

SEWERAGE DISTRICT NO. 1 OF THE
PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE
CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA

ANNUAL
FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
WITH SUPPLEMENTARY INFORMATION SCHEDULES**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Sewerage District No. 1 of the Parish of Concordia
Ferriday, Louisiana

We have audited the accompanying financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Sewerage District No. 1 of the Parish of Concordia (District), a component unit of the Concordia Parish Police Jury, as of and for the years ended December 31, 2018 and 2017, 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 of 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, the major fund, and the aggregate remaining fund information of the Sewerage District No. 1 of the Parish of Concordia as of December 31, 2018 and 2017, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 5, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 19 and 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Insurance Coverage; the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head; and the Schedule of Compensation of Commissioners are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Insurance Coverage; the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head; and the Schedule of Compensation of Commissioners 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 Schedule of Insurance Coverage; the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head; and the Schedule of Compensation of Commissioners are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

This report is intended for the information of the Members of the District, the Concordia Parish Police Jury, and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Natchez, Mississippi
April 23, 2019

SECTION I
REQUIRED SUPPLEMENTARY INFORMATION

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

INTRODUCTION

The management's discussion and analysis (MD&A) of the Sewerage District No. 1 of the Parish of Concordia's financial performance provides an overall narrative review of the District's financial activities for the years ended December 31, 2018 and 2017. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

The office of the Sewerage District No. 1 of the Parish of Concordia is located on Mack Moore Road near Ferriday, Louisiana, in Concordia Parish.

FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities by \$5,010,725 and \$5,424,307 at December 31, 2018 and 2017, respectively.
- Total expenses exceeded revenues by \$413,582 for 2018 and \$401,746 for 2017.
- The District had net capital assets of \$7,331,722 and \$7,773,049 at December 31, 2018 and 2017, respectively.
- The District had salaries, payroll taxes, and benefits of \$97,966 and \$61,551 in 2018 and 2017, respectively.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Sewerage District No. 1 of the Parish of Concordia's basic financial statements. The District's basic financial statements comprise two components: (1) fund financial statements, and (2) notes to the financial statements.

Fund financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the most recent fiscal year.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 9 through 18 of this report.

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

FUND FINANCIAL ANALYSIS

Net Position for the Periods Ending December 31, 2018 and 2017

The following is a condensed statement of the Sewerage District No. 1 of the Parish of Concordia's net position as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Current assets	\$ 73,749	\$ 86,132
Restricted assets	236,508	248,889
Noncurrent assets – capital assets	<u>7,331,722</u>	<u>7,773,049</u>
Total assets	<u>\$ 7,641,979</u>	<u>\$ 8,108,070</u>
Deferred outflows of resources	<u>\$ 8,228</u>	<u>\$ 16,105</u>
Current liabilities – payable from restricted assets	\$ 140,959	\$ 137,729
Long-term liabilities	<u>2,487,212</u>	<u>2,559,833</u>
Total liabilities	<u>\$ 2,628,171</u>	<u>\$ 2,697,562</u>
Deferred inflows of resources	<u>\$ 11,311</u>	<u>\$ 2,306</u>
Net position		
Investment in capital assets, net of related debt	\$ 4,786,778	\$ 5,172,713
Restricted for debt service	170,707	183,239
Unrestricted	<u>53,240</u>	<u>68,355</u>
Total net position	<u>\$ 5,010,725</u>	<u>\$ 5,424,307</u>

The largest portion of the District's net position (\$4,786,778 or 96%) is its investment in capital assets such as equipment less related debt expended in the acquisition of those assets.

Another portion of the District's net position (\$170,707 or 3%) is restricted to paying long-term debt. The remaining balance of the net position (\$53,240 or 1%) may be used to pay current operating expenses and utility deposits.

The District has long-term debt of \$2,487,212, which was used to finance additions to the utility system. More information concerning this debt may be found on pages 13 through 15 of the notes to the financial statements. Total liabilities of \$2,628,171 are equal to 34% of the total assets of the District.

