

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Farmerville, Louisiana**

*Financial Statements*  
*For the Year Ended December 31, 2018*



**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
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**For the Year Ended December 31, 2018**

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Union Parish Waterworks District No. 1  
Farmerville, Louisiana

We have audited the accompanying component unit financial statements of Union Parish Waterworks District No. 1, a component-unit of the Union Parish Police Jury as of and for the year ended December 31, 2018, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise the District's component unit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Parish Waterworks District No. 1, as of December 31, 2018, and the respective changes in financial position and, 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 on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted 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 an opinion on the financial statements as a whole. The accompanying schedule of compensation, reimbursements, benefits and other payments to agency head on page 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019, on our consideration of Union Parish Waterworks District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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 Union Parish Waterworks District No. 1's internal control over financial reporting and compliance.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
June 21, 2019

**Waterworks District No. 1  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

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Our discussion and analysis of Waterworks District No. 1 (the District), provides an overview of the District activities for the year ended December 31, 2018. Please read it in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the District's financial performance as a whole.

**FINANCIAL HIGHLIGHTS**

- The assets of the District, exceeded its liabilities at the end of the 2018 year by \$845,677. Of this amount, \$96,348 is unrestricted. For the 2017 year, the assets of the District, exceeded its liabilities \$649,351. Of this amount, \$119,403 is unrestricted.
- The District's total net position increased by \$196,326 for the year ended December 31, 2018. The District's total net position increased by \$18,351 for the year ended December 31, 2017.
- Net capital assets increased by \$823,422 and decreased by \$19,227 for the years ended December 31, 2018 and 2017, respectively.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District operates as an enterprise fund, presenting its financial statements using the accrual basis of accounting. The basic financial statements comprise three components:

- *Government-Wide Financial Statements*
- *Fund Financial Statements.*
- *Notes to the financial statements.*

The *Statement of Net Position* includes all of the District's assets and liabilities, with the difference between them reported as net assets. Net assets are reported in three categories: Invested in Capital Assets, Restricted for Debt Service, and Unrestricted. The increases and decreases in net assets are an indicator of whether the District's financial position is improving or deteriorating.

The *Statement of Activities* shows how the District's net position changed during the year, as well as whether it recovered its cost through fees and other revenues. All of the current year revenues and expenses are recorded when the underlying economic transaction has taken place. The *Statement of Cash Flows* provides information regarding cash receipts and disbursements during the current year. Activity is reported in

**Waterworks District No. 1  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

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four categories: Cash flows from operating activities, cash flows from non-capital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities.

The *Notes to the Financial Statements* provide a description of the accounting policies used to prepare the financial statements and presents material disclosures as required by generally accepted accounting principles.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's net position increased by \$196,326 and by \$18,351 the years ended December 31, 2018 and 2017, respectively.

**Statement of Net Position**

The following table reflects the condensed net assets:

	2018	2017
<b>Assets:</b>		
Current and Restricted Assets	\$ 262,271	\$ 212,543
Capital Assets	1,711,733	888,311
Other Assets	31,291	13,224
Total Assets	\$ 2,005,295	\$ 1,114,078
<b>Liabilities:</b>		
Current Liabilities	\$ 149,530	\$ 68,280
Long-Term Liabilities	1,010,088	396,447
Total Liabilities	1,159,618	464,727
<b>Net Position:</b>		
Invested in Capital Assets Net of Debt	628,781	452,730
Unrestricted	96,348	119,403
Restricted	120,548	77,218
Total Net Position	845,677	649,351
Total Liabilities and Net Position	\$ 2,005,295	\$ 1,114,078

Net position (assets less liabilities) may serve over time as a useful indicator of financial position. The District's assets exceeded liabilities by \$845,677 and \$649,351 at December 31, 2018 and 2017, respectively.

**Waterworks District No. 1  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

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**Statement of Activities**

The following table shows the revenues and expenses of the governmental and business type activities.

		2018		2017
Charges for services	\$	317,029	\$	239,258
Operating Expenses		249,322		201,670
Operating Income		67,707		37,588
Other Income/(Expense)		128,619		(19,237)
Net Income/(Loss)		196,326		18,351
Net Position at Beginning of Year		649,351		631,000
Net Position at End of Year	\$	845,677	\$	649,351

**Revenues by Sources**

**Operating Revenues**

Operating revenues consist of charges for services, penalties and adjustments, and meter installations and connection fees.

