

**VERNON PARISH WATER AND
SEWER COMMISSION NO. 1**

New Llano, Louisiana

Financial Report

Year Ended May 31, 2017

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KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

The Board of Commissioners
Vernon Parish Water and Sewer Commission No. 1
New Llano, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Vernon Parish Water and Sewer Commission No. 1 (Commission), as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Vernon Parish Water and Sewer Commission No. 1, as of May 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017, on our consideration of the Vernon Parish Water and Sewer Commission No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Commission's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
November 21, 2017

BASIC FINANCIAL STATEMENTS

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Statement of Net Position
May 31, 2017

ASSETS

Current assets:	
Cash and cash equivalents	\$1,515,566
Accounts receivable, net	85,852
Inventory	27,517
Prepaid items	<u>12,865</u>
Total current assets	<u>1,641,800</u>
Noncurrent assets:	
Restricted assets -	
Customer deposits	125,255
Capital assets, net	<u>1,213,478</u>
Total noncurrent assets	<u>1,338,733</u>
Total assets	<u>2,980,533</u>

LIABILITIES

Current liabilities:	
Accounts payable	9,459
Accrued liabilities	811
Other liabilities	<u>8,630</u>
Total current liabilities	<u>18,900</u>
Noncurrent liabilities:	
Customer deposits	125,255
Compensated absences payable	<u>33,734</u>
Total noncurrent liabilities	<u>158,989</u>
Total liabilities	<u>177,889</u>

NET POSITION

Net investment in capital assets	1,213,478
Unrestricted	<u>1,589,167</u>
Total net position	<u>\$2,802,644</u>

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

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
Year Ended May 31, 2017

Operating revenues:	
Charges for services -	
Water sales	\$ 954,981
Penalty, service and connection fees	38,595
Other fees	<u>20,066</u>
Total operating revenues	<u>1,013,642</u>
Operating expenses:	
Salaries and related benefits	266,287
Depreciation	144,480
Utilities and telephone	75,716
Repairs and maintenance	93,617
Insurance	89,871
Office expense	30,832
Professional fees	21,019
Commissioner fees	4,080
Truck expense	14,921
Miscellaneous	<u>4,145</u>
Total operating expenses	<u>744,968</u>
Operating income	268,674
Nonoperating revenues:	
Interest income	2,072
Gain on sale of assets	<u>5,000</u>
Total nonoperating revenues	<u>7,072</u>
Change in net position	275,746
Net position, beginning	<u>2,526,899</u>
Net position, ending	<u>\$2,802,645</u>

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

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Statement of Cash Flows
Year Ended May 31, 2017

Cash flows from operating activities:	
Receipts from customers	\$ 993,576
Payments to suppliers	(341,580)
Payments to employees and related costs	(266,619)
Other receipts	<u>20,066</u>
Net cash provided by operating activities	405,443
Cash flows from noncapital financing activities:	
Increase in meter deposits, net	11,615
Cash flows from capital and related financing activities:	
Net acquisition of capital assets	(79,628)
Cash flows from investing activities:	
Interest income	<u>2,072</u>
Net increase in cash and cash equivalents	339,502
Cash and cash equivalents, beginning of period	<u>1,301,320</u>
Cash and cash equivalents, end of period	<u>\$1,640,822</u>

(continued)

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Statement of Cash Flows (Continued)
Year Ended May 31, 2017

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 268,674
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	144,480
(Increase) decrease in operating assets -	
Inventory	(3,065)
Prepaid items	2,643
Increase (decrease) in operating liabilities -	
Accounts payable	(1,203)
Accrued liabilities	(912)
Salaries payable	(3,258)
Compensated absences payable	2,926
Other liabilities	(4,842)
Net cash provided by operating activities	<u>\$ 405,443</u>
Cash and cash equivalents reported on statement of net position as:	
Cash and cash equivalents, beginning of period -	
Current	\$ 1,136,021
Restricted	<u>165,299</u>
	<u>\$ 1,301,320</u>
Cash and cash equivalents, end of period -	
Current	\$ 1,515,566
Restricted	<u>125,255</u>
	<u>\$ 1,640,821</u>
Net increase	<u>\$ 339,501</u>

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

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of Vernon Parish Water and Sewer Commission No. 1 (the Commission) have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Commission's accounting policies are described below.

A. Financial Reporting Entity

The Commission was created in 1984 under the provisions of Louisiana Revised Statutes 33:3811-3837 for the purpose of providing water service to the rural areas of Vernon Parish. The Commission is governed by a board comprised of five Commissioners. The initial Board was appointed by the Vernon Parish Police Jury upon creation of the Commission. All changes to the Board are made by recommendation of the current Board members.

B. Basis of Presentation

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

C. Fund Accounting

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

The Commission maintains one fund as described below:

Proprietary Fund – Enterprise Fund

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

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Notes to Basic Financial Statements (Continued)

D. Measurement Focus/Basis of Accounting

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The statement of net position and statement of Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

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

Basis of Accounting

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

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

Cash and cash equivalents

For purposes of the statement of net position, cash and cash equivalents include all demand accounts, savings accounts, and certificates of deposits of the Commission. For the purposes of the statement of cash flows, cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. The majority of this balance is comprised of customer’s utility service receivables. This amount is reported net of an allowance for doubtful accounts, if any. There was no allowance recorded at May 31, 2017 due to immateriality.

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

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Notes to Basic Financial Statements (Continued)

Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. All inventories are accounted for as assets when purchased and recorded as expenditures when consumed.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond May 31, 2017, are recorded as prepaid items.

