

**WEST VERNON PARISH
WATERWORKS DISTRICT**

Anacoco, Louisiana

Financial Report

Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
West Vernon Parish Waterworks District
Anacoco, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the West Vernon Parish Waterworks District (District), a component unit of the Vernon Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the West Vernon Parish Waterworks District, as of December 31, 2019, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, as a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen that may negatively affect the financial position, changes in financial position, and cash flows of the District. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Vernon Parish Waterworks District's basic financial statements. The comparative statements and various schedules included in the supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The prior year comparative amounts included in this information have been derived from the District's 2018 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly presented in all material respects in relation to the basic financial statements from which they were derived.

The various schedules included in the supplementary information have 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2020, on our consideration of the West Vernon Parish Waterworks 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.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Oberlin, Louisiana
July 16, 2020

BASIC FINANCIAL STATEMENTS

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Net Position
December 31, 2019

ASSETS

Current assets:	
Cash and cash equivalents	\$ 497,799
Accounts receivable	64,607
Ad valorem tax receivable	70,326
Total current assets	<u>632,732</u>
Restricted assets -	
Revenue bond reserve account	261,037
Revenue bond contingency account	227,826
Customer deposits	53,300
Total restricted assets	<u>542,163</u>
Capital assets, net	<u>4,199,020</u>
Total assets	<u>5,373,915</u>

LIABILITIES

Current liabilities (payable from current assets):	
Accounts payable	5,681
Accrued liabilities	10,667
Salaries payable	6,195
Other liabilities	13,034
Total current liabilities (payable from current assets)	<u>35,577</u>
Current liabilities (payable from restricted assets):	
Customer deposits	53,300
Accrued interest on bonds	13,470
Current portion of long term debt	103,114
Total current liabilities (payable from restricted assets)	<u>169,884</u>
Total current liabilities	205,461
Noncurrent liabilities:	
Revenue bonds payable	<u>3,287,484</u>
Total liabilities	<u>3,492,945</u>

NET POSITION

Net investment in capital assets	808,422
Restricted for debt service	475,393
Unrestricted	<u>597,155</u>
Total net position	<u>\$ 1,880,970</u>

The accompanying notes are an integral part of the basic financial statements.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2019

Operating revenues:	
Charges for services -	
Water sales	\$ 679,935
Installation and service fees	21,575
Other fees	<u>27,397</u>
Total operating revenues	<u>728,907</u>
Operating expenses:	
Advertising and promotion	3,766
Salaries and related benefits	201,164
Operation of plant	214,789
Depreciation	<u>183,731</u>
Total operating expenses	<u>603,450</u>
Operating income	<u>125,457</u>
Nonoperating revenues (expenses):	
Ad valorem taxes	69,323
State revenue sharing	10,817
Interest income	395
Interest expense	<u>(171,946)</u>
Total nonoperating revenues (expenses)	<u>(91,411)</u>
Change in net position	34,046
Net position, beginning	<u>1,846,924</u>
Net position, ending	<u>\$ 1,880,970</u>

The accompanying notes are an integral part of the basic financial statements.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Cash Flows
Year Ended December 31, 2019

Cash flows from operating activities:	
Receipts from customers	\$ 691,903
Payments to suppliers	(219,013)
Payments to employees and related costs	(195,209)
Other receipts	<u>27,397</u>
Net cash provided by operating activities	<u>305,078</u>
Cash flows from noncapital financing activities:	
Ad valorem taxes	66,018
State revenue sharing	10,817
Increase in meter deposits, net	<u>1,025</u>
Net cash provided by noncapital financing activities	<u>77,860</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(98,521)
Interest paid on long-term debt	(172,333)
Acquisition and construction of capital assets	<u>(26,630)</u>
Net cash used by capital and related financing activities	<u>(297,484)</u>
Cash flows from investing activities:	
Interest income	<u>395</u>
Net increase in cash and cash equivalents	85,849
Cash and cash equivalents, beginning of period	<u>954,113</u>
Cash and cash equivalents, end of period	<u>\$ 1,039,962</u>