**Analysis of Significant Budgetary Variations**

Actual expenses were \$52,962 higher (26.97%) than budgeted, due primarily to depreciation on the water system.

**Capital Assets and Debt Administration**

The District's investment in Capital assets amounted to \$1,711,733 and \$888,311 (net of depreciation) as of December 31, 2018 and 2017. This investment includes land, buildings and improvements, equipment, water distribution system and construction in progress. Outstanding debt included \$1,082,952 and \$435,581 in loans for the years ended December 31, 2018 and 2017, respectively.

The District recognized \$63,288 and \$61,181 in depreciation expense for the years ended December 31, 2018 and 2017. The District invested \$886,710 and \$41,954 in its water distribution system for the years ended December 31, 2018 and 2017.

**Waterworks District No. 1  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

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**Economic Factors and Future Rates**

The Board of Commissioners and management are constantly reviewing economic factors within the District and the surrounding area and current financial data in order to make decisions that would be in the best interest of the District. The Board and management are vigilant when considering balancing the District's needs while, at the same time, maintaining costs at levels consistent with the previous year. If management's estimates about future operating results remain consistent, the net asset balance of the District would be expected to remain level or increase modestly over the prior year.

**Request for Information**

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the District's Office, P. O. Box 458, 168 Spillway Road, Farmerville, LA 71241.

## **Financial Statements**

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Statement of Net Position**  
**December 31, 2018**

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**ASSETS**

<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 106,928
Accounts Receivable - Customers	34,678
Accrued Interest Receivable	117
<b>Total Current Assets</b>	141,723
 <b>Restricted Assets</b>	
Cash and Cash Equivalents	87,827
Certificates of Deposit	32,721
<b>Total Restricted Assets</b>	120,548
 <b>Property and Equipment, Net</b>	
of accumulated depreciation of \$1,078,018	1,711,733
 <b>Other Assets</b>	
Pre Paid Loan Costs, Net of amortization of \$10,872	31,291
<b>Total Assets</b>	\$ 2,005,295

**LIABILITIES AND NET POSITION**

<b>Current Liabilities</b>	
<b>Payable from Current Assets</b>	
Accounts Payable and Accrued Liabilities	\$ 7,354
Retainage Payable	39,720
Customer Meter Deposits	29,592
Current Portion of Long-Term Liabilities	72,864
<b>Total Current Liabilities</b>	149,530
 <b>Long Term Liabilities</b>	
Notes Payable	1,010,088
<b>Total Long-Term Liabilities</b>	1,010,088
<b>Total Liabilities</b>	1,159,618
 <b>Net Position</b>	
Invested in Capital Assets, Net of Related Debt	628,781
Unrestricted	96,348
Restricted for:	
Debt Service	120,548
<b>Total Net Position</b>	845,677
<b>Total Liabilities and Net Position</b>	\$ 2,005,295

The accompanying notes are an integral part of this financial statement.

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Statement of Revenues, Expenditures, and Changes in Net Position**  
**For The Year Ended December 31, 2018**

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<b>Operating Revenues</b>	
Charges for Services	
Water Revenues	\$ 317,029
<b>Total Operating Revenues</b>	<u>317,029</u>
 <b>Operating Expenses</b>	
Advertising	605
Amortization	2,056
Bad Debts	2,942
Board of Commissioners' Fees	780
Contract Services	39,600
Depreciation	63,288
Equipment Rental	1,629
Insurance	8,058
Licenses, Fees, & Permits	7,200
Materials, Repairs & Supplies	88,937
Office Supplies	8,947
Professional Fees	4,250
Utilities	21,030
<b>Total Operating Expenses</b>	<u>249,322</u>
Operating Income	67,707
 <b>Other Income/(Expense)</b>	
Interest Earned	468
Grants	156,227
Interest Expense	(28,076)
<b>Total Other Income/(Expense)</b>	<u>128,619</u>
<b>Net Income</b>	\$ 196,326
 <b>Net Position at Beginning of Year</b>	 649,351
 <b>Net Position - End of Year</b>	 <u><u>\$ 845,677</u></u>

The accompanying notes are an integral part of this financial statement.