The following is a summary of the statement of activities for 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Revenues:		
Sewerage fees	\$ 530,813	\$ 529,173
Interest income	476	620
Total revenues and transfers	<u>\$ 531,289</u>	<u>\$ 529,793</u>
Expenses:		
Operating expenses	\$ 831,759	\$ 818,428
Interest expense	110,773	113,111
Loss on disposal of asset	<u>2,339</u>	<u>-</u>
Total expenses	<u>\$ 944,871</u>	<u>\$ 931,539</u>
Change in net position	\$ (413,582)	\$ (401,746)
Net position - beginning	<u>5,424,307</u>	<u>5,826,053</u>
Net position – ending	<u>\$ 5,010,725</u>	<u>\$ 5,424,307</u>

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

CAPITAL ASSETS AND DEBT

As of December 31, 2018, the District had \$7,331,722 invested in capital assets net of accumulated depreciation of (\$6,662,370). During the year, there were additions of \$33,133 in capital assets.

The additions in 2018 included the following:

Plant improvements	\$ 8,062
Vehicles	<u>25,071</u>
Total	<u>\$ 33,133</u>

As of December 31, 2018, the District had outstanding bonded indebtedness of \$2,544,944. Principal and interest payments of \$166,198 are due to be paid during 2019. This debt consists of two different issues which are secured by a pledge of the sewer system and revenues from sewer fees. The debt is as follows:

Original balance of \$1,450,000 issued 2003 at 4 ¼% interest, due monthly at \$6,424	\$ 1,176,517
Original balance of \$1,646,000 issued 2004 at 4 ⅜% interest, due monthly at \$7,423	<u>1,368,427</u>
Total indebtedness	<u>\$ 2,544,944</u>

MANAGEMENT COMMENTS AND PLANS

2018 proved to be a continuous struggle to transition from constant problems to a preventative maintenance program. District #1 has made strides for continuing education of personnel/labor with mixed results. District #1 is up to this challenge and, with the new grant for Washington Heights awarded, looking forward to better servicing customers in Concordia Parish.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Debi T. Duncan, District Manager, at (318) 757-7507.

SECTION II
BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
Assets		
Current assets		
Cash	\$ 30,389	\$ 42,772
Accounts receivable	43,202	43,202
Accrued interest receivable	158	158
Total current assets	\$ 73,749	\$ 86,132
Restricted assets		
Debt reserve fund	\$ 107,817	\$ 129,845
Depreciation and contingency fund	62,890	53,394
Consumer deposits	58,800	65,650
Net pension asset	7,001	-
Total restricted assets	\$ 236,508	\$ 248,889
Capital assets		
Property, plant, and equipment	\$ 13,994,092	\$ 13,977,039
Less accumulated depreciation	(6,662,370)	(6,203,990)
Total capital assets	\$ 7,331,722	\$ 7,773,049
Total assets	\$ 7,641,979	\$ 8,108,070
Deferred outflows of resources		
Deferred outflows - pensions	\$ 8,228	\$ 16,105
Liabilities		
Current liabilities		
Accounts payable	\$ 14,906	\$ 13,532
Accrued interest payable	3,245	3,245
Pension payable	3,570	-
Payroll taxes payable	2,706	2,249
Tenant deposits	58,800	65,650
Notes payable, current portion	57,732	53,053
Total current liabilities	\$ 140,959	\$ 137,729
Long-term liabilities		
Net pension liability	\$ -	\$ 12,551
Notes payable, net of current portion	2,487,212	2,547,282
Total long-term liabilities	\$ 2,487,212	\$ 2,559,833
Total liabilities	\$ 2,628,171	\$ 2,697,562
Deferred inflows of resources		
Deferred inflows - pensions	\$ 11,311	\$ 2,306
Net position		
Invested in capital assets, net of related debt	\$ 4,786,778	\$ 5,172,713
Restricted for debt service	170,707	183,239
Unrestricted	53,240	68,355
Total net position	\$ 5,010,725	\$ 5,424,307

