (or all

contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

***Procedure was not performed due to no exceptions in the prior year.***

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

***Procedure was not performed due to no exceptions in the prior year.***

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

***Procedure was not performed due to no exceptions in the prior year.***

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

***Procedure was not performed due to no exceptions in the prior year.***

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

---

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

***Procedure was not performed due to no exceptions in the prior year.***

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

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

***Procedure was not performed due to no exceptions in the prior year.***

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

***Procedure was not performed due to no exceptions in the prior year.***

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

***Procedure was not performed due to no exceptions in the prior year.***

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

***Procedure was not performed due to no exceptions in the prior year.***

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

***Procedure was not performed due to no exceptions in the prior year.***

### ***Ethics***

---

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

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

***All employees selected for testing maintained the documentation of completion of the required one-hour ethics training on the Code of Governmental Ethics as required by Louisiana Revised Statute 42:1170 (3)(a)(i).***

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

***The District did not obtain employee signature verification of written ethics policy.***

***Management response: The District will obtain signature verification of ethics policy within its policy and procedures manual.***

### ***Debt Service***

---

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the list is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

***No debt was issued during the fiscal year.***

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

***The District had no outstanding debt during the fiscal year.***

***Other***

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

***Procedure was not performed due to no exceptions in the prior year.***

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

***Procedure was not performed due to no exceptions in the prior year.***

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

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

*Shagun, Cassidy: Hillery*