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2018**

<b>Cash Flows From Operating Activities</b>	
Receipts from Customers and Users	\$ 314,824
Payments to Suppliers for Goods and Services	(138,483)
Net Cash Provided by Operating Activities	176,341
 <b>Cash Flows From Non-Capital Financing Activities</b>	
Net Cash Used by Financing Activities	-
 <b>Cash Flows From Capital and Related Financing Activities</b>	
Capital Expenditures	(886,710)
Increase in Customer Meter Deposits	2,025
Bond Proceeds	867,890
Bond Fees Paid	(20,123)
Principal Payments on Notes and Bonds	(64,134)
Interest Paid on Notes and Bonds	(28,076)
Net Cash Used by Financing Activities	(129,128)
 <b>Cash Flows From Investing Activities</b>	
Increase in Restricted Assets	(468)
Interest Received	468
Net Cash Provided by Investing Activities	-
<b>Net Increase in Cash and Cash Equivalents</b>	47,213
<b>Cash and Cash Equivalents at Beginning of Year</b>	147,542
<b>Cash and Cash Equivalents at End of Year</b>	\$ 194,755
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
<b>Operating Income:</b>	\$ 67,707
<b>Adjustments to Reconcile Net Assets to Net Cash provided by Operating Activities:</b>	
Depreciation & Amortization	65,344
Increase in Accounts Receivable - Customers	(2,205)
Increase in Accounts Payable and Accrued Liabilities	5,775
Increase in Retainage Payable	39,720
<b>Net Cash Provided (used) by Operating Activities</b>	\$ 176,341

The accompanying notes are an integral part of this financial statement.

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**NOTE 1 - Summary of Significant Accounting Policies**

**A. Nature of Activities**

Waterworks District No. 1 (the District), a component unit of Union Parish Police Jury, was created by the Union Parish Police Jury as authorized by Chapter 9 of Title 33 of the Louisiana revised Statutes of 1950. The District is governed by a five-member Board of Commissioners. The District is responsible for the maintenance and operation of the water system within the boundaries of the water district.

**B. Basis of Presentation**

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued *Statement 34 Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments and Statement 35 Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. These statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that government should have presented in the past. Comparability with reports issued in years prior to 2004 is affected.

Other GASB Statements are required to be implemented in conjunction with GASB Statements 34 and 35. Therefore, the District has implemented the following GASB Statements: *Statement 37 – Basic Financial Statements and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and *Statement 38 – Certain Financial Statements Note Disclosures*.

The accompanying financial statements present the financial position of the District, the results operations of the District, and the cash flows of the proprietary fund. The financial statements are presented as of December 31, 2018 and for the year then ended.

**C. Financial Reporting Entity**

As the governing authority of the parish, for reporting purposes, the Union Parish Police Jury is the financial reporting entity for Union Parish. 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 the 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 Union Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization’s governing body, and:
2. The ability of the police jury to impose its will on that organization and/or

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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3. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
4. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
5. 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 of the above criteria, the District was determined to be a component unit of the Union 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 that governmental unit, or the other governmental units that comprise the reporting entity.

**D. Fund Accounting**

The Waterworks District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Waterworks District No. 1 Enterprise Fund is classified in the following category and fund type.

Proprietary Fund

Enterprise Fund

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

**E. Budgetary Practices**

The Secretary-Treasurer prepares the annual budget and presents it to the Board for adoption by November 30 of the preceding year.

**F. Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**G. Deposits and Investments**

The District's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisitions. State law and the District's investment policy allow the District to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the District are reported at fair value.

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructures assets (e.g., waterline distribution system), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical costs or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donations. The District maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5-15 Years
Furniture and Fixtures	10-15 Years
Water Plant	40-50 Years

Property, plant and equipment purchased by the District are recorded at cost. Depreciation of all exhaustible fixed assets used by the District is charged as an expense against operations. Depreciation is computed using the straight-line method. Estimated useful lives are 50 years on the water plant and from 5 to 50 years on equipment.

Expenditures for repairs and maintenance are expensed as incurred; significant betterments are capitalized.

**I. Compensated Absences**

The District does not have formal vacation, sick leave and retirement plan policies.

**J. Bad Debts**

Uncollectible amounts for customers' water receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible.

**K. Reservations of Net Position**

Some portions of net position are reserved to indicate that a portion of net position is legally restricted to a specific future use and is not available for appropriation or expenses.