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

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Operating revenues		
Charges for sales and services		
Sewerage fees	\$ 524,094	\$ 522,469
Penalty charges	6,719	6,704
Total revenues	\$ 530,813	\$ 529,173
Operating expenses		
Salaries and benefits	\$ 91,966	\$ 58,831
Operating expenses	84,536	120,593
Commissioners' fees	6,420	6,995
Payroll taxes	5,753	2,720
Collection fees	48,180	48,903
Professional fees	14,367	10,875
Utility expense	82,135	67,966
Insurance	26,281	35,604
Depreciation	472,121	465,941
Total operating expenses	\$ 831,759	\$ 818,428
Operating loss	\$ (300,946)	\$ (289,255)
Nonoperating revenues (expenses)		
Interest income	\$ 476	\$ 620
Interest expense	(110,773)	(113,111)
Loss on disposal of asset	(2,339)	-
Total nonoperating revenues (expenses)	\$ (112,636)	\$ (112,491)
Change in net position	\$ (413,582)	\$ (401,746)
Net position, beginning of year	5,424,307	5,826,053
Net position, end of year	\$ 5,010,725	\$ 5,424,307

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

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Cash received from sewer fees	\$ 523,963	\$ 535,799
Cash paid to suppliers and employees	(356,907)	(346,949)
Net cash provided by operating activities	\$ 167,056	\$ 188,850
Cash flows from investing activities		
Purchase of fixed assets	\$ (33,133)	\$ (102,014)
Net cash used for investing activities	\$ (33,133)	\$ (102,014)
Cash flows from capital and related financing activities		
Principal paid on notes payable	\$ (55,391)	\$ (51,376)
Interest paid on notes payable	(110,773)	(113,111)
Interest income	476	620
Net cash used for financing activities	\$ (165,688)	\$ (163,867)
Net increase (decrease) in cash and cash equivalents	\$ (31,765)	\$ (77,031)
Cash and cash equivalents - beginning of year	291,661	368,692
Cash and cash equivalents - end of year	\$ 259,896	\$ 291,661
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (300,946)	\$ (289,255)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	\$ 472,121	\$ 465,941
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	-	676
Increase (decrease) in accounts payable	2,274	5,089
Increase (decrease) in payroll taxes payable	457	449
Increase (decrease) in tenant deposits	(6,850)	5,950
Total adjustments	\$ 468,002	\$ 478,105
Net cash provided by operating activities	\$ 167,056	\$ 188,850

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

NOTES TO FINANCIAL STATEMENTS

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

INTRODUCTION

1. The District was created by ordinance of the Concordia Parish Police Jury in 1976.
2. The purpose of the District is to provide sewerage and waste treatment services to the rural areas of eastern Concordia Parish.
3. The District is governed by five commissioners appointed by the Concordia Parish Police Jury. The commissioners serve at the will of the Police Jury. They were compensated at the rate of \$100 per meeting.
4. The District has approximately 1,176 customers.
5. The District has two full-time and hires part-time employees as needed.

GASB Statement 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Sewerage District No. 1 of the Parish of Concordia is considered a component unit of the Concordia Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Sewerage District No. 1 reports the following proprietary fund:

Sewer Fund

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Sewerage fees are the primary operating revenue. 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Sewerage District No. 1 of the Parish of Concordia's investment policy allow the entity to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible accounts are recorded as an allowance for bad debts when they are identified.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

F. Restricted Assets

The following lists restricted assets of the Sewerage District No. 1 of the Parish of Concordia:

	2018	2017
Debt reserve fund	\$ 107,817	\$ 129,845
Contingency and depreciation fund	62,890	53,394
Customer deposits	58,800	65,650
	<u>\$ 229,507</u>	<u>\$ 248,889</u>

These assets are of limited use as required by bond covenants. Customer deposits are restricted to customer activity.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets

Capital assets of the Sewerage District No. 1 of the Parish of Concordia are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation (if reported net on the balance sheet). Depreciation is computed using the straight-line method over the estimated useful lives of 30 years for sewerage system and equipment, 10 years for other assets.