Capital Assets

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

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

Buildings	30 years
Land improvements	10 years
Equipment and Vehicles	5-15 years
Water distribution system	20 - 40 years

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Commission has no deferred outflows of resources at May 31, 2017.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Commission has no deferred inflows of resources at May 31, 2017.

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Notes to Basic Financial Statements (Continued)

Compensated Absences

Sick leave is earned at the rate of one day for each month worked, with a limit of twelve days per year. Vacation leave is earned over a calendar year basis at a rate of one day for each month worked. Employees are allowed to carry over accumulated sick leave and up to 20 days of accumulated vacation leave each calendar year. Total accumulated vacation and sick leave time up to 60 days is payable at termination of employment.

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, and contributors, laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the Commission's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted new position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows or resources that do not meet the definition of "restricted" or "net investment in capital assets."

F. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds generally are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission's enterprise fund are charges to customers for sales and services. The Commission also recognizes as operating revenue the portion of new installation and tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Notes to Basic Financial Statements (Continued)

Nonoperating revenues and expenses are all amounts not meeting the above definition.

G. Use of Estimates

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

(2) Cash and Cash Equivalents

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At May 31, 2017, the Commission had cash and cash equivalents (book balances) totaling \$ 1,640,821.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at May 31, 2017, are as follows:

Bank balances	<u>\$ 1,659,752</u>
Federal deposit insurance	\$ 500,000
Pledged securities	<u>1,159,752</u>
Total	<u>\$ 1,659,752</u>

Deposits in the amount of \$1,159,752 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Commission's name. The Commission does not have a policy for custodial credit risk.

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Notes to Basic Financial Statements (Continued)

(3) Accounts Receivable

Accounts receivable at May 31, 2017 of \$85,852 consisted of the following:

Accounts, net	\$ 81,902
Unbilled water	<u>3,950</u>
Total	<u>\$ 85,852</u>

(4) Restricted Assets

Restricted assets consisted of the following at May 31, 2017:

Customer deposits	<u>\$ 125,255</u>
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(5) Capital Assets

Capital asset activity for the year ended May 31, 2017 was as follows:

	Beginning Balance <u>06/01/16</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>05/31/17</u>
Capital assets not being depreciated:				
Land	\$ 34,649	\$ -	\$ -	\$ 34,649
Construction in process	15,717	11,076	-	26,793
Capital assets being depreciated:				
Buildings	104,336	-	-	104,336
Land improvements	22,982	-	-	22,982
Equipment and vehicles	326,181	40,552	13,545	353,188
Water distribution system	<u>3,564,256</u>	<u>33,000</u>	<u>-</u>	<u>3,597,256</u>
Total capital assets	<u>4,068,121</u>	<u>84,628</u>	<u>13,545</u>	<u>4,139,204</u>
Less accumulated depreciation for:				
Buildings	97,924	2,231	-	100,155
Land improvements	15,565	2,298	-	17,863
Equipment and vehicles	178,050	30,470	13,545	194,975
Water distribution system	<u>2,503,252</u>	<u>109,481</u>	<u>-</u>	<u>2,612,733</u>
Total accumulated depreciation	<u>2,794,791</u>	<u>144,480</u>	<u>13,545</u>	<u>2,925,726</u>
Capital assets, net	<u>\$ 1,273,330</u>	<u>\$ (59,852)</u>	<u>\$ -</u>	<u>\$ 1,213,478</u>

Depreciation expense included in the financial statements for 2017 totaled \$144,480.

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Notes to Basic Financial Statements (Continued)

(6) Compensation of Board Members

The following is a list of the commissioners and compensation paid for the year ended May 31, 2017:

Commissioner	Compensation
Susan Redmond	\$ 960
Carney Jean Midkiff	720
Gary R. Wilson	660
Sue Bailey	840
Mavis Odette	900
	\$ 4,080

(7) Risk Management

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

(8) Pending Litigation

There was no litigation pending against the Vernon Parish Water and Sewer Commission No. 1 at May 31, 2017.

(9) Compensation, Benefits, and Other Payments to Commission Supervisor

A detail of compensation, benefits, and other payments paid to the Commission Supervisor, Milton Midkiff, for the year ended follows:

Purpose	Amount
Salary	\$ 53,427
Benefits - insurance	68
Total	\$ 53,495

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

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

The Board of Commissioners
Vernon Parish Water and Sewer Commission No. 1
New Llano, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Vernon Parish Water and Sewer Commission No. 1 (Commission) as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 21, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Vernon Parish Water and Sewer Commission No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Vernon Parish Water and Sewer Commission No. 1's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2017-001 and 2017-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Vernon Parish Water and Sewer Commission No. 1's Response to Findings

The Vernon Parish Water and Sewer Commission No. 1's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
November 21, 2017

VERNON PARISH WATER AND SEWER COMMISSION NO. 1
New Llano, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended May 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (5/31/17) --						
<u>Internal Control:</u>						
2017-001	Unknown	Due to the small number of employees, the Commission did not have adequate segregation of functions within the accounting system.		No response is considered necessary.	Shannon Parker, Office Administrator	N/A
2017-002	2010	The Commission does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.		The Commission has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Commission to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Shannon Parker, Office Administrator	N/A
PRIOR YEAR (5/31/16) --						
<u>Internal Control:</u>						
2016-001	Unknown	Due to the small number of employees, the Commission did not have adequate segregation of functions within the accounting system.	No	See finding 2017-001.		
2016-002	2010	The Commission does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	See finding 2017-002.		