

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**



Postlethwaite & Netterville

A Professional Accounting Corporation

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INDEPENDENT AUDITORS' REPORT



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A Professional Accounting Corporation

Independent Auditors' Report

Honorable President and Council
of the Consolidated Waterworks District No. 13 of West Feliciana Parish
St. Francisville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Consolidated Waterworks District No. 13 of West Feliciana Parish (the District), a component unit of the West Feliciana Parish Government, as of and for the year ended June 30, 2017, and the related notes to financial statements, which collectively comprise the District's basic 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.

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 the District, as of June 30, 2017, and the 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, the Schedule of Funding Progress and the Schedule of Employer Contributions of the District's Other Post Employment Benefit Plan, the Schedule of Employer's Proportionate Share of the Net Pension Liability for the Retirement Systems, and the Schedule of Employer Contributions to the Retirement Systems and the related notes, presented on pages 4 through 7, page 31, page 32, and pages 33 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 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 that collectively comprise the District's basic financial statements. The Schedule of West Feliciana Parish Government Council Members and the Schedule of Compensation, Benefits, and Other Payments to the Parish President, on pages 35 and 36, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of West Feliciana Parish Government Council Members and the Schedule of Compensation, Benefits, and Other Payments to the Parish President are the responsibility of management and were derived from and relates 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 America. In our opinion, The Schedule of West Feliciana Parish Government Council Members and the Schedule of Compensation, Benefits, and Other Payments to the Parish President are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Insurance in Force and the Schedule of Information Required by Rural Development on pages 37 and 38, are presented for additional analysis and are not a required part of the basic financial statements. That information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017 on our consideration of the District'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 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 the District's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

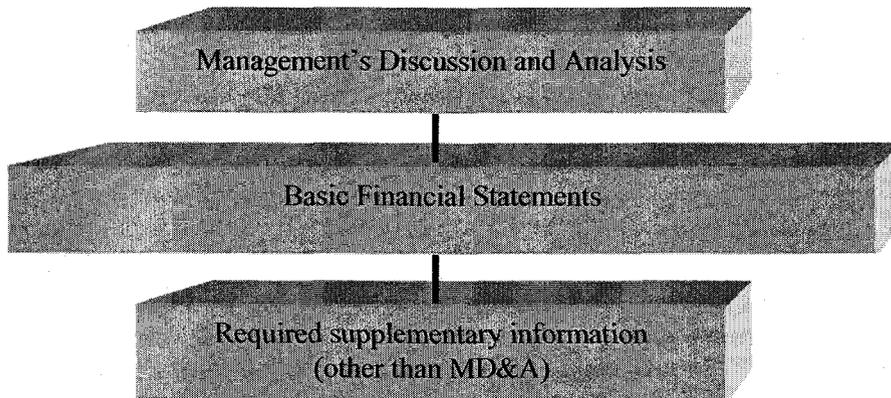
The Management's Discussion and Analysis of the District's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2017. This document focuses on the current activities of each period, resulting changes, and known facts. Please read this document in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows of the District's exceeded its liabilities and deferred inflows at the close of the year by \$4,002,465 (net position). Of this amount, \$1,128,339 (unrestricted net position) may be used without restrictions to meet the District's ongoing obligations.
- The District's net position had a decrease of \$70,364 during the year ended June 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Consolidated Waterworks District No. 13 of West Feliciana Parish as 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 three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

This report consists of the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position which provides information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Basic Financial Statements (continued)

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the District's net position and changes in them. You can think of the District's net position, the difference between assets and liabilities of resources as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL ANALYSIS OF THE ENTITY

Condensed Statements of Net Position
As of June 30, 2017 and June 30, 2016

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 1,857,046	\$ 1,678,523
Capital assets, net	<u>4,710,380</u>	<u>4,812,784</u>
Total Assets	<u>6,567,426</u>	<u>6,491,307</u>
Deferred outflows of resources -		
Pension Related	<u>107,623</u>	<u>145,126</u>
Current and other liabilities	626,762	384,061
Long-term liabilities	<u>2,023,903</u>	<u>2,159,848</u>
Total Liabilities	<u>2,650,665</u>	<u>2,543,909</u>
Deferred inflows of resources -		
Pension Related	<u>21,919</u>	<u>19,695</u>
Net position		
Net investment in capital assets	2,666,884	2,663,072
Restricted for debt service	207,242	205,844
Unrestricted	<u>1,128,339</u>	<u>1,203,913</u>
Total Net Position	<u>\$ 4,002,465</u>	<u>\$ 4,072,829</u>

The total net position as of June 30, 2017 of the District decreased by \$70,364.

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended June 30, 2017 and June 30, 2016

	<u>2017</u>	<u>2016</u>
Operating Revenue	\$ 1,684,264	\$ 1,783,818
Operating Expenses	<u>1,622,273</u>	<u>1,416,275</u>
Operating income/(loss)	61,991	367,543
Non-operating revenues/(expenses)	<u>(132,355)</u>	<u>(38,059)</u>
Change in net position	<u>(70,364)</u>	329,484

The District's total operating revenues and expenses increased due to increased residential and commercial development in the area.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

At the end of year 2017, the District had \$4,710,380, net of depreciation, invested in a broad range of capital assets (see table below). This amount represents a slight decrease of \$102,404 or 2.1% from the previous period. This net decrease is made up of additions totaling \$226,852 and depreciation of \$329,450, which reduces the carrying value.

Capital Assets at Period End (Net of Depreciation)		
	<u>2017</u>	<u>2016</u>
Utility systems	\$ 4,489,303	\$ 4,620,634
Equipment	133,384	153,856
Vehicles	<u>87,693</u>	<u>38,294</u>
Total	<u>\$ 4,710,380</u>	<u>\$ 4,812,784</u>

Long-term Liabilities

At the end of 2017, the District had \$2,177,459 in long-term liabilities compared to \$2,310,718 at the previous period end, see table below. This amount represents a decrease (comprised of predominantly bonds and notes principal payments) of \$133,259 from the previous year end.

Long-term Liabilities at Period End		
	<u>2017</u>	<u>2016</u>
Bonds payable	\$ 1,910,970	\$ 1,998,253
Notes payable	132,526	151,459
Compensated absences	47,583	52,693
Net pension liability	75,117	99,543
Net post-employment benefits	<u>11,263</u>	<u>8,770</u>
Total	<u>\$ 2,177,459</u>	<u>\$ 2,310,718</u>

ECONOMIC FACTORS AND NEXT YEAR'S RATES AND FEES

The Consolidated Waterworks District No. 13 of West Feliciana Parish considered the following factors and indicators when setting next year's rates, and fees. These factors and indicators include:

- 1) Long-term debt requirements
- 2) Cost of operations
- 3) Number of customers
- 4) Intergovernmental revenues (state and local grants)

The District does not expect any significant changes in next year's budget results as compared to the current year.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

**CONTACTING THE CONSOLIDATED WATERWORKS DISTRICT NO. 13 OF WEST
FELICIANA PARISH'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Consolidated Waterworks District No. 13 of West Feliciana Parish's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sherrel Johnson, Finance Director, P.O. Box 1921, St. Francisville, Louisiana 70775 or 225-635-3864.

