

CADDO PARISH SEWERAGE DISTRICT NO. 7

SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2019

Marsha O. Millican  
A Professional Accounting Corporation  
Shreveport, Louisiana

## **CADDO PARISH SEWERAGE DISTRICT NO. 7**

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**December 31, 2019**

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# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## Independent Auditor's Report

To the Board of Commissioners  
Caddo Parish Sewerage District No. 7  
Shreveport, Louisiana

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

I have audited the accompanying financial statements of the business-type activities and the major fund of Caddo Sewerage District No. 7 (the District), a component unit of the Caddo Parish Commission, as of and for the years ended December 31, 2019 and 2018, which collectively comprise the District's basic financial statements and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caddo Parish Sewerage District No. 7, as of December 31, 2019 and 2018, and the changes in the financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-6 be presented to supplement the basic financial statements. Such information is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 22 and 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated June 22, 2020 on my consideration of Caddo Parish Sewerage District No. 7's internal control over financial reporting and on reporting and on my 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 my 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 Caddo Parish Sewerage District No. 7's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Marsha D. Millican".

Certified Public Accountant  
June 22, 2020

**CADDO PARISH SEWERAGE DISTRICT NO. 7**  
**P. O. BOX 7606**  
**SHREVEPORT, LA 71137-7606**

**Management's Discussion and Analysis**

Our discussion and analysis of the Caddo Parish Sewerage District No. 7 financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the District's financial statements, which begin on page 7.

**FINANCIAL HIGHLIGHTS**

The District's net position increased by \$129,623 or 6%.

The District's total revenues were \$918,015 in 2019 compared to \$913,570 in 2018.

During the year ended December 31, 2019, the District had total operating expenses, excluding depreciation, of \$448,974 compared to \$508,110 in 2018.

**USING THIS ANNUAL REPORT**

This annual report consists of three parts; management's discussion and analysis, the basic financial statements, and required supplemental information. The statement of net position provides long-term and short-term information about the District's financial status. The statements of revenue, expenses, and changes in net assets and statements of cash flows provide historical data on the District's business-like activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Caddo Parish Sewerage District No. 7 is a component unit of the Parish of Caddo, Louisiana because the Parish must approve all officials appointed to the District's Board of Commissioners. The accompanying financial statements present information only on the funds maintained by the District.

**FINANCIAL ANALYSIS OF THE DISTRICT**

**Net Position**

The following table summarizes the financial status of the District:

	2019	2018	% Change
Current and other assets	\$ 842,085	\$ 958,627	-12.16%
Capital assets	2,225,924	2,411,392	-7.69%
Total assets	3,068,009	3,370,019	-8.96%
Deferred outflows	70,943	88,279	
Long-term debt outstanding	864,696	1,124,326	-23.09%
Other liabilities	128,024	121,646	5.24%
Total liabilities	992,720	1,245,972	-20.33%
Investment in capital assets	1,361,229	1,287,066	5.76%
Restricted	725,401	666,347	8.86%
Unrestricted	255,319	258,913	-1.39%
Total net position	\$ 2,341,949	\$ 2,212,326	5.86%

Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating. The above changes reflect no substantial change in the District's financial position.

### Changes in Net Position

The following table summarizes the change in the District's net position:

	2019	2018	% Change
Revenues			
Fees and charges for service	\$ 912,800	\$ 911,032	0.19%
Interest income	5,215	2,538	105.48%
Total revenues	918,015	913,570	0.49%
Expenses			
Sewer operations	448,974	508,110	-11.64%
Depreciation	274,705	283,245	-3.02%
Interest expense	64,713	75,435	-14.21%
Total expenses	788,392	866,790	-9.04%
Change in net assets	\$ 129,623	\$ 46,780	177.09%

### CAPITAL ASSETS

At the end of 2019, the District has invested \$2,225,924 in capital assets, including land, sewer lines, treatment facilities, a vehicle, and equipment. This amount represents a decrease of \$185,468 over last year.