H. Estimates

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

I. Net Position

In the statement of net position, the difference between a government's assets and liabilities is recorded as net position. The three components of net position are as follows:

Invested in Capital Assets, net of Related Debt – This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets.

Restricted – This category represents net position restricted for a specific future use because their use is limited.

Unrestricted – This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

Deferred Outflows/Inflows of Resources

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

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2018 and 2017, the Sewerage District No. 1 of the Parish of Concordia had cash and cash equivalents (book balances) totaling:

	<u>2018</u>	<u>2017</u>
Interest-bearing demand deposits	\$ 238,438	\$ 270,203
Time deposits	<u>21,458</u>	<u>21,458</u>
	<u>\$ 259,896</u>	<u>\$ 291,661</u>

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

At December 31, 2018, the District's total deposits with financial institutions (collected bank balances) were \$259,895. These deposits are secured from risk by \$259,895 of federal deposit insurance and \$0 of pledged securities held by the custodial banks.

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable at December 31, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Sewer billings	\$ 53,202	\$ 53,202
Less allowance for bad debts	<u>(10,000)</u>	<u>(10,000)</u>
Total accounts receivable	<u>\$ 43,202</u>	<u>\$ 43,202</u>

NOTE 4 - CAPITAL ASSETS

A summary of the Sewerage District No. 1 of the Parish of Concordia's capital assets at December 31, 2018, follows:

<u>Primary Government</u>	<u>Balance, Beginning</u>	<u>Increase (Decrease)</u>	<u>Decrease</u>	<u>Balance, Ending</u>
Capital assets not being depreciated				
Land	\$ 142,888	\$ -	\$ -	\$ 142,888
Capital assets being depreciated	\$ 13,834,151	\$ 33,133	\$ (16,080)	\$ 13,851,204
Less accumulated depreciation	<u>(6,203,990)</u>	<u>(472,121)</u>	<u>13,741</u>	<u>(6,662,370)</u>
Total depreciable capital assets, net	\$ 7,630,161	\$ (438,988)	\$ (2,339)	\$ 7,188,834
Total capital assets, net	<u>\$ 7,773,049</u>	<u>\$ (438,988)</u>	<u>\$ (2,339)</u>	<u>\$ 7,331,722</u>

Depreciation expense of \$472,121 for the year ended December 31, 2018, was charged to operating expense.

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 4 - CAPITAL ASSETS (continued)

A summary of the Sewerage District No. 1 of the Parish of Concordia's capital assets at December 31, 2017, follows:

<u>Primary Government</u>	<u>Balance, Beginning</u>	<u>Increase (Decrease)</u>	<u>Decrease</u>	<u>Balance, Ending</u>
Capital assets not being depreciated				
Land	\$ 142,888	\$ -	\$ -	\$ 142,888
Capital assets being depreciated	\$ 13,732,137	\$ 102,014	\$ -	\$ 13,834,151
Less accumulated depreciation	(5,738,049)	(465,941)	-	(6,203,990)
Total depreciable capital assets, net	\$ 7,994,088	\$ (363,927)	\$ -	\$ 7,630,161
Total capital assets, net	<u>\$ 8,136,976</u>	<u>\$ (363,927)</u>	<u>\$ -</u>	<u>\$ 7,773,049</u>

Depreciation expense of \$465,941 for the year ended December 31, 2017, was charged to operating expense.

NOTE 5 - LONG-TERM LIABILITIES

The following is a summary of the notes payable for the year ended December 31, 2018:

	<u>USDA Phase I Notes R-1, R-2, R-3, and R-4</u>	<u>USDA Phase II Notes R-1 and R-2</u>	<u>Total</u>
Notes payable at January 1, 2018	\$ 1,203,124	\$ 1,397,211	\$ 2,600,335
Less principal paid	(26,607)	(28,784)	(55,391)
Add amounts borrowed	-	-	-
Notes payable at December 31, 2018	<u>\$ 1,176,517</u>	<u>\$ 1,368,427</u>	<u>\$ 2,544,944</u>