FINANCIAL STATEMENTS

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

Current Assets:

Cash and cash equivalents	\$ 175,447
Investments	754,812
Receivables, net	103,547
Due from other governments	422,095
Prepaid expenses	26,397
Total current assets	<u>1,482,298</u>

Restricted assets

Cash and cash equivalents	167,506
Investments	207,242
Total restricted assets	<u>374,748</u>

Noncurrent Assets:

Capital assets, net of depreciation	4,710,380
Total noncurrent assets	<u>4,710,380</u>

TOTAL ASSETS	<u>6,567,426</u>
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DEFERRED OUTLOWS OF RESOURCES -
related to pension liability

107,623

LIABILITIES

Current liabilities:

Accounts payable	110,781
Accrued expenses and other liabilities	45,807
Compensated absences	43,214
Customer deposits	167,506
Due to other governments	149,112
Bonds payable	91,409
Notes payable	18,933
Total current liabilities	<u>626,762</u>

Long-term liabilities:

Compensated absences	4,369
Net post-employment benefit obligation	11,263
Net pension liability	75,117
Bonds payable	1,819,561
Notes payable	113,593
Total long-term liabilities	<u>2,023,903</u>

TOTAL LIABILITIES	<u>2,650,665</u>
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DEFERRED INFLOWS OF RESOURCES -
related to pension liability

21,919

NET POSITION

Net investment in capital assets	2,666,884
Restricted for debt service	207,242
Unrestricted	1,128,339
TOTAL NET POSITION	<u>\$ 4,002,465</u>

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

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

OPERATING REVENUE	
Charges for services	\$ 1,548,002
Connection and other fees	136,262
Total operating revenues	<u>1,684,264</u>
OPERATING EXPENSES	
Salaries and employee benefits	795,965
Depreciation	329,571
Repairs and maintenance	187,424
Professional services	28,200
Insurance expense	18,992
Utilities	166,155
Supplies	33,784
Bad debts	3,108
Office rent	7,200
Office supplies	19,028
Fuel	9,074
Regulatory fees	7,158
Other operating expenses	16,614
Total operating expenses	<u>1,622,273</u>
INCOME FROM OPERATIONS	<u>61,991</u>
NON-OPERATING REVENUES/(EXPENSES)	
Other revenues	38,917
Contribution to other government	(40,000)
Interest expense	(131,272)
Total non-operating revenues/(expenses)	<u>(132,355)</u>
CHANGE IN NET POSITION	(70,364)
NET POSITION:	
Net position, beginning of year	<u>4,072,829</u>
Net position, end of year	<u>\$ 4,002,465</u>

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

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

Cash flow from operating activities:	
Receipts from customers and others	\$ 1,739,409
Payments to suppliers for goods and services	(375,631)
Payments to employees for services and benefits	(783,281)
Net cash provided by operating activities	<u>580,497</u>
Cash flow from noncapital financing activities:	
Grants and other contributions	38,917
Contribution to other government	(40,000)
Change in due (from) to other governments	40,194
Net cash provided by noncapital financing activities	<u>39,111</u>
Cash flows from capital and related financing activities:	
Acquisition/construction of capital assets	(227,167)
Principal payments on debt	(106,216)
Interest paid on debt	(131,272)
Net cash used in capital and related financing activities	<u>(464,655)</u>
Cash flows from investing activities:	
Purchases of investments	(76,801)
Net cash flows used in investing activities	<u>(76,801)</u>
Net increase in cash and cash equivalents	78,152
Cash and cash equivalents, beginning of period	<u>264,801</u>
Cash and cash equivalents, end of period	<u>\$ 342,953</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 61,991
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	329,571
Bad debts	3,108
(Increase) decrease in accounts receivable	7,307
(Increase) decrease in prepaid items	(1,428)
(Increase) decrease in deferred outflows related to net pension liability	37,503
Increase (decrease) in accounts payable	95,250
Increase (decrease) in accrued expenses and other liabilities	24,176
Increase (decrease) in customer deposits	47,838
Increase (decrease) in compensated absences	(5,110)
Increase (decrease) in net post-employment benefit obligation	2,493
Increase (decrease) in net pension liability	(24,426)
Increase (decrease) in deferred inflows related to net pension liability	2,224
Net cash provided by operating activities	<u>\$ 580,497</u>

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

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Consolidated Waterworks District No. 13 of West Feliciana Parish (hereinafter referred to as the District), located in St. Francisville, Louisiana, was created by the West Feliciana Parish Government as allowed under Louisiana Revised Statute Section 33:7702. The West Feliciana Parish Government's Council acts as the board of governance for the District. There are currently five council members serving four year terms and they are not compensated for their services to the District.

The District accounts for the operations and provisions of water services to the residents and businesses within the boundaries of the District as described in Louisiana Revised Statute Section 33:3381 et seq. The number of customers at June 30, 2017 totaled approximately 2,100.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles. The District is considered a component unit of West Feliciana Parish Government. The accompanying financial statements of the District present information only as to the transactions of the programs of the District as authorized by Louisiana statutes and administrative regulations. These financial statements do not include the transactions or activities of the West Feliciana Parish Government. The District's financial statements follow the guidance mentioned in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District accounts for its activities in an enterprise fund. An enterprise fund is accounted for on an economic resources measurement focus. The fund is maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the accounting period incurred, if measurable. Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from services provided in connection with the District's principal operations. Operating expenses include the cost of services, administrative expenses and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Accounts Receivable

Receivables are recognized based on the monthly amounts billed for water consumption of District customers. The allowance for uncollectible accounts is based on management's estimate of the collectability of the receivables based on current economic conditions, experience, and other relevant factors. Accounts receivable are recorded net of an allowance of uncollectible accounts of \$1,500 at June 30, 2017.

For the year ended June 30, 2017, the District had bad debts of \$3,108.

The District requires a customer deposit upon initial account opening for use of the District-owned water meter at each residence or business. The District must hold the deposit until the customer's account is closed and at that time the deposit is returned to the customer.

Due From/To Other Governments

The activities between governments that are representative of lending/borrowing arrangements that are outstanding at the end of the period.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the statement of net position.

Restricted Assets

Based upon certain bond covenants, the District is required to establish and maintain prescribed amounts of resources (consisting of investments) in special funds that can be used only to service outstanding debt. These assets are classified as restricted assets on the statement of net position because their use is limited. Also included in restricted assets are customer deposits that were paid during the initial account opening.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are carried at historical costs. Depreciation of exhaustible capital assets used by the District is charged as an expense against operations in the Statement of Revenues, Expenses, and Changes in Net Position. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

Compensated Absences

The District allows annual leave to regular full-time employees based on length of service. No leave is earned, however, while on suspension or leave without pay status. Annual leave may be carried over to the next calendar year. There is no limit on the amount of annual leave an employee may accumulate during the term of his/her employment, but it is with an understanding that only a maximum of 240 hours will be paid to the employees upon retirement or separation. Employees are not paid for their unused annual leave at year-end, but are paid for accumulated, unused leave upon termination.

The District's regular full-time employees earn a certain amount of sick leave each year, depending upon the length and their employment status. Sick leave can be accumulated without limitation. Upon separation of employment, excluding retirement, no sick leave shall be paid to employees. The balance of the sick leave shall be kept on the schedule for a period of five years and reinstated if the employee is rehired.

The District's regular full-time employees may accrue compensatory time in lieu of overtime payment. Compensatory time may be carried over to the next calendar year. There is no limit on the amount of compensatory time an employee may accumulate during the term of his/her employment, but it is the District's practice that only a maximum of 40 hours will be paid to employees upon retirement or separation.

Pension Plans

The Consolidated Waterworks District No. 13 of West Feliciana Parish (the District) is a participating employer in a defined benefit pension plan as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those restricted assets. The restricted component of net position is used when there are limitations imposed on their use of an asset by external parties such as creditors, grantors, laws or regulations of other governments.