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**L. Estimates**

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

**M. Reclassifications**

Certain amounts presented in the prior year have been reclassified in order to compare with the current year's presentation.

**NOTE 2 - Cash and Cash Equivalents**

At December 31, 2018, the District's cash and cash equivalents consisted of checking, savings, and certificate of deposit accounts. The carrying amounts of those accounts totaled \$194,755 and the corresponding bank balances totaled \$195,099. All of the bank balances were covered by federal depository insurance or were adequately collateralized with financial institution assets.

**NOTE 3 -Restricted Assets (Cash and Cash Equivalents)**

Restricted assets represents funds set aside to cover various things, such as contingencies, repairs, customer deposits, etc. Most of these accounts are the result of prior bond or regulatory requirements. The restricted account balances as of December 31, 2018 are as follows:

Customers' Meter Deposits Account	\$ 29,593
Waterworks Reserve Fund Account – 1997 (#1056)	17,697
Waterworks Depreciation and Contingency Fund Account – 1980 (#1058)	14,421
Waterworks Sinking Fund Account – 1997 (#1057)	18,300
Construction Account	48
2018 Series Bond Reserve Fund	4,675
2018 Series Bond Sinking Fund	22,064
2018 Series Bond Depreciation and Contingency Fund	<u>13,750</u>
Total	<u>\$ 120,548</u>

**NOTE 4 - Accounts Receivable**

The district provides service to commercial and residential users within the established district. Sales for services for the month December 2018 included 659 users. At December 31, 2018, the District's accounts receivable balance was \$34,678. The District considers all accounts to be collectible.

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**NOTE 5 –Capital Assets**

A summary of changes in capital assets is as follows:

	Balance @ 12/31/2017	Additions	Removals	Balance @ 12/31/2018
Land	\$ 1,825	\$ -	\$ -	\$ 1,825
Construction in Progress	9,000	886,710	-	895,710
Water System	1,889,571	-	-	1,889,571
Furniture & Fixtures	2,646	-	-	2,646
Total	1,903,042	886,710	-	2,789,751
Less: Accumulated Depreciation	1,014,731	-	63,288	1,078,018
Total	\$ 888,311	\$ 886,710	\$ 63,288	\$ 1,711,733

Depreciation expense for the year ended December 31, 2018 was \$63,288.

**NOTE 6 - Long-Term Debt**

Long-Term Debt consists of the following:

	December 31, 2018
\$990,000 – Series 2018 Taxable Water Revenue Bond Delivered to the Louisiana Department of Health Dated February 6, 2018 with semi-annual interest Payments and an annual principal payment ranging from \$31,000 to \$49,000 through December, 2037 Interest rate of 1.95%	\$ 686,506
\$600,000 – Series 2012 Waterworks District No.1 Certificates of Indebtedness, in quarterly installments Of \$14,362 through February 1, 2027 Interest rate of 4.350%	396,446
	\$ 1,082,952
Less: Current Portion	72,864
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 1,010,088</b>

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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The District received approval from the Louisiana State Bond Commission on September 21, 2017 for the \$990,000 taxable water revenue bonds, series 2018 for the purpose of financing the costs of improvements to the water system. The bond was purchased by the Louisiana Department of Health (LDH) as part of the revolving loan program with proceeds advanced on an as needed basis. In addition, LDH forgives 20% of the principal advanced.

Terms of the bond include semi-annual interest only payments and an annual principal payment. Interest rate of the bond is 1.950%. LDH charges an administrative fee of .50%. Total principal, interest, and administrative fee payments range from \$46,900 to \$50,200 per year for the 20 year term.

The 2018 bond is secured by the revenue earned or derived from operations of the District.

The District received approval from the Louisiana State Bond Commission on January 19, 2012 for the Certificates of Indebtedness not to exceed \$600,000 for the purpose of financing the costs of improvements to the water system, including the construction of a pre-owned water tank, and water line distribution improvements. Existing debt, including the 1980 Issue Bonds and 2004 Note Payable were paid in full as part of the transaction.

Terms of the Certificates include 4 quarterly interest only payments in the amount of \$6,525 commencing May 1, 2012, and then quarterly principal and interest payments of \$14,362 commencing May 1, 2013 and ending February 1, 2027.