#### (Net of depreciation)

	2019	2018	% Change
Land	\$ 37,500	\$ 37,500	0.00%
Sewer system	7,693,151	7,645,450	0.62%
Machinery and equipment	316,315	274,779	15.12%
Accumulated depreciation	(5,821,042)	(5,546,337)	4.95%
Total	\$ 2,225,924	\$ 2,411,392	-7.69%

System net additions totaled \$89,237 and depreciation was \$274,705 for 2019.

System net additions totaled \$54,623 for 2018. Depreciation totaled \$283,245 for 2018.

## LONG-TERM DEBT

At year-end the District had \$1,359,892 in debt as shown in the following table:

Outstanding Bonds Payable			
	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Loan Payable - DEQ	\$ -	\$ 90,326	-100.00%
Certificates of indebtedness	-	124,000	
Revenue bonds	<u>-</u>	<u>910,000</u>	<u>-100.00%</u>
Total	<u>\$ -</u>	<u>\$ 1,124,326</u>	<u>-100.00%</u>

This financial report is designed to provide the constituents and taxpayers with a general overview of the finances for the funds maintained by the Caddo Sewerage District No. 7 and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's office at 4859 North Market, Suite 4, Shreveport, LA 71107.



**CADDO SEWERAGE DISTRICT NO. 7**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2019 AND 2018**

<b><u>ASSETS:</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<u>Current Assets</u>		
Cash and cash equivalents	\$ -	\$ 38,179
Accounts receivable - Note 4	-	80,814
Prepaid expenses	-	17,803
	<hr/>	<hr/>
Total current assets	-	136,796
	<hr/>	<hr/>
<u>Noncurrent Assets</u>		
Restricted cash and cash equivalents		
Revenue sinking fund	-	219,934
Reserve sinking fund	-	324,108
Depreciation and contingency fund	-	54,948
Construction fund	-	67,356
Customer deposits and permits	-	155,485
Capital assets - Note 5	-	2,411,392
	<hr/>	<hr/>
Total other assets	-	3,233,223
	<hr/>	<hr/>
Total assets	-	3,370,019
	<hr/>	<hr/>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>	-	88,279
	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements

**CADDO SEWERAGE DISTRICT NO. 7**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2019 AND 2018**

<b><u>LIABILITIES:</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<u>Current Liabilities (Payable from current assets)</u>		
Accounts Payable	\$ 8,901	\$ 4,458
Total	<u>8,901</u>	<u>4,458</u>
<u>Current Liabilities (Payable from restricted assets)</u>		
Certificates of indebtedness payable	63,000	61,000
DOTD note payable	-	18,065
Customer deposits and permits held	113,684	110,494
Revenue bonds payable	162,500	162,500
Accrued interest payable	5,439	6,694
Total	<u>344,623</u>	<u>358,753</u>
Total current liabilities	<u>353,524</u>	<u>363,211</u>
<u>Noncurrent liabilities</u>		
Revenue bonds payable - Note 7	585,000	747,500
Certificates of indebtedness - Note 7	-	63,000
DOTD note payable - Note 7	54,196	72,261
Total long-term liabilities	<u>639,196</u>	<u>882,761</u>
Total liabilities	<u>992,720</u>	<u>1,245,972</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>	<u>-</u>	<u>-</u>
<b><u>NET POSITION:</u></b>		
Invested in capital assets, net of related debt	1,361,229	1,287,066
Restricted		
Capital outlay	56,491	67,356
Debt retirement	668,910	598,991
Unrestricted	<u>255,319</u>	<u>258,913</u>
Total net position	<u>\$ 2,341,949</u>	<u>\$ 2,212,326</u>