(continued)

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Cash Flows (Continued)
Year Ended December 31, 2019

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 125,457
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	183,731
(Increase) decrease in operating assets -	
Accounts receivable	(9,607)
Increase (decrease) in operating liabilities -	
Accounts payable	(2,703)
Accrued liabilities	615
Salaries payable	5,955
Other liabilities	1,630
Net cash provided by operating activities	<u>\$ 305,078</u>
Cash and cash equivalents reported on statement of net position as:	
Cash and cash equivalents, beginning of period -	
Current	\$ 423,631
Restricted	530,482
	<u>\$ 954,113</u>
Cash and cash equivalents, end of period -	
Current	\$ 497,799
Restricted	542,163
	<u>\$ 1,039,962</u>
Net increase	<u>\$ 85,849</u>

The accompanying notes are an integral part of the basic financial statements.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of West Vernon Parish Waterworks District (District) have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The District was created in 2002 under the provisions of Louisiana Revised Statutes 33:3811-3837, for the purpose of providing water service to the rural western portion of Vernon Parish. The District is governed by a board of commissioners composed of five members appointed by the Vernon Parish Police Jury.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the Vernon Parish Police Jury appoints the District's governing body, the District was determined to be a component unit of the Vernon Parish Police Jury, the governing body of the parish and the governmental entity with oversight responsibility. The accompanying financial statements present information only on the proprietary fund maintained by the District and do not present information on the Vernon Parish Police Jury, the general government services provided by that governmental entity, or the other governmental entities that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental entities and as a governmental entity provides certain disclosures required by the Governmental Accounting Standards Board.

C. Fund Accounting

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

The District maintains only one fund as described below:

Proprietary Fund –

Enterprise Fund

The Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The enterprise fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The proprietary fund statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits. They are stated at cost, which approximates market.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities report customer utility service receivables as their major receivables. This receivable is reported net of an allowance for doubtful accounts, if any. There was no allowance recorded at December 31, 2019 due to immateriality.

Unbilled receivables resulting from services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

The District also has major receivable balances for ad valorem taxes. This receivable is reported net of an allowance for uncollectible accounts, if any. There was no allowance recorded at December 31, 2019 due to immateriality.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at acquisition value at the time of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Plant and Distribution System	40 years
Buildings	25 years
Equipment and Vehicles	5-7 years

Long-term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities. The long-term debt consists of bonds and certificates of indebtedness payable.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no deferred outflows of resources at December 31, 2019 .

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District has no deferred inflows of resources at December 31, 2019.

Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. At December 31, 2019, the District reported \$475,393 of restricted net position, none of which was restricted by enabling legislation. It is the District's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

F. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds generally are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of new installation and tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Nonoperating Revenues and Expenses

Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets, and insurance recoveries on property loss. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in November and are actually billed to the taxpayers in December. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Tax revenues are recognized in the year they are billed.

The taxes are based on assessed values determined by the Tax Assessor of Vernon Parish and are collected by the Sheriff. The taxes are remitted to the West Vernon Parish Waterworks District net of deductions for Pension Fund Contributions.

For the year ended December 31, 2019, taxes of 9.34 mills were levied on property with net assessed valuations totaling \$7,422,138 and were dedicated to paying the operations and maintenance costs of the District. Total taxes levied during 2019 were \$69,323. Taxes receivable at December 31, 2019 totaled \$70,326.

(3) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2019, the District had cash and cash equivalents (book balances) totaling \$1,039,962.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered, or the District will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at December 31, 2019, were as follows:

Bank balances	<u>\$1,055,509</u>
At December 31, 2019, bank balances are secured as follows:	
Insured	500,000
Pledged securities	<u>555,509</u>
Total	<u>\$1,055,509</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Deposits in the amount of \$555,509 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name. The District does not have a policy for custodial credit risk. The District follows state law regarding its deposits and investments; however, it has not adopted a formal deposit and investment policy.