Long-term debt as of December 31, 2018 and 2017, was comprised of the following:

	<u>2018</u>	<u>2017</u>
Notes payable R-1, R-2, and R-3 - Phase I - Sewer Revenue Bonds due to the United States of America, Rural Development, issued August 21, 2003, in the original amount of \$1,450,000 at an interest rate of 4 ¼% due in monthly installments of \$6,423, including amortized principal and interest through August 21, 2043. These loans are secured by a pledge of revenues from the sale of sewer services by the District.	\$ 1,176,517	\$ 1,203,124

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 5 - LONG-TERM LIABILITIES (continued)

Notes payable R-1 and R-2 - Phase II - Sewer Revenue Bonds due to the United States of America, Rural Development, issued June 21, 2004, in the original amount of \$1,646,000 at an interest rate of 4 3/8% due in monthly installments of \$7,423, including amortized principal and interest through June 21, 2044. This loan is secured by pledge of revenues from the sale of sewer services by the District.

	<u>1,368,427</u>	<u>1,397,211</u>
Total debt	\$ 2,544,944	\$ 2,600,335
Less current portion	<u>(57,732)</u>	<u>(53,053)</u>
Total long-term debt	<u>\$ 2,487,212</u>	<u>\$ 2,547,282</u>

The Sewerage District No. 1 of the Parish of Concordia's proprietary fund bonds are governed by bond indentures, the terms of which are summarized as follows:

Notes R-1, R-2, and R-3 - Phase I

1. Sewer Revenue Bond and Interest Sinking Fund (Sinking Fund)

The District shall transfer monthly, in advance on or before the 20th day of each month of each year, a sum equal to the total amount of principal and interest falling due on the next principal payment date for the bonds [except during the first year the bonds are outstanding, a monthly sum equal to one-twelfth (1/12th) of the interest falling due on the first payment date].

2. Sewer Revenue Bond Reserve Fund (Reserve Fund)

The District shall transfer monthly, in advance on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the amount to be paid into the Sinking Fund, to continue until such time as there has been accumulated in the reserve fund a sum equal to the highest combined principal and interest falling in any year on the bonds payable.

3. Sewer Depreciation and Contingency Fund (Contingency Fund)

The District shall transfer monthly, in advance on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the amount to be paid into the Sinking Fund, to continue until such time as there has been accumulated in the reserve fund a sum equal to the highest combined principal and interest due in any year on the bonds payable, then the monthly payments into the contingency fund shall increase by an amount equal to 5% of the amount being paid into the Sinking Fund.

The District is in compliance with each of these covenants.

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 5 - LONG-TERM LIABILITIES (continued)

The annual requirements to amortize notes payable as of December 31, 2018, including interest payments, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2019	\$ 57,732	\$ 108,466	\$ 166,198
2020	60,267	105,931	166,198
2021	62,926	103,272	166,198
2022	65,696	100,502	166,198
2023	68,588	97,610	166,198
2024-2028	390,959	440,031	830,990
2029-2033	484,932	346,058	830,990
2034-2038	601,487	229,503	830,990
2039-2043	719,301	85,072	804,373
2044-2045	33,056	173	33,229
Totals	<u>\$ 2,544,944</u>	<u>\$ 1,616,618</u>	<u>\$ 4,161,562</u>

NOTE 6 - PENSION PLAN

Plan Description. Substantially all employees of the Sewerage District No. 1 of the Parish of Concordia are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer, defined-benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Parish funds and all elected Parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplementary plan only before January 1, 1980, the benefit is equal to 1% of final-average salary plus \$24 for each year of supplementary-plan-only service earned before January 1, 1980.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14610, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Funding Policy. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each Parish. These tax dollars are divided between Plan A and Plan B based proportionally on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sewerage District No. 1 of the Parish of Concordia's contributions to the System under Plan A for the years ending December 31, 2018 and 2017, were \$3,570 and \$3,939, respectively, equal to the required contributions for each year.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 7 - PLAN DESCRIPTION AND BENEFITS

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

At December 31, 2018, the District reported an asset of \$7,001 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2017, the District's proportion was .004952 percent.