The accompanying notes are an integral part of the financial statements

**CADDO SEWERAGE DISTRICT NO. 7**  
**STATEMENTS OF REVENUE, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b><u>OPERATING REVENUES</u></b>		
Fees and charges for services	\$ 912,800	\$ 911,032
<b><u>OPERATING EXPENSES</u></b>		
Personal services	189,139	180,061
Advertising, dues and subscriptions	760	583
Utilities	48,025	37,067
Communications	4,433	5,130
Rentals paid	9,000	9,000
Maintenance of property and equipment	129,772	204,922
Professional services	12,414	14,543
Insurance and surety bonds	21,870	21,629
Office expenses	11,745	8,946
Postage and delivery	5,525	5,955
Travel and education	12,642	19,354
Bad debts	3,649	920
Depreciation	274,705	283,245
Total operating expenses	<u>723,679</u>	<u>791,355</u>
Operating Income	<u>189,121</u>	<u>119,677</u>
<b><u>NON-OPERATING INCOME (EXPENSE)</u></b>		
Interest income	5,215	2,538
Interest and fiscal charges	(64,713)	(75,435)
Total non-operating revenue (expense)	<u>(59,498)</u>	<u>(72,897)</u>
Change in net position	129,623	46,780
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>2,212,326</u>	<u>2,165,546</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 2,341,949</u></u>	<u><u>\$ 2,212,326</u></u>

The accompanying notes are an integral part of the financial statements

**CADDO SEWERAGE DISTRICT NO. 7**  
**STATEMENTS OF CASH FLOW**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>Cash Flows from Operating Activities</u>		
Cash received from customers	\$ 918,698	\$ 903,508
Cash payments to suppliers for goods and services	<u>(453,778)</u>	<u>(517,326)</u>
Net cash provided by operating activities - Note 8	<u>464,920</u>	<u>386,182</u>
<u>Cash Flows from Non-Capital Financing Activities</u>		
Deposits received from customers	<u>3,190</u>	<u>4,897</u>
Net cash from non-capital financing activities	<u>3,190</u>	<u>4,897</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Principal paid on debt	(259,630)	(235,565)
Acquisition and construction of capital assets	(89,238)	(54,622)
Interest paid on debt	<u>(39,745)</u>	<u>(60,983)</u>
Net cash used for capital and related financing activities	<u>(388,613)</u>	<u>(351,170)</u>
<u>Cash Flows from Investing Activities</u>		
Interest income	<u>5,215</u>	<u>2,538</u>
Net increase (decrease) in cash and cash equivalents	<u>84,712</u>	<u>42,447</u>
Cash and cash equivalents at beginning of year, (including restricted amounts of \$821,831)	<u>860,010</u>	<u>817,563</u>
Cash and cash equivalents at end of year, (including restricted amounts of \$842,085)	<u><u>\$ 944,722</u></u>	<u><u>\$ 860,010</u></u>

The accompanying notes are an integral part of the financial statements

**CADDO SEWERAGE DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**INTRODUCTION**

1. Caddo Parish Sewerage District No. 7 was created by the Caddo Parish Commission and is a subdivision thereof. This report includes all funds controlled by Caddo Parish Sewerage District No. 7. The District is considered a component unit of the Caddo Parish Commission, and is included in the Commission's financial report.
2. The District was formed to construct and operate a sewerage collection and treatment system north of Shreveport, Louisiana.
3. Its five Board members are appointed by the Caddo Parish Commission and compensated \$60 each per meeting attended.
4. The District is located north of Shreveport, Louisiana.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of Caddo Parish Sewerage District No. 7 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 14:514 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the AICPA Industry Audit Guide, *Audits of State and Local Governmental Units*.

**B. REPORTING ENTITY**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification section 2100, Caddo Parish Sewerage District No. 7 includes all funds that are within the oversight responsibility. The District is a component unit of the Caddo Parish Commission, the financial reporting entity. The Commission is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the District and do not provide information on the Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

### **C. FUND ACCOUNTING**

Caddo Parish Sewerage District No. 7 is organized and operated on a final basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, net assets, revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis or recovered primarily through user charges.