(4) Receivables

Receivables at December 31, 2019 of \$64,607 consisted of the following:

Accounts	\$ 50,653
Unbilled water	<u>13,954</u>
Total	<u>\$ 64,607</u>

(5) Restricted Assets

Restricted assets consisted of the following at December 31, 2019:

Revenue bond reserve account	\$ 261,037
Revenue bond contingency account	227,826
Customer deposits	<u>53,300</u>
Total restricted assets	<u>\$ 542,163</u>

(6) Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/19
Capital assets not being depreciated:				
Land	\$ 72,512	\$ -	\$ -	\$ 72,512
Capital assets being depreciated:				
Buildings	67,958	-	-	67,958
Equipment and vehicles	106,175	26,630	7,300	125,505
Water distribution system	<u>6,877,602</u>	<u>-</u>	<u>-</u>	<u>6,877,602</u>
Total capital assets	<u>7,124,247</u>	<u>26,630</u>	<u>7,300</u>	<u>7,143,577</u>
Less accumulated depreciation for:				
Buildings	21,224	2,763	-	23,987
Equipment and vehicles	71,451	8,452	7,300	72,603
Water distribution system	<u>2,675,451</u>	<u>172,516</u>	<u>-</u>	<u>2,847,967</u>
Total accumulated depreciation	<u>2,768,126</u>	<u>183,731</u>	<u>7,300</u>	<u>2,944,557</u>
Capital assets, net	<u>\$ 4,356,121</u>	<u>\$ (157,101)</u>	<u>\$ -</u>	<u>\$ 4,199,020</u>

Depreciation expense included in the financial statements for 2019 totaled \$183,731.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(7) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2019:

Long-term debt payable at December 31, 2018	\$ 3,489,119
Long-term debt issued	-
Long-term debt retired	<u>(98,521)</u>
Long-term debt payable at December 31, 2019	\$ 3,390,598
Less portion of long-term debt due within one year	<u>(103,114)</u>
Portion of long-term debt due in more than one year	<u>\$ 3,287,484</u>

Long-term debt payable at December 31, 2019, was comprised of the following issues:

\$3,579,000 Water Revenue Bonds, Note #91-01, issued February 2, 2001, due in monthly installments of \$17,511 over forty years starting August 2001 through July 2041; interest at 5.00 percent	\$ 2,730,391
\$795,900 Water Revenue Bonds, Note #91-03, issued February 2, 2001, due in monthly installments of \$3,876 over forty years starting March 2001 through February 2041; interest at 5.0 percent	594,098
\$73,906 Water Revenue Bonds, Note #91-05, issued February 2, 2011 to reschedule delinquencies on Note #91-05, due in monthly installments of \$366 over 443 months through February 2041; interest at 5.0 percent	57,109
\$80,000 Certificates of Indebtedness, Series 2012, issued December 15, 2011, due in ten annual installments of \$7,000-9,000 starting December 2011 through December 2020; interest from 1 - 4.85 percent	<u>9,000</u>
	<u>\$ 3,390,598</u>

The annual requirement to amortize all debt outstanding at December 31, 2019, is as follows:

	Principal	Interest	Total
2020	103,114	167,361	270,475
2021	98,929	162,109	261,038
2022	103,990	157,047	261,037
2023	109,310	151,727	261,037
2024	114,902	146,134	261,036
2025 - 2029	668,942	636,242	1,305,184
2030 - 2034	858,494	446,689	1,305,183
2035 - 2039	1,101,754	203,429	1,305,183
2040 - 2044	<u>231,163</u>	<u>2,798</u>	<u>233,961</u>
Total	<u>\$ 3,390,598</u>	<u>\$ 2,073,536</u>	<u>\$ 5,464,134</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Flow of Funds; Restrictions on Use – Utility Revenues

Under the terms of the bond indentures for Notes 91-01, 91-03, and 91-05, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Water Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Each month there will be set aside into a “Debt Service Reserve Fund” an amount equal to five (5) percent of the annual payment of all notes. This monthly deposit should continue until the balance in the reserve fund reaches the total of one annual installment of all notes.