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use for a particular project or purpose, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Debt

Long-term debt and other long-term obligation are reported as liabilities. Bond issuance costs, excluding any prepaid bond insurance, are reported as expense in the year of debt issuance. Bond debt premiums, discounts, and gains (losses) on refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium discount. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

Investments

The District maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the District may invest in obligations of the U.S. Treasury and U.S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 disclosures 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.

Future Accounting Changes

The Governmental Accounting Standards Board recently issued GASB Statement No. 75 Accounting for Postemployment Benefits, which supersedes accounting standards that currently exist regarding retiree benefits. Under the new standard, governments recognize a liability for the full amount of actuarially determined accrued benefits less amounts funded into a trust rather than recognizing a liability based upon the difference between funding recommendations and actual contributions, as is currently required. Additionally, the liability will be measured according to more prescriptive requirements. The standard is effective for annual reporting periods beginning after June 15, 2017. The School System expects that the new standard will have a material negative effect on its net position for the year ended June 30, 2018. However, the amount of the effect is unknown at this time.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits with Financial Institutions

Cash and cash equivalents include demand deposits at local financial institutions with a carrying value of \$342,953 at June 30, 2017. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2017 the District's bank balances of these deposits totaled \$237,621 which was covered by federal depository insurance of \$250,000. Any remaining balances the District may have during the year are required to be protected against custodial risk by collateral held by the pledging banks' trust department or agent in the District's name.

Investments

As of June 30, 2017, the District had the following investments and maturities:

INVESTMENT MATURITIES (IN YEARS)

<u>Investment type</u>	<u>Net Asset Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
LAMP	\$ 962,054	\$ 962,054	\$ -	\$ -

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Interest Rate Risk- The primary government's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk- Under Louisiana R.S. 33:2955, as amended, the District may invest in obligation of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, Louisiana Asset Management Pool (LAMP), and other investments as provided in the statute. The District's policy does not further limit its investment choices. As of June 30, 2017, the District's investment in LAMP was rated AAAM by Standard & Poor's.

Concentration of Credit Risk- The primary government does not have a limit on the amount the primary government may invest in one issuer. One hundred percent of the primary government's investments are in LAMP funds.

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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

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)(1)(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.

Interest rate risk- The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS

3. RESTRICTED ASSETS

At June 30, 2017, the District had the following restricted assets:

Investments for debt service	\$ 207,242
Cash for customer deposits	<u>167,506</u>
	<u>\$ 374,748</u>

4. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2017:

Charges for services	\$ 105,047
Allowance for uncollectable accounts	<u>(1,500)</u>
Total	<u>\$ 103,547</u>

5. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the District for the year ended June 30, 2017:

	Balance 06/30/2016	Additions	Deletions	Balance 06/30/2017
Utility Systems	\$ 10,148,058	\$ 125,835	\$ -	\$ 10,273,893
Equipment	336,436	33,028	-	369,464
Vehicle	139,800	68,304	-	208,104
	<u>10,624,294</u>	<u>227,167</u>	<u>-</u>	<u>10,851,461</u>
<u>Less: accumulated depreciation</u>				
Utility Systems	(5,527,424)	(257,166)	-	(5,784,590)
Equipment	(182,580)	(53,500)	-	(236,080)
Vehicles	(101,627)	(18,784)	-	(120,411)
	<u>(5,811,631)</u>	<u>(329,450)</u>	<u>-</u>	<u>(6,141,081)</u>
Total capital assets, net	<u>\$ 4,812,663</u>	<u>\$ (102,283)</u>	<u>\$ -</u>	<u>\$ 4,710,380</u>

6. DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts, salaries and other payables as of June 30, 2017, were as follows:

Vendors	\$ 110,781
Salaries payable	42,676
Interest Payable	<u>3,131</u>
Total governmental fund encumbrances	<u>\$ 156,588</u>

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NOTES TO THE FINANCIAL STATEMENTS

7. LONG-TERM DEBT

a. Activities

Long-term debt activity of the District for the year ended June 30, 2017 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Bonds Payable	\$ 1,998,253	\$ -	(\$ 87,283)	\$ 1,910,970	\$ 91,409
Notes Payable	151,459	-	(18,933)	132,526	18,933
Compensated Absences	52,693	17,834	(22,944)	47,583	43,214
Net Pension Liability	99,543	-	(24,426)	75,117	-
Net Post-Employment Benefits	<u>8,770</u>	<u>2,493</u>	<u>-</u>	<u>11,263</u>	<u>-</u>
	<u>\$ 2,310,718</u>	<u>\$ 20,327</u>	<u>(\$ 153,586)</u>	<u>\$ 2,177,459</u>	<u>\$ 153,556</u>

b. Bonds and Notes Payable

For the purpose of improving and extending the waterworks system, the District issued \$2,600,000 in water revenue bonds during the year ended December 31, 1997.

For the purpose of continuing relocation construction costs related to the waterworks system, the District issued \$268,000 in water revenue bonds during the year ended December 31, 2007.

Based on an agreement with the Louisiana Department of Transportation and Development executed on March 9, 1999, and pursuant to the provisions of La RS 48:381 (C), the District owed \$98,097 for its share of line relocation costs on the Bains Project. The total project cost \$356,456 which was paid by the La DOTD, but the District was responsible for 27.52% of it. An agreement was made with the La DOTD to repay 10% per year beginning with the fiscal year ending June 30, 2015. With installments of \$9,810 paid annually, this loan will be fully paid during the fiscal year ending June 30, 2024. The balance at June 30, 2017, was \$68,667.

Based on an agreement with the Louisiana Department of Transportation and Development executed on March 19, 2007, and pursuant to the provisions of La RS 48:381 (C), the District owed \$91,228 for its share of line relocation costs on the Thompson Creek Project. The total project costs \$656,786 which was paid by the La DOTD, but the District was responsible for 13.89% of it. An agreement was made with the La DOTD to repay 10% per year beginning with the fiscal year ending June 30, 2015. With installments of \$9,123 paid annually, this loan will be fully paid during the fiscal year ending June 30, 2024. The balance at June 30, 2017, was \$63,859.

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NOTES TO THE FINANCIAL STATEMENTS

7. **LONG-TERM DEBT** (continued)

Bonds and Notes outstanding were as follows at June 30, 2017:

	<u>Date of Issue</u>	<u>Original/Notional Balance</u>	<u>Ending Balance</u>
Water Revenue Bonds, Series 1997, 5.0%	3/20/1997	\$ 2,600,000	\$ 1,877,970
Water Revenue Bonds, Series 2007, 5.0%	10/04/2007	268,000	33,000
Utility Relocation Agreement, No. 09069	3/9/1999	98,097	68,667
Utility Relocation Agreement, No. 08947	3/19/2007	91,228	63,859
		<u>\$ 3,057,325</u>	<u>\$ 2,043,496</u>

Principal and interest payments are due as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 110,342	\$ 93,025	\$ 203,367
2019	80,330	89,299	169,629
2020	83,471	86,158	169,629
2021	86,773	82,856	169,629
2022	90,244	79,385	169,629
2023 – 2027	453,022	338,319	791,341
2028 – 2032	532,801	220,679	753,480
2033– 2037	606,513	71,816	678,329
	<u>\$ 2,043,496</u>	<u>\$ 1,061,537</u>	<u>\$ 3,105,033</u>