### **D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services of goods in connection with principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District's reporting on enterprise fund activities is based on FASB Statements and interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

The Enterprise Fund uses the following practices in recording certain revenues and expenses:

#### **Revenues**

Fees and charges for services are billed at the end of the month earned and are due by the 20th of the following month. This revenue is recorded as income in the month earned.

#### **Expenses**

Operating expenses are recorded when incurred. Interest expense is accrued at the end of each period and included as expense.

#### **E. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The District considers time deposits and those investments with maturities of 90 days or less as cash equivalents. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

#### **F. PREPAID ITEMS**

Items paid in the current year benefitting future periods are set up as assets.

#### **G. RESTRICTED ASSETS**

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, other funds set aside for specific purposes are also classified as restricted. The District uses restricted resources to fund appropriations before using unrestricted resources.

#### **H. CAPITAL ASSETS**

Fixed assets of the District are included on the balance sheet of the fund at cost. Interest costs incurred during construction are not capitalized. Constructed systems are being depreciated on a straight-line basis for 35 years. Existing systems purchased in 1985 for \$149,950 are being depreciated on a straight-line basis for 25 years. The District capitalizes all capital assets that are \$1,000 or greater.

#### **I. DEFERRED FINANCE CHARGES**

In conjunction with refunding issues, refinancing costs were incurred. These costs are amortized on a straight-line basis over the term of the new bond issues. Included in interest expense for the year ended December 31, 2019, and 2018 amortization of these costs were \$17,336 each year.

#### **J. COMPENSATED ABSENCES**

The District has adopted a leave policy as to vacation pay. The policy provides full-time employees to accumulate earned vacation. Employees must use their earned time or it is lost at the anniversary of their hire date. Earned vacation may be paid in cash upon termination of the employee. The policy also provides full-time employees sick/personal leave. Unused sick leave accumulates and may be carried forward indefinitely. The District does not pay for unused sick leave upon termination.

## **K. LONG-TERM LIABILITIES**

Long-term liabilities are reported in the statement of net position.

## **L. USE OF ESTIMATES**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of asset and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

## **M. NET POSITION**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation reduced by the outstanding balance of any borrowing used for acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use of creditors, grantors or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

## **N. BAD DEBTS**

The District uses the direct charge-off method of accounting for uncollectible sewer receivables. Although this method is not in accordance with accounting principles generally accepted in the United States of America, the overall effect on the financial statements is immaterial.



## 2. CASH AND CASH EQUIVALENTS

At December 31, 2019 and 2018, the District had cash and cash equivalents (book balances) as follows:

	<u>2019</u>	<u>2018</u>
Non interest bearing demand deposits	\$ 290,959	\$ 311,239
Interest bearing demand deposits	653,538	548,546
Other	<u>225</u>	<u>225</u>
Total	<u>\$ 944,722</u>	<u>\$ 860,010</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits or the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Cash deposits are collateralized as follows at December 31:

	<u>2019</u>	<u>2018</u>
Fair market value of securities pledged (GASB Category 3)	\$ 426,000	\$ 373,000
Current FDIC coverage	<u>678,554</u>	<u>687,856</u>
Total collateral	1,104,554	1,060,856
Collected cash balances	<u>950,671</u>	<u>867,797</u>
Collateralization (shortage) excess	<u>\$ 153,883</u>	<u>\$ 193,059</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

### 3. RECEIVABLES

Accounts receivable at December 31, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Accounts receivable - customers	\$ 95,380	\$ 100,732
Allowance for bad debts	<u>(20,464)</u>	<u>(19,918)</u>
Total accounts receivable	<u>\$ 74,916</u>	<u>\$ 80,814</u>

Provision is made for an estimate of uncollectible accounts with approved write-offs charged against that provision.