Funds will also be set aside into a “Depreciation and Contingency Fund” to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system, by transferring from the operation account an initial deposit of \$26,250 prior to loan closing and a monthly deposit of \$888 in perpetuity for the life of all loans.

All of the revenues received in any fiscal year and that are not required to be paid into any of the above noted funds in such fiscal year shall be regarded as surplus and may be used for any lawful purpose.

The West Vernon Parish Waterworks District was in compliance with all significant limitations and restrictions in the bond indenture at December 31, 2019.

(9) Compensation, Benefits and Other Payments to President

A detail of compensation, benefits, and other payments made to the Board President for the year ended December 31, 2019 follows:

Purpose	Amount
Joseph Smith, President	
Salary	\$ 660

(10) Compensation of Board Members

The following is a list of the commissioners and compensation paid for the year ended December 31, 2019.

Commissioner	Compensation
Joseph Smith	\$ 660
Richard Blakeway	660
Sherry Marze	360
Thurman Davis	660
Rex Fletcher	660
	\$ 3,000

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(11) Risk Management

The District is exposed to risks of loss in the areas of general liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance during the year, nor have settlements exceeded coverage for the past three years.

(12) Pending Litigation

There was no litigation pending against the West Vernon Parish Waterworks District at December 31, 2019.

(13) Subsequent Event

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, changes in financial position, and cash flows, of the District during fiscal year 2020. Additionally, a public health emergency was declared by the State of Louisiana on March 11, 2020 with a subsequent stay at home order in effect through May 15, 2020. The duration of these uncertainties and the ultimate financial effects on the District cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2019

Records maintained by the West Vernon Parish Waterworks District indicated the following number of customers were being serviced during the month of December 2019:

Residential	1,358
Commercial	<u>11</u>
	<u><u>1,369</u></u>

The water rates of the District are as follows:

Residential rates:

- \$26.00 per month for the first 2,000 gallons, then
- \$ 5.00 per 1,000 gallons or part thereof over 2,000 gallons

Commercial rates:

- \$72.00 per month for the first 10,000 gallons, then
- \$ 5.00 per 1,000 gallons or part thereof over 10,000 gallons

Penalty for paying water bill after due date:

Additional ten percent (10%) of total water charge

The aging of accounts receivable is as follows:

Current	\$ 49,840
0 - 30 days	390
31 - 60 days	350
Over 60 days	<u>73</u>
Total	<u><u>\$ 50,653</u></u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Insurance in Force
(Unaudited)
December 31, 2019

Coverage Provided For	Limits of Coverage (in dollars)	Description of limits	Expiration Date
General Liability	\$ 1,000,000	Each occurrence	11/14/2020
	\$ 1,000,000	Damage to rented premises/occurrence	
	\$ 1,000,000	Personal injury	
	\$ 2,000,000	General aggregate	
	\$ 2,000,000	Products and completed operations	
	\$ 5,000	Medical payments	
	\$ 1,222,400	Blanket property	
Public Officials/Management Liability	\$ 1,000,000	Wrongful acts	11/14/2020
	\$ 1,000,000	Employment practices	
	\$ 3,000,000	Injunctive relief	
Commercial Auto Coverage	\$ 1,000,000	Liability	11/14/2020
	\$ 1,000,000	Uninsured motorist	
	\$ 5,000	Medical payments	
Workers Compensation	\$ 100,000	Bodily injury by each accident	11/14/2020
	\$ 500,000	Bodily injury by disease policy limit	
	\$ 100,000	Bodily injury by disease each employee	
Commercial Excess Liability	\$ 100,000	Each occurrence	11/14/2020
Crime Coverage	\$ 100,000	Various Theft, coverage per type	11/14/2020
Fidelity bond	\$ 1,000,000	Blanket fidelity bond	07/01/2021