For the year ended December 31, 2018, the District recognized pension expense of \$4,606, less net amortization of deferred amounts from changes in proportion, \$136. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,379
Changes of assumptions	4,639	-
Net difference between projected and actual earnings on pension plan investments	-	8,490
Changes in proportion and differences between District contributions and proportionate share of contributions	19	442
District contributions subsequent to the measurement date	<u>3,570</u>	<u>-</u>
Total	<u>\$ 8,228</u>	<u>\$ 11,311</u>

\$3,570 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$ 412
2019	(721)
2020	(2,982)
2021	<u>(3,364)</u>
Total	<u>\$ (6,656)</u>

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 7 - PLAN DESCRIPTION AND BENEFITS (continued)

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

Actuarial assumptions. The total pension asset in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	December 31, 2017
Actuarial cost method	Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	6.75%, net of investment expense, including inflation
Expected Remaining Service Lives	4 years
Projected Salary Increase	5.25% (2.75% Merit/2.50% Inflation)
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	RP-2000 Sex Distinct Table was selected for active employees. RP-2000 Healthy Annuitant Sex Distinct Table was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

The long-term expected real rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62%. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2017, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real Assets	2%	0.12%
Totals	100%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 7 - PLAN DESCRIPTION AND BENEFITS (continued)

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

Discount Rate. The discount rate used to measure the total pension asset was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability/(asset) of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate.

	Changes in Discount Rate 2018		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
	Net Pension Liability	<u>\$ 18,122</u>	<u>\$ (7,001)</u>

SECTION III
REQUIRED SUPPLEMENTAL SCHEDULES

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 LOUISIANA PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	.004952%	.006094%	.008748%	.009170%
District's proportionate share of the net pension liability (asset)	\$ (7,001)	\$ 12,551	\$ 23,027	\$ 2,507
District's covered-employee payroll	\$ 30,480	\$ 36,138	\$ 32,834	\$ 50,157
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.06%	34.73%	70.13%	5.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.98%	94.15%	92.23%	99.15%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
LOUISIANA PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,570	\$ 3,939	\$ 4,698	\$ 4,761
Contributions in relation to the contractually required contribution	<u>(3,570)</u>	<u>(3,939)</u>	<u>(4,698)</u>	<u>(4,761)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 30,940	\$ 30,480	\$ 36,138	\$ 32,834
Contributions as a percentage of covered-employee payroll	11.54%	12.92%	13.00%	14.50%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

SECTION IV
OTHER SUPPLEMENTARY INFORMATION

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2018

Below is a listing of insurance policies in force as of December 31, 2018:

<u>Policy Type</u>	<u>Number</u>	<u>Company</u>	<u>Coverage</u>	<u>Expiration</u>
1. Workers' Comp. (LA) employer's liability Each accident Disease/each employee Disease/policy limit	M710134	CCMSI		12/31/2019
			\$1,000,000	
			\$1,000,000	
			\$1,000,000	
2. Property insurance	6303127R869	Travelers Indemnity	Blanket Coverage	08/01/2019
3. General liability	11N17540	Travelers Indemnity		08/01/2019
General aggregate			\$3,000,000	
Personal/advertising			\$1,000,000	
Each occurrence			\$1,000,000	
Damages to rental premises (each occurrence)			\$1,000,000	
4. Crime/directors/officers	11N17540	Travelers Indemnity		08/01/2019
Employee theft			\$200,000	
Wrongful acts			\$1,000,000	
5. Business auto	9157P83A	Travelers Indemnity		08/01/2019
Combined single limit			\$1,000,000	

See Independent Auditor's Report.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2018

Agency Head Name: Debi T. Duncan, Manager

Salary	\$	19,083
Benefits - insurance		<u>8,663</u>
Total	\$	<u><u>27,746</u></u>

See Independent Auditor's Report.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF COMPENSATION OF COMMISSIONERS
 FOR THE YEAR ENDED DECEMBER 31, 2018

The Commissioners of the Sewerage District No. 1 of the Parish of Concordia consists of five members and their compensation is as follows:

Mr. Charles Turner	\$	1,270
Mr. Eddie Nugent		1,305
Mr. Richard Crews		1,305
Mr. William Rayborn		1,270
Mr. Cornell Lewis		<u>1,270</u>
Total	\$	<u><u>6,420</u></u>

See Independent Auditor's Report.