8. **PENSION PLAN**

The Consolidated Waterworks District No. 13 of West Feliciana Parish (the District) is a participating employer in one cost-sharing defined benefit pension plans. This plan is administered by a public employee retirement system, the Parochial Employees' Retirement System of Louisiana- Plan B (PERS or System). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of this plan to the State Legislature. The system is administered by a separate board of trustees and is a component unit of the State of Louisiana.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. This report may be obtained by writing, calling or downloading the report as follows:

PERS:
7905 Wrenwood Blvd.
Baton Rouge, Louisiana
70809
(225) 928-1361
www.persla.org

CONSOLIDATED WATERWORKS DISTRICT NO.13
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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

The District implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the District to record its proportional share of the pension plan Net Pension Liability and report the following disclosures:

Plan Descriptions:

Parochial Employees' Retirement System of Louisiana (PERS)

Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S.11:1901 of the Louisiana Revised Statute (LRS). The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the system. The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

Eligibility Requirements:

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Retirement Benefits:

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with 30 years of creditable service.
2. Age 60 with a minimum of ten 10 years of creditable service.
3. Age 65 with a minimum of seven 7 years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan:

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plan is required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2016, for the District and covered employees were as follows:

	District	Employees
Parochial Employees' Retirement System of Louisiana: Plan B	8.00%	3.00%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	June 30,		
	2017	2016	2015
Parochial Employees' Retirement System of Louisiana: Plan B	\$ 46,212	\$ 46,282	\$ 47,928

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the District's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the December 31, 2016 measurement date. The District uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2016 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at December 31, 2016 along with the change compared to the December 31, 2015 rate. The District's proportion of the Net Pension Liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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NOTES TO THE FINANCIAL STATEMENTS

8. **PENSION PLAN** (continued)

	Net Pension Liability at December 31, 2016	Rate at December 31, 2016	Increase (Decrease) to December 31, 2015 Rate
Parochial Employees' Retirement System of Louisiana:			
Plan B	\$ 75,117	2.312935%	2.312935%

The following schedule list each pension plan's recognized pension expense plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions by the District for the year ended June 30, 2017:

	Pension Expense
Parochial Employees' Retirement System of Louisiana:	
Plan B	\$ 70,089

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (21,441)
Changes of assumptions	8,959	-
Net difference between projected and actual earnings on pension plan investments	74,994	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	662	(478)
Employer contributions subsequent to the measurement date	23,008	-
Total	\$ 107,623	\$ (21,919)

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Parochial Employees' Retirement System of Louisiana:		
Plan B	\$ 107,623	\$ (21,919)

The District reported a total of \$23,008 as deferred outflow of resources related to pension contributions made to the System subsequent to the measurement which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2018.

CONSOLIDATED WATERWORKS DISTRICT NO.13
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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	PERS B
2018	\$ 20,662
2019	26,122
2020	18,028
2021	<u>(2,116)</u>
	<u>\$ 62,696</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan as of December 31, 2016 are as follows:

	PERS
Valuation Date	
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Investment Rate of Return	7.00% net of investment expenses
Inflation Rate	2.50% per annum
Mortality	RP-2000 Healthy Annuitant Sex Distinct Tables projected to 2031 using Scale AA were selected for annuitant and beneficiary mortality. For employees, the RP-2000 Employees Sex Distinct Tables set back 4 years for males and 3 years for females was selected. The RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females was selected for disabled annuitants.
Salary Increases	5.25%
Cost of Living Adjustments	The present value 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 authorized by the Board of Trustees.
Method used in determining long-term rate of return on pension plan assets	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 are 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 7.66 % and 7.55% for the year ended December 31, 2016 and 2015, respectively.

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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in the Retirement System's target asset allocations as of December 31, 2016:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
	PERS	PERS
Equities	52.0%	3.63%
Fixed income	35.0%	1.24%
Alternatives	11.0%	0.67%
Real assets	2.0%	0.12%
Total	100.0%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan'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. The discount rate used to measure the total pension liability for PERS was 7.00%, for the year ended December 31, 2016.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the Net Pension Liability (NPL) using the discount rate of the Retirement System as well as what the District's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement System:

	1.0% Decrease	Current Discount Rate	1.0% Increase
PERS B Rates	6.00%	7.00%	8.00%
District's Share of NPL	\$ 285,575	\$ 75,117	\$ (102,529)

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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

Payables to the Pension Plan

The District recorded accrued liabilities to the Retirement System for the year ended June 30, 2017 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to the retirement system at June 30 is as follows:

	<u>2017</u>
Parochial Employees' Retirement System of Louisiana:	
Plan B	<u>\$ 10,566</u>

9. RISK MANAGEMENT

Litigation and General Liability

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased various insurance policies to cover such risks.

The District is a defendant in various lawsuits. Management and legal counsel for the District believe that potential claims against the District not covered by insurance would not materially affect the District's financial position.

10. OTHER POST EMPLOYMENT BENEFITS

Plan Description – The District's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Most 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, 2008, 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.

Contribution Rates – Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

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NOTES TO THE FINANCIAL STATEMENTS

10. OTHER POST EMPLOYMENT BENEFITS (continued)

Fund Policy – Until 2013, the District recognized the cost of providing post-employment medical benefits (the District’s portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. The District’s portion of health care funding cost for retired employees totaled \$0 for the year ended June 30, 2016 and 2015, respectively.

Effective January 1, 2013, the District implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The District’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

Normal cost	\$ 1,326
30-year UAAL amortization amount	<u>1,323</u>
Annual required contribution (ARC)	<u>\$ 2,649</u>

Net Post-employment Benefit Obligation (Asset) – The table below shows the District’s Net Other Post-employment Benefit (OPEB) Obligation for the year ending June 30, 2017:

Beginning Net OPEB Obligation	\$ 8,770
Annual required contribution	2,649
Interest on Net OPEB Obligation	351
ARC Adjustment	<u>(507)</u>
OPEB Cost	2,493
Contribution	-
Current year retiree premium	-
Change in Net OPEB Obligation	<u>2,493</u>
Ending Net OPEB Obligation	<u>\$ 11,263</u>

The following table shows the District’s annual OPEB cost, percentage of the OPEB cost contributed, and the net OPEB obligation for the following periods:

<u>Fiscal Period Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
June 30, 2017	\$ 2,493	0.00%	\$ 11,263
June 30, 2016	2,434	0.00%	8,770
June 30, 2015	2,139	0.00%	6,336

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER POST EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress – The District has made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) below is defined as that portion, as determined by a particular actuarial cost method (the District uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

Actuarial Accrued Liability (AAL)	\$	23,787
Actuarial Value of Plan Assets (AVP)		-
Unfunded Act. Accrued Liability (UAAL)		<u>23,787</u>
Funded Ratio (AVP/AAL)		0.00%
Covered Payroll (active plan members)	\$	617,029
UAAL as a percentage of covered payroll		3.86%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the District and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the District and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the District and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER POST EMPLOYMENT BENEFITS (continued)

Post-employment Benefit Plan Eligibility Requirements – Based on past experience, it has been assumed that entitlement to benefits will commence three years after eligibility to enter the D.R.O.P., as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – Retiree medical coverage is available, paid for by the retiree, for the retiree and dependents until the retiree is eligible for Medicare Part B coverage at age 65. The "value of benefits" is normally assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree. In this case, the retiree pays the entire "cost" of the retiree medical premium but it is based on the blended rate and there is thus an implied subsidy which has been used as the basis for calculating the actuarial present value of OPEB benefits in this valuation. It has been assumed that the unblended retiree rate before Medicare eligibility is 30% higher than the total blended rate for this purpose.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER POST EMPLOYMENT BENEFITS (continued)

Below is a summary of OPEB cost and contributions for the last three fiscal years.