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Comparative Statements of Net Position
December 31, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 497,799	\$ 423,631
Accounts receivable	64,607	55,000
Ad valorem tax receivable	<u>70,326</u>	<u>67,021</u>
Total current assets	<u>632,732</u>	<u>545,652</u>
Restricted assets -		
Revenue bonds reserve account	261,037	261,037
Revenue bonds depreciation and contingency account	227,826	217,170
Customer deposits	<u>53,300</u>	<u>52,275</u>
Total restricted assets	<u>542,163</u>	<u>530,482</u>
Capital assets, net	<u>4,199,020</u>	<u>4,356,121</u>
Total assets	<u>5,373,915</u>	<u>5,432,255</u>
LIABILITIES		
Current liabilities (payable from current assets):		
Accounts payable	5,681	8,384
Accrued liabilities	10,667	10,052
Salaries payable	6,195	240
Other liabilities	<u>13,034</u>	<u>11,404</u>
Total current liabilities (payable from current assets)	<u>35,577</u>	<u>30,080</u>
Current liabilities (payable from restricted assets):		
Customer deposits	53,300	52,275
Accrued interest on bonds	13,470	13,857
Current portion of long term debt	<u>103,114</u>	<u>98,533</u>
Total current liabilities (payable from restricted assets)	<u>169,884</u>	<u>164,665</u>
Total current liabilities	<u>205,461</u>	<u>194,745</u>
Noncurrent liabilities:		
Certificates of indebtedness payable	-	9,000
Revenue bonds payable	<u>3,287,484</u>	<u>3,381,586</u>
Total noncurrent liabilities	<u>3,287,484</u>	<u>3,390,586</u>
Total liabilities	<u>3,492,945</u>	<u>3,585,331</u>
NET POSITION		
Net investment in capital assets	808,422	867,002
Restricted for debt service	475,393	464,350
Unrestricted	<u>597,155</u>	<u>515,572</u>
Total net position	<u>\$ 1,880,970</u>	<u>\$ 1,846,924</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Comparative Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2019 and 2018

	2019	2018
Operating revenues:		
Charges for services -		
Water sales	\$ 679,935	\$ 688,581
Installation and service fees	21,575	14,940
Other fees	27,397	28,073
Total operating revenues	728,907	731,594
Operating expenses:		
Advertising and promotion	3,766	4,033
Salaries and related benefits	201,164	220,027
Operation of plant	214,789	191,590
Depreciation	183,731	183,558
Total operating expenses	603,450	599,208
Operating income	125,457	132,386
Nonoperating revenues (expenses):		
Ad valorem taxes	69,323	65,045
State revenue sharing	10,817	11,032
Interest income	395	365
Interest expense	(171,946)	(176,635)
Total nonoperating revenues (expenses)	(91,411)	(100,193)
Change in net position	34,046	32,193
Net position, beginning	1,846,924	1,814,731
Net position, ending	\$ 1,880,970	\$ 1,846,924

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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Casey L. Ardoin, CPA, CFE

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

The Board of Commissioners
West Vernon Parish Waterworks District
Anacoco, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the West Vernon Parish Waterworks District (District), a component unit of the Vernon Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 16, 2020.

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 opinions 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as #2019-001, that we consider to be a material weakness.

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 one 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 current and prior year audit findings and management's corrective action plan as #2019-002.

West Vernon Parish Waterworks District's Response to Finding

The District's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. 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

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

Kolder, Slaven & Company, LLC

Certified Public Accountants

Oberlin, Louisiana
July 16, 2020

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2019

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The District did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the District does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2019

B. Compliance

2019-002 Failure to Publish Minutes

Fiscal year finding initially occurred: 2019

CONDITION: The District did not publish minutes for all of its public meetings within a reasonable period of time.