SECTION V
OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS



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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 THE FINANCIAL STATEMENTS
 PERFORMED IN ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
 Sewerage District No. 1 of the Parish of Concordia
 Ferriday, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Sewerage District No. 1 of the Parish of Concordia, a component unit of the Concordia Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Sewerage District No. 1 of the Parish of Concordia's basic financial statements, and have issued our report thereon dated April 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sewerage District No. 1 of the Parish of Concordia'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 Sewerage District No. 1 of the Parish of Concordia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sewerage District No. 1 of the Parish of Concordia's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of management, members of the Police Jury, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Natchez, Mississippi
April 23, 2019

SECTION VI
SCHEDULE OF FINDINGS

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 SCHEDULE OF FINDINGS
 FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditor's report issued on the financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 3. Material noncompliance relating to the financial statements? | No |

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 STATUS OF PRIOR AUDIT FINDINGS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
------------------	---	------------------------	---	--

Section I - Internal Control and Compliance Material to the Financial Statements:

No current or prior year findings.

Section II - Internal Control and Compliance Material to Federal Awards:

None

Section III - Management Letter:

None

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Reference No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
----------------------	-------------------------------	----------------------------------	-------------------------------	------------------------------------

Section I - Internal Control and Compliance Material to the Financial Statements:

None

Section II - Internal Control and Compliance Material to Federal Awards:

None

Section III - Management Letter:

None

SECTION VII
AGREED-UPON PROCEDURES REPORT



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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Sewerage District No. 1 of the Parish of Concordia
and the Louisiana Legislative Auditor:

We have performed the procedures in the attached supplement, which were agreed to by Sewerage District No. 1 of the Parish of Concordia (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 period January 1, 2018 through December 31, 2018. 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 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.

Our procedures and findings are included in the supplement to this report.

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 control and compliance 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 control and compliance 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.

A handwritten signature in black ink that reads 'Silas Simmons, LLP'.

Natchez, Mississippi
April 23, 2019

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Written Policies and Procedures

1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories:
 - 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.
 - j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: We reviewed the written policies and procedures for the related functions listed above in the procedures.

Through our review, we were able to verify that the District does not have appropriate written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, credit cards, and debt service. The District does have written policies and procedures for travel and expense reimbursement and ethics.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - 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 report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Findings: We obtained a copy of the District's minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the board's enabling legislation, charter, bylaws, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly financial statements. We obtained a copy of the prior year audit report and observed the unrestricted fund balance in general fund as being positive.

We noted no exceptions during the above procedures.

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

Findings: We obtained a list of bank accounts from the list management gave for bank confirmations and had management identify the main operating bank account. We selected the main operating bank account and randomly selected four bank accounts. We obtained the related bank statements and randomly selected one month from the fiscal period to review whether bank reconciliations had been prepared within two months of the related statement closing date, included evidence of a member of management unrelated to the cash collection/disbursement processes had reviewed each bank reconciliation, and included documentation that management has researched reconciling items that have been outstanding for more than 12 months from that statement closing date.

We noted no exceptions during the above procedures.

Collections

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 five deposit sites (or all deposit sites if less than five).

Findings: We reviewed a listing of deposit sites for the fiscal period and management's representation that the listing is complete. The District has only one deposit site.

We noted no exceptions during the above procedure.

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., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings: We obtained management's representation that the District does not have cash collection locations. The Manager collects checks from a water district who collects cash for the District and then deposits them in the bank. An external CPA posts collection entries for the District, and the District manager reconciles the checks collected from the water district to the financial reports each month.

We noted no exceptions during the above procedures.