	OPEB Costs and Contributions		
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
OPEB Cost	\$ 2,139	\$ 2,434	\$ 2,493
Contribution	-	-	-
Retiree premium	-	-	-
Total contribution and premium	<u>-</u>	<u>-</u>	<u>-</u>
Change in net OPEB obligation	\$ <u>2,139</u>	\$ <u>2,434</u>	\$ <u>2,493</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	0.00%	0.00%	0.00%

11. LEASES

The District paid \$7,200 to West Feliciana Parish Government for office space during the fiscal period on a month-to-month basis at a rate of \$600 per month.

12. CONTINGENCIES

The District participates in federal and state assisted grant programs. These programs are subject to state and federal monitoring examinations which could result in disallowed costs having to be returned to the granting agency. Management believes that further examinations would not result in material disallowed costs.

13. SUBSEQUENT EVENTS

Management of the District has evaluated events through the date that the financial statements were available to be issued, December 29, 2017 and determined that there were no events occurred that required additional disclosure. No events after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH

OTHER POST EMPLOYMENT BENEFITS PLAN
RETIREE HEALTH AND LIFE INSURANCE PROGRAMS
YEAR ENDED JUNE 30, 2017

SCHEDULE OF FUNDING PROGRESS

<u>Fiscal Period</u> <u>Ending</u>	<u>Actuarial</u> <u>Valuation Date</u>	<u>Actuarial Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>(b)</u>	<u>Unfunded AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded Ratio</u> <u>(a/b)</u>	<u>Covered Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>((b-a)/c)</u>
06/30/17	07/01/15	\$ -	\$ 23,787	\$ 23,787	0.00%	\$ 617,029	3.86%
06/30/16	07/01/15	-	22,872	22,872	0.00%	548,964	4.17%
06/30/15	01/01/13	-	21,575	21,575	0.00%	531,439	4.06%
06/30/14	01/01/13	-	20,745	20,745	0.00%	262,910	7.89%
12/31/13	01/01/13	-	20,338	20,338	0.00%	504,123	4.03%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Period</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Amount</u> <u>Contributed</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Costs Contributed</u>	<u>Increase</u> <u>(Decrease) to</u> <u>Net OPEB</u> <u>Obligation</u>	<u>Net OPEB</u> <u>Obligation</u>
06/30/17	\$ 2,493	\$ -	0.00%	\$ 2,493	\$ 11,263
06/30/16	2,434	-	0.00%	2,434	8,770
06/30/15	2,139	-	0.00%	2,139	6,336
06/30/14	2,110	-	0.00%	2,110	4,197
12/31/13	2,087	-	0.00%	2,087	2,087

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2017

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Parochial Employees' Retirement System of Louisiana Plan B						
	2017	0.5551%	\$ 75,117	\$ 544,260	13.8017%	95.50%
	2016	0.5587%	99,478	536,970	18.5259%	93.48%
	2015	0.5867%	1,627	525,397	0.3097%	99.89%

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 the previous calendar year as the measurement date.

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2017

<u>Pension Plan</u>	<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll³</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochial Employees' Retirement System of Louisiana Plan B						
	2017	\$ 46,212	\$ 46,212	-	\$ 577,641	8.0000%
	2016	46,282	46,282	-	544,260	8.5037%
	2015	47,928	47,928	-	525,248	9.1248%

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

For reference only:

- ¹ *Employer contribution rate multiplied by employer's covered employee payroll*
- ² *Actual employer contributions remitted to Retirement Systems*
- ³ *Employer's covered employee payroll amount for each of the fiscal year ended June 30.*

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Changes of Benefit Terms include:

Parochial Employees' Retirement System of Louisiana Plan B

- No changes noted

Changes of Assumptions

Parochial Employees' Retirement System of Louisiana Plan B

- There were no changes of assumptions for the year ended June 30, 2017

OTHER SUPPLEMENTARY INFORMATION

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF WEST FELICIANA PARISH GOVERNMENT COUNCIL MEMBERS
YEAR ENDED JUNE 30, 2017

The District is operated under the authority of the West Feliciana Parish Government. The council members are not compensated for their services to the District.

Below is a listing of the West Feliciana Parish Council Members.

Term Beginning	January 1, 2016
Sydney Picou Walker P.O. Box 516 St. Francisville, LA 70775	At Large
Melvin Young 6900 Greenwood Road St. Francisville, LA 70775	District A
John Thompson 11126 Wakefield Drive North St. Francisville, LA 70775	District B
Melville Percy 4888 Audubon Lane St. Francisville, LA 70775	District C
William "Bill" May III 10695 Firetower Road St. Francisville, LA 70775	District D

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE PARISH PRESIDENT
YEAR ENDED JUNE 30, 2017

The District is operated under the authority of the West Feliciana Parish Government. The parish president is not compensated for his services to the District.

Parish President's Name: Kevin Couhig

Salary \$ -

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2017
(UNAUDITED)

<u>Coverage</u>	<u>Insurance Company</u>	<u>Expiration</u>	<u>Liability Limits</u>
General Liability	Atlantic Specialty Insurance Co.	4/25/2018	\$2,000,000 General Aggregate \$2,000,000 Products/completed Operation Aggregate \$1,000,000 Each Occurrence \$1,000,000 Personal and Advertising \$3,000,000 Damage to Premises Rented to you Failure to Supply - \$300,000 Each Occurrence Sexual Abuse - \$1,000,000 Each Occurrence
Auto Liability	Atlantic Specialty Insurance Co.	4/25/2018	\$1,000,000 each accident - Liability
Excess Liability	Atlantic Specialty Insurance Co.	4/25/2018	\$2,000,000 Aggregate Limit \$1,000,000 Each Claim Limit
Professional Liability	Atlantic Specialty Insurance Co.	4/25/2018	Public Officials Errors & Omissions \$1,000,000 Each Wrongful Act \$2,000,000 Aggregate - Claims Made Public Officials Employment Practices \$1,000,000 Each Offense \$2,000,000 Aggregate - Claims Made Public Officials Employee Benefits Administration \$1,000,000 Each Offense \$3,000,000 Aggregate - Claims Made
Crime	Travelers Casualty and Surety Co	4/25/2019	\$500,000 Employee Theft \$100,000 Forgery or Alteration \$100,000 on premises \$100,000 in Transit \$100,000 Computer Fraud \$1,000,000 Funds Transfer Fraud
Property	EMC Insurance Companies	4/25/2018	\$17,530,420 Building \$2,539,402 person property \$1,817,073 contents
Inland Marine	EMC Insurance Companies	4/25/2018	\$1,535,659 Equipment \$217,892 electronic data \$400,000 Equipment leased
Boiler and Machinery	Hartford Steam Boiler Inspection & Insurance Company	4/25/2018	\$50,000,000 Equipment Breakdown Limit
Workers Compensation	LUBA Casualty Insurance Co	1/1/2018	\$1,000,000 Each Accident \$1,000,000 Policy Limit \$1,000,000 Each Employee

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF INFORMATION REQUIRED BY RURAL DEVELOPMENT
YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Item No. 1

The District's customers' accounts receivable at June 30, 2017, is comprised of the following:

	<u>0-30 days</u>	<u>31+ days</u>	<u>Total</u>
No.	Unknown		
Amount	\$103,547	\$ -	\$103,547

Item No. 2

The District's water rates at June 30, 2017, were as follows:

<u>Residential</u>	
≤ 2,000 gallons	\$16.50 minimum
> 2,000 gallons	\$3.50 per thousand gallons
<u>Commercial</u>	
≤ 10,000 gallons	\$56.00 minimum
> 10,000 gallons	\$3.50 per thousand gallons
<u>School</u>	
≤ 25,000 gallons	\$56.25 minimum
> 25,000 gallons	\$3.50 per thousand gallons

Item No. 3

The number of active residential and non-residential users at June 30, 2017 is unknown

OTHER REPORTS

**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**

The Honorable President and Council
of the Consolidated Waterworks District No. 13 of West Feliciana Parish
St. Francisville, 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 financial statements of the Consolidated Waterworks District No.13 of West Feliciana Parish (the District), a component unit of West Feliciana Parish Government, as of June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District'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 and therefore, material weaknesses or significant deficiencies may exist that have not been 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 a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations that we consider to be a significant deficiency as item 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2017-001.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. The District's response was not subjected to the auditing procedures applied 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 29, 2017

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

B. Findings – Financial Statement Audit

2017-001

Noncompliance with Bond Covenants

Criteria: The District's ordinances authorizing the issuance of the \$2,600,000 1997 USDA Water Revenue Bond, and Series 2007 Certificate of Indebtedness for \$268,000 bonds require that certain debt covenants be followed.

Condition: The District is not in full compliance with its bond resolution requiring the establishment and funding of certain accounts for the 1997 USDA Water Revenue Bond to set a specific fiscal agent bank of the Issuer to have a separate account for the bond to cover principal and/or interest.

The District is not in full compliance with the bond resolution for the 2007 Certificate of Indebtedness regarding a regularly designated fiscal agent bank sinking fund specifically for the bond to cover the cost of required monthly payments.

Cause: The District may not be fully aware of the requirements of the ordinances.

Effect: The District is not in compliance with its bonds covenants as specified in the bond ordinances.

Recommendation: We recommend that the District fully comply with all of the bond covenants set forth in the bond ordinances by establishing all restricted accounts and monitoring their balances to ensure compliance with the bond resolution.

View of Responsible Official:

The District plans to address noncompliance with bond ordinances immediately.

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

B. Findings – Financial Statement Audit

None

West Feliciana Parish

5934 Commerce St. • P.O. Box 1921 • St. Francisville, Louisiana 70775
(225) 635-3864 • Fax: (225) 635-3705

CORRECTIVE ACTION PLAN

December 29, 2017

Consolidated Waterworks District No. 13 of West Feliciana Parish respectfully submits the following corrective action plan for the year ended June 30, 2017.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809

Audit Period: July 1, 2016 to June 30, 2017

The findings from the schedule of findings and recommendations are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and recommendations.

FINDINGS – SCHEDULE OF FINDINGS AND RECOMMENDATIONS

2017-001 Noncompliance with Bond Covenants

Condition: The District is not in full compliance with its bond resolution requiring the establishment and funding of certain accounts for the 1997 USDA Water Revenue Bond to set a specific fiscal agent bank of the Issuer to have a separate account for the bond to cover principal and/or interest.

The District is not in full compliance with the bond resolution for the 2007 Certificate of Indebtedness regarding a regularly designated fiscal agent bank sinking fund specifically for the bond to cover the cost of required monthly payments.

Recommendation: We recommend that the District fully comply with all of the bond covenants set forth in the bond ordinances by establishing all restricted accounts and monitoring their balances to ensure compliance with the bond resolution.

Planned Corrective Action:

The District plans to address noncompliance with bond ordinances immediately.

Anticipated Completion Date: June 30, 2018

Responsible Contact Person: Sherrel Johnson, Finance Director

If there are questions regarding this plan, please call Sherrel Johnson at (225) 635-3864.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sherrel Johnson', with a long horizontal flourish extending to the right.

Sherrel Johnson
Finance Director

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL
AREAS

FOR THE YEAR ENDED JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

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Management's Response and Corrective Action Plan	

**Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended 2017**

To the Honorable President and Council of the
Consolidated Waterworks District No.13 of
West Feliciana Parish and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Consolidated District No. 13 of West Feliciana Parish (Entity) 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 July 1, 2016 through June 30, 2017. The Entity'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 performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues.

Written Policies and Procedures

1. Obtain the Entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Entity does not have any written policies and procedures), as applicable:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No written policies noted for budgeting

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 or state purchasing rules and regulations; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

c) ***Disbursements***, including processing, reviewing, and approving.

No exceptions noted.

- d) **Receipts**, including receiving, recording, and preparing deposits.

No exceptions noted

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

No exceptions noted

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

The policy lacks requirements for types of services requiring written contracts, standard terms and conditions, legal review, approval process, and 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, and (5) monitoring card usage

No exceptions noted.

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

There was no policy related to travel and expense reimbursements.

- 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.

There was no policy related to ethics.

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

There was no policy related to debt service.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

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

For purposes of this procedure, the board met monthly as noted in the board's enabling legislation.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and other major funds. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes do not show budget to actual comparisons in the board minutes occurred during the year.

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

No exceptions noted.

Bank Reconciliations

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

No exceptions noted.

4. Using the listing provided by management, select all of the Entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

4 of the 12 bank reconciliations selected were not prepared.

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

There was no evidence of review by a member of management for 12 reconciliations reviewed.

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

12 of 12 bank reconciliations had outstanding items greater than 6 month and contained no evidence of management's research.

Collections

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

No exceptions noted.

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

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

For the one location tested the employees collecting cash at various locations are not bonded. The employees that are collecting the cash are also depositing the funds into the financial institution.

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

For the one location subjected to the procedures, there are cash registers/drawers procedures that are in place but don't specify if they are shared drawers the procedures.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Using Entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

No exceptions noted

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

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Entity has a process specifically defined (identified as such by the Entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

No exceptions noted.

Disbursements – Other General

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

No exception noted.

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

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

Of the 25 disbursements, there were eight that did not have purchase requisitions or purchase orders.

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

Of the 25 disbursements, there were two that were not approved by the person to initiate the purchase.

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

Of the 25 disbursements, there were four that did not have a receiving report.

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

Each of the four individuals who process payments has access to add vendors to the disbursement system.

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

Each of the two individuals who make final authorization for disbursements also has authority to initiate or record a purchase.

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

No exceptions noted.

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

Authorized signatures for checks are applied by the accounts payable system upon printing of checks. The authorized signer is provided the printed checks and a listing thereof for review. However, the checks are not maintained and controlled by the authorized signer until mailed.

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

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

No exceptions noted.

15. Using the listing prepared by management, randomly select ten cards (or at least one-third if the Entity has less than ten cards that were used during the fiscal period. Obtain the monthly statements, or combined statements with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

No exceptions noted.

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

No exceptions noted.

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

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

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

No exceptions noted.

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

3 of the 7 transactions did not have documentation of business purpose of the transaction.

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

No exceptions noted.

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

No exceptions noted.

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

3 of the 7 transactions did not have documentation of business purpose of the transaction.

Travel and Expense Reimbursement

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

There were no travel expenses for the entity.

18. Obtain the Entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (GSA) and report any rates that exceed the GSA rates.

There were no travel expenses for the entity.

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

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Entity does not have written policies, compare to the PPM 49 rates (#18 above) and report each reimbursement that exceeded those rates.

There were no travel expenses for the entity.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

There were no travel expenses for the entity.

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

There were no travel expenses for the entity.

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

There were no travel expenses for the entity.

Contracts

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

There were no contracts for the entity.

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

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

There were no contracts for the entity.

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

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

There were no contracts for the entity.

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

There were no contracts for the entity.

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

There were no contracts for the entity.