CRITERIA: LA R.S. 42:20 states that all public bodies shall keep written minutes of all open meetings. It further states that the minutes shall be public records and shall be available within a reasonable period of time after the meeting and published in the public body's official journal. LA R.S. 43:144 requires the official proceeds to be published within 20 days form the date of the meeting. In addition, LA R.S. 42:20B states that if the public body has a website, the minutes need to be posted to the website within 10 days after publication in the official journal and should remain there for at least 3 months after being posted online.

CAUSE: The District did not publish minutes in the official journal within the required time frame.

EFFECT: Members of the public were not provided information regarding the District's activities in a timely manner.

RECOMMENDATION: The District should comply with LA R.S. 42:20B and 43:144 and publish all minutes in accordance with state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District has implemented policies to ensure that minutes of all open meetings will be made available as public record and published in the official journal and on the District's website timely.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2019

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2018-001 Inadequate Segregation of duties

CONDITION: The District did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation..

CURRENT STATUS: Unresolved. See item 2019-001.

2018-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The District does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Resolved.

2018-003 Reconciliation of Accounts Receivable

Fiscal year finding initially occurred: 2018

CONDITION: The accounts receivable balance per the general ledger is not being compared to the customer accounts trial balance per the billing system. Errors or irregularities could be made in the recording of deposits, billings, or adjustments without being detected in a timely manner.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2019

RECOMMENDATION: It is recommended that the accounts receivable balance per the general ledger should be compared to the accounts receivable balance per the billing system at the end of each month.

CURRENT STATUS: Resolved.

2018-004 Penalties Incurred

CONDITION: During the year, the District incurred penalties for late payment of payroll tax deposits throughout the year.

RECOMMENDATION: It is recommended that the District evaluate its procedures for making payroll tax deposits to ensure all payroll taxes are remitted timely.

CURRENT STATUS: Resolved.

2018-005 Penalties Incurred

CONDITION: During the year, the District incurred penalties for late filing of sales tax returns throughout the year.

RECOMMENDATION: It is recommended that the District evaluate its procedures for collecting and remitting sales taxes to ensure the proper amount is collected and remitted as required.

CURRENT STATUS: Resolved.

2018-006 Reconciliation of Customer Meter Deposit Liability

CONDITION: The customer meter deposit detailed listing from the utility system is not being reconciled to the general ledger. Errors or irregularities could be made in the recording of deposits or refunds without being detected in a timely manner.

RECOMMENDATION: It is recommended that the customer meter deposit detailed listing be compared to the deposit liability balance per the general ledger at the end of each month.

CURRENT STATUS: Resolved.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2019

B. Compliance

2018-007 Public Participation

CONDITION: The District violated LA R.S. 42:19(A)(1)(b) which states that all public bodies shall give written public notice of any regular, special, or rescheduled meeting no later than twenty-four hours, exclusive of Saturdays, Sundays, and legal holidays, before the meeting. In November 2018, the District held a special meeting without giving written public notice as required.

RECOMMENDATION: It is recommended that the District comply with the provisions of LA R.S. 42:19(A)(1)(b).

CURRENT STATUS: Resolved.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Board of Commissioners
December 31, 2019

Name	Address	Telephone Number
Richard Blakeway	1678 Tom Beckom Road Anacoco, LA 71403	(337) 239-6185
Joseph Smith	707 W. Hawthorne Road Leesville, LA 71446	(337) 378-3004
Sherry Maze	111 Virginia Street Anacoco, LA 71403	(337) 789-6279
Thurman Davis	1103 W. Hawthorne Road Leesville, LA 71446	(337) 239-2313
Rex Fletcher	180 Lakeview Lodge Road Leesville, LA 71446	(337) 397-2613

WEST VERNON PARISH WATERWORKS DISTRICT

Statewide Agreed-Upon Procedures Report

Year Ended December 31, 2019

KOLDER, SLAVEN & COMPANY, LLC

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Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Management of the
West Vernon Parish Waterworks District,
And the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the West Vernon Parish Waterworks District (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

The District is not required to maintain a budget; therefore, this section is not applicable.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained; however, they do not address the following: management's actions to determine the completeness of all collections for each type of revenue.