The annual requirement to amortize the long-term obligations outstanding at December 31, 2018, is as follows:

			<u>Certificates of Indebtedness</u>		
			<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>2019</b>	\$	40,864	\$	16,585	\$ 57,449
<b>2020</b>		42,671		14,778	57,449
<b>2021</b>		44,558		12,891	57,449
<b>2022</b>		46,528		10,921	57,449
<b>2023</b>		48,585		8,864	57,449
<b>Thereafter</b>		<u>173,240</u>		<u>13,477</u>	<u>186,717</u>
<b>Totals</b>	<b>\$</b>	<b><u>396,444</u></b>	<b>\$</b>	<b><u>77,516</u></b>	<b><u>\$ 473,962</u></b>

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

<b>Series 2018 Water Revenue Bond</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>2019</b>	\$ 32,000	\$ 14,840	\$ 46,840
<b>2020</b>	33,000	14,216	47,216
<b>2021</b>	33,000	13,572	46,572
<b>2022</b>	35,000	12,928	47,928
<b>2023</b>	35,000	12,246	47,246
<b>Thereafter</b>	<u>518,506</u>	<u>91,396</u>	<u>609,902</u>
<b>Totals</b>	<u>\$ 686,506</u>	<u>\$ 159,198</u>	<u>\$ 845,704</u>

<b>Totals</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>2019</b>	\$ 72,864	\$ 31,425	\$ 104,289
<b>2020</b>	75,671	28,994	104,665
<b>2021</b>	77,558	26,463	104,021
<b>2022</b>	81,528	23,849	105,377
<b>2023</b>	83,585	21,110	104,695
<b>Thereafter</b>	<u>691,746</u>	<u>104,873</u>	<u>796,619</u>
<b>Totals</b>	<u>\$ 1,082,952</u>	<u>\$ 236,714</u>	<u>\$ 1,319,666</u>

**NOTE 7 - Leases**

The District has a month-to-month operating lease for computer equipment for \$171 per month. For the year ended December 31, 2018 the District paid \$1,629 in connection with computer equipment and software.

**NOTE 8 – Purchases of Services**

The District contracts its water operator position (field manager) to an individual that is a certified operator. In addition, a company owned by the field manager handles routine repairs, maintenance, and meter installations. During the year ended December 31, 2018, the field manager and his company was paid as follows: Field manager duties \$24,000; repairs, maintenance, and meter installations \$17,027; District board meetings \$60.

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**NOTE 9 - Board of Commissioners – Per Diem Payments**

In compliance with Louisiana Revised Statute 33:3819, the commissioners, with the exception of the president, receive a per diem of \$20 for each meeting they attend to a maximum of 12 meetings per year. The President’s per diem is \$50 per meeting up to a maximum of 12 meetings per year. Board of Commissioners fees for 2018 were as follows:

<u>Name</u>	<u>No. of Meetings</u>	<u>Amounts</u>
<b>Board Members</b>		
Trey Towns, Former President	-	\$ -
Roy Callender, President	5	220
Kim Dumas	4	80
Stacy Lawson	1	20
Linda Smith	3	60
Scott Barton	3	60
Ben Jones	4	80
Nicky Hancock	5	100
<b>Technical Consultants</b>		
Kathy Doolittle	5	100
Bobby Grier	3	60
Total		\$ <u>780</u>

**NOTE 10 - Risk Financing Activities**

The District manages its exposure under general liability and property through the purchase of commercial insurance and surety bonds, as follows:

<u>Coverage</u>	<u>Expiration Dates</u>
General Liability Insurance	02/04/19
Commercial Property Insurance	02/04/19
Position Schedule Bond	02/04/19

**NOTE 11 –Subsequent Events**

Date of Management Evaluation

Management has evaluated subsequent events through June 21, 2019, the date on which the financial statements were available to be issued.

## **Supplemental Information**

**Waterworks District No.1**  
**A Component Unit of Union Parish Police Jury**  
**Schedule of Compensation, Reimbursements, Benefits, and**  
**Other Payments to Agency Head**  
**For The Year Ended December 31, 2018**

**Schedule 1**

**Agency Head:**

	<b>(Former)</b>	<b>(Current)</b>
	<b>Trey</b>	<b>Roy</b>
Board President:	<b>Towns</b>	<b>Callender</b>

**Purpose:**

Board of Commissioners' Fees	\$ -	\$ 220
Benefits - Payroll Taxes and Insurance	-	-
Travel	-	-
Reimbursements	-	-
<b>Total Compensation, Benefits and Other Payments</b>	<b>\$ -</b>	<b>\$ 220</b>

See independent auditors' report.