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

There were no contracts for the entity.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

There were no contracts for the entity.

Payroll and Personnel

22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees, obtain their personnel files, and:

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

No exceptions noted.

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

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees and:

The entity has a population of 14 employees. We tested 1/3 of the population totaling 5 employees and performed the procedures below.

- a) Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Ethics

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

No exceptions noted.

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

No exceptions noted.

Debt Service

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

No new debt issued during fiscal year 2017.

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

The entity did not maintain adequate debt reserves for 1 debt covenant requirement.

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

Not applicable.

Other

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Corrective Action

34. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

See attached Corrective Action Plan.

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.

Sincerely,

Postlethwaite & Netterville

December 29, 2017

West Feliciana Parish

5934 Commerce St. • P.O. Box 1921 • St. Francisville, Louisiana 70775
(225) 635-3864 • Fax: (225) 635-3705

CORRECTIVE ACTION PLAN

STATE LEGISLATIVE AUDITOR AGREED UPON PROCEDURES

December 29, 2017

Consolidated Waterworks District No.13 respectfully submits the following corrective action plan for the year ended June 30, 2017 correct actions implemented.

Postlethwaite & Netterville, APAC
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809

Period: July 1, 2016 to June 30, 2017

Written Policies and Procedures

1. Obtain the Entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Entity does not have any written policies and procedures), as applicable:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

No written policies noted for budgeting.

Planned Corrective Action: The District will develop written policies for its budgeting process.

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 or state purchasing rules and regulations; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

c) **Disbursements**, including processing, reviewing, and approving.

No exceptions noted.

d) **Receipts**, including receiving, recording, and preparing deposits.

No exceptions noted

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

No exceptions noted

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

The policy lacks requirements for types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process.

Planned Corrective Action: The District will develop written policies for its contracting 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, and (5) monitoring card usage

No exceptions noted.

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

There was no written policy related to travel and expense reimbursements.

Planned Corrective Action: The District will develop written policies for its travel and expense reimbursement process.

- 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.

There was no policy related to ethics.

Planned Corrective Action: The District will develop written policies for its ethics process.

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

There was no policy related to debt service.

Planned Corrective Action: The District will develop written policies for its debt service process.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

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

For purposes of this procedure, the board met monthly as noted in the board's enabling legislation.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and other major funds. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes do not show budget to actual comparisons in the board minutes occurred during the year.

Planned Corrective Action: The District's policies will be modified to include a monthly budget to actual report to be included in each Council Member's packet.

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

No exceptions noted.

Bank Reconciliations

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

No exceptions noted.

4. Using the listing provided by management, select all of the Entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

4 of the 12 bank reconciliations selected were not prepared.

Planned Corrective Action: The District's policies will be updated to ensure that bank reconciliations are timely prepared for all bank accounts.

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

There was no evidence of review by a member of management for 12 reconciliations reviewed.

Planned Corrective Action: The District's policies will be updated to ensure that bank reconciliations are evidenced as reviewed by signature and date.

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

12 of 12 bank reconciliations had outstanding items greater than 6 month and contained no evidence of management's research.

Planned Corrective Action: The District will review with all applicable employees the need to research and document such research for any outstanding items more than 6 months old.

Collections

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

No exceptions noted.

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

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

For the one location tested the employees collecting cash at various locations are not bonded. The employees that are collecting the cash are also depositing the funds into the financial institution.

Planned Corrective Action: The District will reiterate to employees that cash should not be collected by the same person who is responsible for recording the transaction, depositing the cash and reconciling the account.

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

For the one location subjected to the procedures, there are cash registers/drawers procedures that are in place but don't specify if they are shared drawers the procedures.

Planned Corrective Action: The District's policies will be updated to include a written process for cash collections at this location.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Using Entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

No exceptions noted

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

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Entity has a process specifically defined (identified as such by the Entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

No exceptions noted.

Disbursements – Other General

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

No exception noted.

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

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

Of the 25 disbursements, there were eight that did not have purchase requisitions or purchase orders.

Planned Corrective Action: The District will implement policies so that purchases for non-reoccurring transactions will require a purchase requisition or purchase order.

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

Of the 25 disbursements, there were two that were not approved by the person to initiate the purchase.

Planned Corrective Action: The District will not have the same person initiate and approve purchase orders.

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

Of the 25 disbursements, there were four that did not have a receiving report.

Planned Corrective Action: The District will have users obtain a receiving report of items received and attach said report to invoice.

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

Each of the four individuals who process payments has access to add vendors to the disbursement system.

Planned Corrective Action: The District has users who are responsible for printing checks who also has authority for initiating and recording purchases in case of emergencies or absence of Accounts Payable personnel. This will remain in place and only used in rare cases.

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

Each of the two individuals who make final authorization for disbursements also has authority to initiate or record a purchase.

Planned Corrective Action: The District has users who are responsible for printing checks who also has authority for initiating and recording purchases in case of emergencies or absence of Accounts Payable personnel. This will remain in place and only used in rare cases.

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

No exceptions noted.

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

Authorized signatures for checks are applied by the accounts payable system upon printing of checks. The authorized signer is provided the printed checks and a listing thereof for review. However, the checks are not maintained and controlled by the authorized signer until mailed.

Planned Corrective Action: The District will maintain the same process regarding the signature stamp or signature machine. The review of the printed checks by the signer before mailing is considered sufficient.

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

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

No exceptions noted.

15. Using the listing prepared by management, randomly select ten cards (or at least one-third if the Entity has less than ten cards that were used during the fiscal period. Obtain the monthly statements, or combined statements with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

No exceptions noted.

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

No exceptions noted.

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

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

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

No exceptions noted.

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

3 of the 7 transactions did not have documentation of business purpose of the transaction.

Planned Corrective Action: The District will communicate the requirement of documentation of business/public purpose on all transactions.

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

No exceptions noted.

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

No exceptions noted.

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

3 of the 7 transactions did not have documentation of business purpose of the transaction.

Planned Corrective Action: The District will communicate the requirement of documentation of business/public purpose on all transactions.

Travel and Expense Reimbursement

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

There were no travel expenses for the entity.

18. Obtain the Entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (GSA) and report any rates that exceed the GSA rates.

There were no travel expenses for the entity.

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

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Entity does not have written policies, compare to the PPM 49 rates (#18 above) and report each reimbursement that exceeded those rates.

There were no travel expenses for the entity.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

There were no travel expenses for the entity.

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

There were no travel expenses for the entity.

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

There were no travel expenses for the entity.

Contracts

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

There were no contracts for the entity.

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

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

There were no contracts for the entity.

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

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

There were no contracts for the entity.

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

There were no contracts for the entity.

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

There were no contracts for the entity.

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

There were no contracts for the entity.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

There were no contracts for the entity.

Payroll and Personnel

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

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

No exceptions noted.

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

No exceptions noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees and:

The entity has a population of 14 employees. We tested 1/3 of the population totaling 5 employees and performed the procedures below.

- a) Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- 24. Obtain from management a list of those employees that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the

personnel files for the two employees. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted.

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

No exceptions noted.

Ethics

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

No exceptions noted.

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

No exceptions noted.

Debt Service

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

No new debt issued during fiscal year 2017.

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

The entity did not maintain adequate debt reserves for 1 debt covenant requirement.

Planned Corrective Action: The District will put in measures to ensure adequate debt reserves to be in compliance with debt covenants.

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

Not applicable.

Other

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

No exceptions noted.