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

Written policies and procedures were obtained and address the functions noted above.

- 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

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and do not address the functions noted above.

Board or Finance Committee

(The following procedures are not applicable because there were no exceptions noted in a prior year.)

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

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).
Obtained bank reconciliations noting that they were prepared within 2 months of the related statement closing date.
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).
Obtained bank reconciliations noting that they do not include evidence of review by a member of management who does not handle cash, post ledgers, or issue checks.
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
There is no documentation that management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections (excluding EFTs)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
Obtained a listing of deposit sites for the fiscal period where deposits are prepared and management's representation that the listing is complete.
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

Employees responsible for cash collections do not share cash drawers/registers.

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

Employees responsible for cash collections are responsible for preparing/making bank deposits; however, another employee is responsible for reconciling collection documentation to the deposit.

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

Employees responsible for collecting cash are responsible for posting collection entries to the general ledger; however, another employee is responsible for reconciling ledger postings to each other and to the deposit.

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

Employees responsible for reconciling cash collections to the general ledger are responsible for collecting cash; however, another employee verifies the reconciliation.

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

Through inquiry with management, all employees who have access to cash are covered by an insurance policy for theft.

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

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

Receipts are sequentially pre-numbered.

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

Traced supporting documentation to the deposit slips, noting no exceptions.

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

Traced the deposit slip total to the actual deposit per the bank statement, noting no exceptions.

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

Observed that the deposits were made within one week (depository is more than 10 miles from the collection location).

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

Traced the actual deposit per the bank statement to the general ledger, noting no exceptions.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
Observed that there are not at least two employees involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
Observed at least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
The employee responsible for processing payments is not prohibited from adding/modifying vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
The employee responsible for signing checks also mails the payment.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
Observed that disbursements matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
Disbursement documentation did not include evidence of segregation of duties tested with regard to at least two employees initiating a purchase request, approving a purchase and placing an order/making the purchase.

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

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

Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, and management's representation that the listing is complete.

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

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

Monthly statements were obtained and did not contain evidence of written review and approval by someone other than the authorized cardholder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No finance charges or late fees were assessed on the selected statements.

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

Each transaction was supported by an original itemized receipt. Transactions are supported by written documentation of the business/public purpose. There were no charges for meals.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

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

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

Per diem rates were agreed to those established by the U.S. General Services Administration.

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

All reimbursements tested were per diem based.

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

Each reimbursement was supported by documentation of the business/public purpose.

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

Reimbursements were not reviewed and approved in writing.

Contracts

(The following procedures were not performed since management asserted that the District did not have any contracts in place for the fiscal year.)

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

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

Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Agreed paid salaries to authorized salaries/pay rates in the personnel files, noting no exceptions.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

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

Supervisors did not approve the attendance and leave of the selected employees.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

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

Obtained a listing of employees/officials that received termination payments during the fiscal period and management's representation that the listing is complete. Only one employee received termination payments. Agreed the hours to the employee's cumulative leave records and the pay rates to the employee's authorized pay rates in the employee's personnel file, noting no exceptions.

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

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

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials.

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

All employees had documentation demonstrating one hour of ethics training completed.

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

Observed that each employee attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

(The following procedures are not applicable because there were no exceptions noted in a prior year.)

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

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

Other

(The following procedures are not applicable because there were no exceptions noted in a prior year.)

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management's Response:

Management of the District concurs with the exceptions and are working to address the deficiencies identified.

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
July 16, 2020