### 4. PENSION PLAN

The District has adopted a SIMPLE plan to benefit its employees. The plan calls for matching contributions up to 6% of gross pay in each calendar year to the SIMPLE IRA accounts of all eligible employees. Eligible employees include those that have worked for the District for six months. Covered wages were \$136,700 and \$110,400 for the years ended December 31, 2019 and 2018, respectively. Contributions to the plan were \$8,202 and \$6,624 for the years ended December 31, 2019 and 2018, respectively.

### 5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in insurance coverage from the prior year.

## 6. CAPITAL ASSETS

The following is a summary of capital assets:

	1/1/2019 Beginning of Year	Additions	Transfers/ Retirements	12/31/2019 End of Year
Capital assets, non-depreciable				
Land	\$ 37,500	\$ -	\$ -	\$ 37,500
Construction in progress	-	-	-	-
Total capital assets, non-appreciable	37,500	-	-	37,500
Capital assets, depreciable				
Machinery and equipment	274,779	41,536	-	316,315
Sewer system	7,645,450	47,701	-	7,693,151
Total	7,920,229	89,237	-	8,009,466
Accumulated depreciation	5,546,337	274,705	-	5,821,042
Total capital assets being depreciated net	2,373,892	(185,468)	-	2,188,424
Total capital assets	\$ 2,411,392	\$ (185,468)	\$ -	\$ 2,225,924

## 7. LONG-TERM LIABILITIES

### Changes in Long-Term Debt:

The following is a summary of bond transactions of the District for the years ending December 31, 2019 and 2018:

	Revenue Bonds	
	2019	2018
Bonds payable - beginning of year	\$ 1,034,000	\$ 1,251,500
Less bonds retired	223,500	217,500
Refunding issue	-	-
Bonds payable - end of year	810,500	1,034,000

Bonds payable at December 31, 2019 and 2018 are comprised of the following individual issues:

	2019	2018
Loans Payable - DOTD		
The Louisiana Department of Transportation and Development (DOTD) has advanced the District \$247,843 used to relocate sewerage lines. The loan does not have any stated repayment terms or interest rates. The relocation project was complete at December 31, 2012.	\$ 54,196	\$ 90,326

Revenue Bonds:

\$520,000 1983 sewer revenue bonds due in annual installments of principal and interest of approximately \$30,000 through 2023; interest at 5%.

- -

\$300,000 certificates of indebtedness, series 2015, due in annual installments of principal and interest of approximately \$64,682; average interest at 4.43%.

63,000 124,000

\$1,150,000 2002 sewer revenue refunding bonds due in annual installments of principal of \$57,500 plus interest totaling \$51,508 for 2006 and reducing thereafter; interest at 5.3%.

125,000 230,000

\$1,455,000 2009 sewer revenue refunding bonds due in annual installments of principal and interest of approximately \$133,000; average interest at 4.5%.

622,500 680,000

Total revenue bonds

810,500 1,034,000

Total all

\$ 864,696 \$ 1,124,326

In accordance with R.S. 39:562, the District is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At December 31, 2019, the statutory limit is approximately \$5,200,000, and outstanding bonded debt totals \$810,500.

The annual requirements to amortize all bond debt outstanding at December 31, 2019 are as follows:

Year ending December 31	Principal	Interest
2020	\$ 227,500	\$ 37,607
2021	167,500	28,198
2022	172,500	20,090
2023	119,977	11,638
2024	123,023	5,937
	<u>\$ 810,500</u>	<u>\$ 103,470</u>

#### **Rate covenant-debt service charge**

In accordance with the District's bond resolution authorizing the issuance of its refunding bonds, the District, through its Board of Commissioners, covenants to fix, establish and maintain such rates and collect such fees, rents or other charges for the services and facilities of the system, and all parts thereof, and to revise the same from time to time whenever necessary, and will always provide revenues in each year sufficient to pay the reasonable and necessary expenses of operating and maintaining the system in each year, the principal and interest maturing on the Bonds and the Parity Bonds in each year, all reserve or sinking funds or other payments required for such year by the Bond Resolution, and all other obligations or indebtedness payable out of the revenues of the system for such year, and which will provide revenues in each year after paying all reasonable and necessary expenses of operating and maintaining the system in such year, at least equal to 125% of the largest amount of principal and interest maturing in any future fiscal year on the Bonds and any Parity Bonds.