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

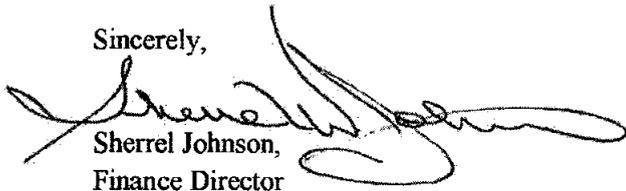
No exceptions noted.

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

No exceptions noted.

If there are questions regarding this plan, please call Sherrel Johnson at (225) 635-3864.

Sincerely,



Sherrel Johnson,
Finance Director

Responsible Contact Person: Sherrel Johnson, Finance Director

If there are questions regarding this plan, please call Sherrel Johnson at (225) 635-3864.

Sincerely,



Sherrel Johnson
Finance Director

West Feliciana Parish

5934 Commerce St. • P.O. Box 1921 • St. Francisville, Louisiana 70775
(225) 635-3864 • Fax: (225) 635-3705

CORRECTIVE ACTION PLAN

STATE LEGISLATIVE AUDITOR AGREED UPON PROCEDURES

December 29, 2017

Consolidated Waterworks District No.13 respectfully submits the following corrective action plan for the year ended June 30, 2017 correct actions implemented.

Postlethwaite & Netterville, APAC
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809

Period: July 1, 2016 to June 30, 2017

Written Policies and Procedures

1. Obtain the Entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

No written policies noted for budgeting.

Planned Corrective Action: **The District will develop written policies for its budgeting process.**

- 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 or state purchasing rules and regulations; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

- c) **Disbursements**, including processing, reviewing, and approving.

No exceptions noted.

- d) **Receipts**, including receiving, recording, and preparing deposits.

No exceptions noted

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

No exceptions noted

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

The policy lacks requirements for types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process.

Planned Corrective Action: The District will develop written policies for its contracting 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, and (5) monitoring card usage

No exceptions noted.

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

There was no written policy related to travel and expense reimbursements.

Planned Corrective Action: The District will develop written policies for its travel and expense reimbursement process.

- 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.

There was no policy related to ethics.

Planned Corrective Action: The District will develop written policies for its ethics process.

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

There was no policy related to debt service.

Planned Corrective Action: The District will develop written policies for its debt service process.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

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

For purposes of this procedure, the board met monthly as noted in the board's enabling legislation.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and other major funds. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes do not show budget to actual comparisons in the board minutes occurred during the year.

Planned Corrective Action: The District's policies will be modified to include a monthly budget to actual report to be included in each Council Member's packet.

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

No exceptions noted.

Bank Reconciliations

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

No exceptions noted.

4. Using the listing provided by management, select all of the Entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

4 of the 12 bank reconciliations selected were not prepared.

Planned Corrective Action: The District's policies will be updated to ensure that bank reconciliations are timely prepared for all bank accounts.

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

There was no evidence of review by a member of management for 12 reconciliations reviewed.

Planned Corrective Action: The District's policies will be updated to ensure that bank reconciliations are evidenced as reviewed by signature and date.

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

12 of 12 bank reconciliations had outstanding items greater than 6 month and contained no evidence of management's research.

Planned Corrective Action: The District will review with all applicable employees the need to research and document such research for any outstanding items more than 6 months old.

Collections

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

No exceptions noted.

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

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

For the one location tested the employees collecting cash at various locations are not bonded. The employees that are collecting the cash are also depositing the funds into the financial institution.

Planned Corrective Action: The District will reiterate to employees that cash should not be collected by the same person who is responsible for recording the transaction, depositing the cash and reconciling the account.

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

For the one location subjected to the procedures, there are cash registers/drawers procedures that are in place but don't specify if they are shared drawers the procedures.

Planned Corrective Action: The District's policies will be updated to include a written process for cash collections at this location.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Using Entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

No exceptions noted

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

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Entity has a process specifically defined (identified as such by the Entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

No exceptions noted.

Disbursements – Other General

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

No exception noted.

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

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

Of the 25 disbursements, there were eight that did not have purchase requisitions or purchase orders.

Planned Corrective Action: The District will implement policies so that purchases for non-reoccurring transactions will require a purchase requisition or purchase order.

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

Of the 25 disbursements, there were two that were not approved by the person to initiate the purchase.

Planned Corrective Action: The District will not have the same person initiate and approve purchase orders.

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

Of the 25 disbursements, there were four that did not have a receiving report.

Planned Corrective Action: The District will have users obtain a receiving report of items received and attach said report to invoice.

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

Each of the four individuals who process payments has access to add vendors to the disbursement system.

Planned Corrective Action: The District has users who are responsible for printing checks who also has authority for initiating and recording purchases in case of emergencies or absence of Accounts Payable personnel. This will remain in place and only used in rare cases.

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

Each of the two individuals who make final authorization for disbursements also has authority to initiate or record a purchase.

Planned Corrective Action: The District has users who are responsible for printing checks who also has authority for initiating and recording purchases in case of emergencies or absence of Accounts Payable personnel. This will remain in place and only used in rare cases.

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

No exceptions noted.

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

Authorized signatures for checks are applied by the accounts payable system upon printing of checks. The authorized signer is provided the printed checks and a listing thereof for review. However, the checks are not maintained and controlled by the authorized signer until mailed.

Planned Corrective Action: The District will maintain the same process regarding the signature stamp or signature machine. The review of the printed checks by the signer before mailing is considered sufficient.

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

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

No exceptions noted.

15. Using the listing prepared by management, randomly select ten cards (or at least one-third if the Entity has less than ten cards that were used during the fiscal period. Obtain the monthly statements, or combined statements with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

No exceptions noted.

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

No exceptions noted.

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

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

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

No exceptions noted.

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

3 of the 7 transactions did not have documentation of business purpose of the transaction.

Planned Corrective Action: The District will communicate the requirement of documentation of business/public purpose on all transactions.

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

No exceptions noted.

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

No exceptions noted.

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

3 of the 7 transactions did not have documentation of business purpose of the transaction.

Planned Corrective Action: The District will communicate the requirement of documentation of business/public purpose on all transactions.

Travel and Expense Reimbursement

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

There were no travel expenses for the entity.

18. Obtain the Entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (GSA) and report any rates that exceed the GSA rates.

There were no travel expenses for the entity.

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

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Entity does not have written policies, compare to the PPM 49 rates (#18 above) and report each reimbursement that exceeded those rates.

There were no travel expenses for the entity.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

There were no travel expenses for the entity.

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

There were no travel expenses for the entity.

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

There were no travel expenses for the entity.

Contracts

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

There were no contracts for the entity.

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

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

There were no contracts for the entity.

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

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

There were no contracts for the entity.

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

There were no contracts for the entity.

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

There were no contracts for the entity.

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

There were no contracts for the entity.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

There were no contracts for the entity.

Payroll and Personnel

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

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

No exceptions noted.

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

No exceptions noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees and:

The entity has a population of 14 employees. We tested 1/3 of the population totaling 5 employees and performed the procedures below.

- a) Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- 24. Obtain from management a list of those employees that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the

personnel files for the two employees. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted.

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

No exceptions noted.

Ethics

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

No exceptions noted.

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

No exceptions noted.

Debt Service

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

No new debt issued during fiscal year 2017.

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

The entity did not maintain adequate debt reserves for 1 debt covenant requirement.

Planned Corrective Action: The District will put in measures to ensure adequate debt reserves to be in compliance with debt covenants.

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

Not applicable.

Other

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

If there are questions regarding this plan, please call Sherrel Johnson at (225) 635-3864.

Sincerely,



Sherrel Johnson,
Finance Director