# CAMERON, HINES & COMPANY

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*Certified Public Accountants*

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West Monroe, Louisiana 71291

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

Board of Commissioners  
Union Parish Waterworks District No. 1  
Farmerville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the component unit financial statements, as listed in the table of contents, of Union Parish Waterworks District No. 1, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Union Parish Waterworks District No. 1's component unit financial statements, and have issued our report thereon dated June 21, 2019.

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

In planning and performing our audit of the financial statements, we considered Union Parish Waterworks District No. 1'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Union Parish Waterworks District No. 1's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item number 2018-01 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Union Parish Waterworks District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
June 21, 2019

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Schedule of Findings and Responses**  
**For The Year Ended December 31, 2018**

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We have audited the component unit financial statements of Waterworks District No. 1 as of and for the year ended December 31, 2018, and have issued our report thereon dated June 21, 2019. 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. Our audit of the financial statements as of December 31, 2018, resulted in an unmodified opinion.

**Section I- Summary of Auditors' Reports**

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

**Internal Control**

Material Weaknesses \_\_\_ yes X no Significant Deficiencies X yes \_\_\_ no

**Compliance**

Compliance Material to Financial Statements \_\_\_ yes X no

**B. Federal Awards – N/A**

Internal Control

Material Weaknesses \_\_\_yes \_\_\_no Significant Deficiencies \_\_\_yes\_\_\_no

Type of Opinion on Compliance  
For Major Programs

Unmodified \_\_\_ Modified \_\_\_  
Disclaimer \_\_\_ Adverse \_\_\_

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

**C. Identification of Major Programs: N/A**

Dollar threshold used to distinguish between Type A and Type B Programs.

Is the auditee a “low-risk” auditee, as defined by Uniform Guidance?

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Schedule of Findings and Responses**  
**For The Year Ended December 31, 2018**

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**Section II- Financial Statement Findings**

2018-01      Segregation of Duties

Condition:

Union Parish Waterworks District No. 1 has too few individuals involved in the accounting system to have adequate segregation of duties for internal control.

Criteria:

Effective internal controls require that there be segregation of duties within the accounting function in order to reduce the risk of both errors and inappropriate actions.

Cause:

The District's office manager is primarily the only individual involved in the accounting function. This does not allow for proper segregation of duties.

Potential Effect:

The District does not have proper segregation of duties and is at greater risk for not preventing or identifying errors and inappropriate actions once they have occurred.

Recommendation:

It is recommended that the Board be involved with the oversight of the accounting function.

Response:

The Board will continue to be involved with oversight of the accounting function and is open to any suggestions on how to put controls in place to offset the risks.

**Section III-Federal Award Findings and Question Costs**

This section is not applicable for this entity.

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Schedule of Prior Year Findings**  
**For the Year Ended December 31, 2018**

---

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

None.

**Management Letter**

No management letter was issued.

**Waterworks District No. 1**  
**A Component Unit of Union Parish Police Jury**  
**Management's Corrective Action Plan**  
**For The Year Ended December 31, 2018**

---

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

2018-01      Segregation of Duties

Condition:

Union Parish Waterworks District No. 1 has too few individuals involved in the accounting system to have adequate segregation of duties for internal control.

Criteria:

Effective internal controls require that there be segregation of duties within the accounting function in order to reduce the risk of both errors and inappropriate actions.

Cause:

The District's office manager is primarily the only individual involved in the accounting function. This does not allow for proper segregation of duties.

Potential Effect:

The District does not have proper segregation of duties and is at greater risk for not preventing or identifying errors and inappropriate actions once they have occurred.

Recommendation:

It is recommended that the Board be involved with the oversight of the accounting function.

Response:

The Board will continue to be involved with oversight of the accounting function and is open to any suggestions on how to put controls in place to offset the risks.

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Union Parish Waterworks District No. 1 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Union Parish Waterworks District No. 1 (District) 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 period January 1, 2018 through December 31, 2018. 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*

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1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the District's operations):<sup>1</sup>
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - 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.
  - c) **Disbursements**, including processing, reviewing, and approving
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.