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

Findings: We inquired of management to determine if they are covered by a bond or insurance policy for theft to determine that there is a blanket policy covering theft.

We noted no exceptions during the above procedures.

7. Randomly select two deposit dates for each of the five bank accounts selected for Procedure 3 under "Bank Reconciliations" (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 location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Findings: We randomly selected two deposit dates for each of the five bank accounts selected under Procedure 3 and performed the procedures above by observing that receipts are sequentially pre-numbered and trace to collection documentation and the bank statements. We observed that deposits were made within one business day of receipt and that the deposits were traced from the bank statement to the general ledger.

We noted no exceptions during the above procedures.

Nonpayroll 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 five locations (or all locations if less than five).

The above procedure was not performed due to no exceptions in prior year testing.

- 9. For each location selected under Procedure 8, obtain a listing of those employees involved with nonpayroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The above procedures were not performed due to no exceptions in prior year testing.

- 10. For each location selected under Procedure 8, obtain the entity's nonpayroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five 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 Procedure 9, as applicable.

- 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 Procedure 9, as applicable.

The above procedures were not performed due to no exceptions in prior year testing.

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

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

Findings: We obtained a listing of all active cards from management and management's representation that the listing was complete. The District has one credit card.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings: We selected the monthly statements for the one account for one month randomly selected and observed that the statements were reviewed and approved.

During our review, we noted that the credit card statement was reviewed and approved by the authorized card holder.

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

Findings: For the one statement, 10 transactions (or all transactions if less than 10) were selected and supporting documentation was obtained. Each transaction was supported by an original itemized receipt that identified what was purchased, written documentation of the business/public purpose, and documentation of individuals in meals for meal charges, if applicable.

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 five reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five 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).
 - 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.

The above procedures were not performed due to no exceptions in prior year testing.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) 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 five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings: We obtained a listing of all agreements/contracts that were initiated or renewed during the fiscal year and obtained management's representation that the listing is complete. No contracts were initiated or renewed during the fiscal year.

Payroll and Personnel

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

The above procedure was not performed due to no exceptions in prior year testing.

17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under Procedure 16, 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.

The above procedures were not performed due to no exceptions in prior year testing.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the listing 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' cumulative leave records, and agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files.

The above procedure was not performed due to no exceptions in prior year testing.

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.

The above procedure was not performed due to no exceptions in prior year testing.

Ethics

20. Using the five randomly selected employees/officials from Procedure 16 under "Payroll and Personnel," obtain ethics documentation from management and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the District's ethics policy during the fiscal period.

Findings: For the District's three employees selected, we observed documentation that demonstrates each employee completed one hour of ethics training during the fiscal period and documentation that demonstrates each employee attested through signature verification that he or she has read the entity's policy during the fiscal period.

During our review, we noted that the employees had not completed the ethics training nor verified through signature verification that the District's ethics policy had been read during the fiscal year.

Debt Service

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.

The above procedure was not performed due to no exceptions in prior year testing.

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

The above procedure was not performed due to no exceptions in prior year testing.

Other

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.

The above procedure was not performed due to no exceptions in prior year testing.

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.

The above procedure was not performed due to no exceptions in prior year testing.

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
SCHEDULE OF EXCEPTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Reference No.</u>	<u>Description of Exception</u>
<u>Policies and Procedures</u>	
Procedure 1	The District does not have appropriate written policies and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, credit cards, and debt service.
<u>Credit Cards/Debit Cards/Fuel Cards/P-Cards</u>	
Procedure 12a	The monthly credit card statement was reviewed and approved by the authorized card holder.
<u>Ethics</u>	
Procedure 20	The employees had not completed the ethics training nor verified through signature verification that the District's ethics policy had been read during the fiscal year.

Management Response

Board of Directors are having meetings to improve the District. The Police Jury of Concordia Parish has told District #1 in 2018 there would be a group class to meet requirements for employee/Boards for ethics training, sometime in the future.

The invoice of the 1 existing Walmart credit card for office supplies will be reviewed by Board monthly in the coming year.