For the year ended December 31, 2019 and 2018 the District's coverage exceeded required amounts.

#### **Flow of funds; restrictions on use-sewer revenue**

Under the terms of the bond indentures on outstanding Sewer Revenue Bonds, all income revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Revenue is first deposited in Sewer Revenue Fund and shall first provide for the payment of the reasonable and necessary expenses of operating and maintaining the system.

Each month there will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/12 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall also be set aside into a "Sewer Reserve Fund" an amount equal to 55 of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. This fund reached its maximum in 1999.

Such amounts may be used only for the payment of the maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a Depreciation and Contingency Fund in an amount equal to 5% of the principal and interest payments required during each fiscal year. Money in the fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as maintenance in operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

#### **Certificates of Indebtedness - Series 2015**

On November 4, 2015, the District issued \$300,000 Series 2015 Certificates of Indebtedness. The Certificates are secured by and payable solely from a pledge and dedication of the excess of annual revenues of the District above statutory, necessary and usual charges in each to the fiscal years during which the Certificates are outstanding.

Each month, beginning with the month after the Certificates of Indebtedness were issued, on or before the 20th of the month, a sum equal to the principal and interest accruing for the Certificates for such calendar months shall be deposited into a "Certificates of Indebtedness, Series 2015 Sinking Fund" for payment of principal and interest on the Certificates.

## 8. STATEMENT OF CASH FLOWS

Reconciliation of operating income to net cash provided by operating activities:

	<u>2019</u>	<u>2018</u>
Operating income	\$ 189,121	\$ 119,677
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	274,705	283,245
Change in assets and liabilities:		
Decrease (Increase) in accounts receivable	5,898	(7,524)
Increase in prepaid expenses	(361)	(250)
Increase (Decrease) in accounts payable	<u>(4,443)</u>	<u>(8,966)</u>
	<u>\$ 464,920</u>	<u>\$ 386,182</u>

## 9. SUBSEQUENT EVENTS

On March 13, 2020, President Trump declared a national emergency relating to the COVID-19 virus. As of the date of this report, the pandemic is ongoing. Future potential impacts may include disruptions or restrictions on employees' ability to work. The future effects of this issue are unknown.

**CADDO PARISH SEWERAGE DISTRICT NO. 7**  
**SCHEDULE OF COMPENSATION PAID TO COMMISSIONERS**  
**YEAR ENDED DECEMBER 31, 2019 and 2018**

	2019	2018
Jo Ann Witkowski	\$ 840	\$ 900
Calvin Millender	840	900
Willie Antoine	-	300
Bob Bass	600	-
Kenny Fedd	840	-
Kerry Lyles	600	-
Elizabeth Miller	-	900
Kenny Ford	-	900
Patrick Rambin	-	-
	<u>\$ 3,720</u>	<u>\$ 3,900</u>



**CADDO PARISH SEWERAGE DISTRICT NO. 7**  
**SCHEDULE OF COMPENSATION, REIMBURSEMENTS AND OTHER PAYMENTS**  
**TO AGENCY HEAD**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Agency Head, Chairwoman, Jo Ann Witkowski		
Per Diem	\$ 900	\$ 900
Reimbursements	\$ -	\$ 40

**CADDO PARISH SEWERAGE DISTRICT NO. 7**

**CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**FINDING 2018 - #1:**

The segregation of duties is inadequate to provide effective internal control.