---

<sup>1</sup> For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics<sup>2</sup>**, 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 District's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Findings:** The District does not have written policies or procedures.

### ***Board or Finance Committee<sup>3</sup>***

---

- 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.
  - 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-

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<sup>2</sup> The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

<sup>3</sup> These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

to-actual comparisons, if budgeted) for major proprietary funds.<sup>4</sup> *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the District's collections during the fiscal period.*

- 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.

**Findings:** One exception noted where the minutes did not reference or include monthly budget-to-actual comparisons.

### ***Bank Reconciliations***

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

**Findings:** The District does not prepare formal bank reconciliations for any of its bank accounts. Therefore, we were unable to test the above procedures.

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<sup>4</sup> Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant THE DISTRICT operations, including proprietary operations that are not required to be budgeted under the LGBA.

<sup>5</sup> Accounts selected may exclude savings and investment accounts that are not part of the THE DISTRICT's daily business operations.

## ***Collections***

---

4. Obtain a listing of deposit sites<sup>6</sup> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**Findings:** We obtained the listing and management's representation.

5. For each deposit site selected, obtain a listing of collection locations<sup>7</sup> and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - 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.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

**Findings:** No exceptions noted.

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

**Findings:** No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)<sup>8</sup>. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.

---

<sup>6</sup> A deposit site is a physical location where a deposit is prepared and reconciled.

<sup>7</sup> A collection location is a physical location where cash is collected. An THE DISTRICT may have one or more collection locations whose collections are brought to a deposit site for deposit.

<sup>8</sup> If "bank reconciliations" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

**Findings:** No exceptions noted.

***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).

**Findings:** We obtained the listing and management's representation.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - 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.
  - 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.

**Findings:** No exceptions noted.

- 10. For each location selected under #8 above, obtain the District'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.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Findings:** No exceptions noted.

***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) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Findings:** The District does not have any active credit cards, bank debit cards, fuel cards, and P-cards. We obtained management's representation of this.

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 excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

**Findings:** This step is not applicable.

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

**Findings:** This step is not applicable.

***Travel and Travel-Related Expense Reimbursements<sup>9</sup> (excluding card transactions)***

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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

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<sup>9</sup> Non-travel reimbursements are not required to be tested under this category.

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)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- 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).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Findings:** The District did not have any travel and travel-related expense reimbursements during the fiscal period. We obtained management's representation of this.

### ***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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing 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<sup>10</sup> (e.g., solicited quotes or bids, advertised), if required by law.
- 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).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- 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.

**Findings:** No exceptions noted.

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<sup>10</sup> If the THE DISTRICT has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

## *Payroll and Personnel*

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

**Findings:** The District has no employees. All workers are paid on a contract basis. This test is not applicable.

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

- 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.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

**Findings:** The District has no employees. All workers are paid on a contract basis. This test is not applicable.

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

**Findings:** The District has no employees. All workers are paid on a contract basis. This test is not applicable.

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.

**Findings:** The District did not pay any wages or salaries to anyone during the fiscal period. Therefore, there were no taxes or insurance premiums to be paid. We obtained management's representation of this.

## *Ethics*<sup>11</sup>

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above<sup>12</sup>, 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.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the District's ethics policy during the fiscal period.

**Findings:** The District has no employees. All workers are paid on a contract basis. It was noted that none of the Board members had documentation of the required ethics training.

## *Debt Service*<sup>13</sup>

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

**Findings:** No exceptions noted.

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.

**Findings:** No exceptions noted.

## *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 District reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled.

**Findings:** The District did not have any misappropriations of public funds and assets during the fiscal period. This testing is not applicable.

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<sup>11</sup> The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

<sup>12</sup> If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

<sup>13</sup> This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

24. Observe that the District has posted on its premises<sup>14</sup> and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.<sup>15</sup>

**Findings:** One exception noted where the District did not have posted on its premises, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds

### *Management's Response*

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We concur with the results of the procedures and are working diligently to improve controls.

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

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

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
June 26, 2019

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<sup>14</sup> Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

<sup>15</sup> This notice is available for download or print at [www.lfa.la.gov/hotline](http://www.lfa.la.gov/hotline).