**STATUS:** Unresolved.



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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*

Board of Commissioners  
Caddo Parish Sewerage District No. 7  
Shreveport, Louisiana

I 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 Caddo Parish Sewerage District No. 7 as of and for the year ended December 31, 2019 and related notes to the financial statements, and have issued my report thereon dated June 22, 2020.

## Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Caddo Parish Sewerage District No. 7's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My 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 over financial reporting that might be material weaknesses or significant deficiencies. However, as described in the accompanying schedule of findings, I identified a certain deficiency in internal control that I consider to be a material weaknesses.

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 District's financial statements will not be prevented or detected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and to be a material weakness and is reported as Finding #2019-1.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo Parish Sewerage District No. 7's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Caddo Parish Sewerage District No. 7's Response to Findings

Caddo Parish Sewerage District No. 7's response to the finding identified in my audit are described in the accompanying Schedule of Findings. Caddo Parish Sewerage District No. 7's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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.



Certified Public Accountant

June 22, 2020

**CADDO PARISH SEWERAGE DISTRICT NO. 7**

**SCHEDULE OF FINDINGS**

**YEAR ENDED DECEMBER 31, 2019**

**Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. One significant deficiency in internal control over financial reporting, which is a material weakness, was disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.

**Finding # 2019-1**

**Criteria:**

Effective internal control requires the segregation of duties.

**Condition:**

Employees perform interrelated duties.

**Cause:**

The condition is due to economic and space limitations.

**Effect:**

Unknown.

**Recommendation:**

Whether or not it would be cost effective to correct a condition is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all conditions reported under accounting standards generally accepted in the United States of America. In this case, both management and the auditor do not believe that correcting the condition described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary.

**Management's Response and Corrective Action Plan:**

We agree with the finding. We will segregate duties as allowed by space and economic limitations.



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the Board of Commissioners  
Caddo Parish Sewerage District No. 7  
Blanchard, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of the Caddo Parish Sewerage District No. 1 (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed Upon Procedures (SAUPS) for the fiscal year January 1 through December 31, 2019. The District's management is responsible for those control and compliance 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 the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Council. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

My procedures and associated findings are enumerated below.

### ***Written Policies and Procedures***

*(The following written policies and procedures were not reviewed since there were no exceptions for the prior year, with the exception of the new policy added for Year 3, Disaster Recovery/Business Continuity).*

1. I obtained and inspected the entity's written policies and procedures and observed 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.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.



- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, 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. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Procedure Results - No exceptions noted.

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

***(The following procedures were not performed since there were no exceptions in the 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.
- c) For governmental entities, obtain the prior year audit and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

- 3. Obtain a listing of client bank accounts 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 individual 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 reconciliation include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/ board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

- 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).
- 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 for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:



- a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the five 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). Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

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

---

***(The following procedures were not performed since there were no exceptions in the prior year.)***

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).

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 entity 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 a purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 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 the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

- 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.
- 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.
  - b) Observe that finance charges and late fees were not 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).

#### ***Travel and Expense Reimbursement***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

- 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 General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

#### ***Contracts***

***(The following procedures were not performed since there were no exceptions in the prior 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. Obtain management's representation that the listing is complete. Randomly, select 5 contracts (or all contracts if less than 5) from the listing 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 orders, 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***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

- 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 employee's/official, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 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).
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity'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 employees/officials' authorized pay rates in the employees/officials' personnel files.
- 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.

### ***Ethics***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

- 20. Using the 5 randomly selected employees/officials from procedure #16 under 'Payroll and Personnel' above, obtain ethics documentation from management, and:
  - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- 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.

***Debt Service***

***(The following procedures were not performed since there were no exceptions in the 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 the 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.

***Other***

***(The following procedures were not performed since there were no exceptions in the 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 or 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.

I was not engaged and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the District and the LLA, and is not intended to be, and should not be, used by anyone other than the specified parties. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:514, this report is distributed by the LLA as a public document.

*Marda D. Mulhearn*

Certified Public Accountant  
June 22, 2020