

**WEST VERNON PARISH  
WATERWORKS DISTRICT**

Anacoco, Louisiana

Financial Report

Year Ended December 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the West Vernon Parish Waterworks District (District), a component unit of the Vernon Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the West Vernon Parish Waterworks District, as of December 31, 2018, 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 Information*

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

The comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative statements are fairly stated in all material respects in relation to the basic financial statements as a whole. The prior year comparative amounts included in this information have been derived from the District's 2017 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly presented in all material respects in relation to the basic financial statements from which they were derived. The various schedules included in the supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2019, on our consideration of the West Vernon Parish Waterworks District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***

Certified Public Accountants

Oberlin, Louisiana  
April 26, 2019

## **BASIC FINANCIAL STATEMENTS**

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Statement of Net Position  
December 31, 2018

ASSETS

Current assets:	
Cash and cash equivalents	\$ 423,631
Accounts receivable	55,000
Ad valorem tax receivable	<u>67,021</u>
Total current assets	<u>545,652</u>
Restricted assets -	
Revenue bond reserve account	261,037
Revenue bond contingency account	217,170
Customer deposits	<u>52,275</u>
Total restricted assets	<u>530,482</u>
Capital assets, net	<u>4,356,121</u>
Total assets	<u>5,432,255</u>

LIABILITIES

Current liabilities (payable from current assets):	
Accounts payable	8,384
Accrued liabilities	10,052
Salaries payable	240
Other liabilities	<u>11,404</u>
Total current liabilities (payable from current assets)	<u>30,080</u>
Current liabilities (payable from restricted assets):	
Customer deposits	52,275
Accrued interest on bonds	13,857
Current portion of long term debt	<u>98,533</u>
Total current liabilities (payable from restricted assets)	<u>164,665</u>
Total current liabilities	<u>194,745</u>
Noncurrent liabilities:	
Certificates of indebtedness payable	9,000
Revenue bonds payable	<u>3,381,586</u>
Total noncurrent liabilities	<u>3,390,586</u>
Total liabilities	<u>3,585,331</u>

NET POSITION

Net investment in capital assets	867,002
Restricted for debt service	464,350
Unrestricted	<u>515,572</u>
Total net position	<u>\$ 1,846,924</u>

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

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Statement of Revenues, Expenses and Changes in Net Position  
Year Ended December 31, 2018

Operating revenues:	
Charges for services -	
Water sales	\$ 688,581
Installation and service fees	14,940
Other fees	<u>28,073</u>
Total operating revenues	<u>731,594</u>
Operating expenses:	
Advertising and promotion	4,033
Salaries and related benefits	220,027
Operation of plant	191,590
Depreciation	<u>183,558</u>
Total operating expenses	<u>599,208</u>
Operating income	<u>132,386</u>
Nonoperating revenues (expenses):	
Ad valorem taxes	65,045
State revenue sharing	11,032
Interest income	365
Interest expense	<u>(176,635)</u>
Total nonoperating revenues (expenses)	<u>(100,193)</u>
Change in net position	32,193
Net position, beginning	<u>1,814,731</u>
Net position, ending	<u>\$1,846,924</u>

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

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Statement of Cash Flows  
Year Ended December 31, 2018

Cash flows from operating activities:	
Receipts from customers	\$ 710,699
Payments to suppliers	(192,841)
Payments to employees and related costs	(228,334)
Other receipts	<u>28,073</u>
Net cash provided by operating activities	<u>317,597</u>
Cash flows from noncapital financing activities:	
Ad valorem taxes	58,568
State revenue sharing	11,032
Increase in meter deposits, net	<u>2,750</u>
Net cash provided by noncapital financing activities	<u>72,350</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(93,165)
Interest paid on long-term debt	(177,000)
Acquisition and construction of capital assets	<u>(3,140)</u>
Net cash used by capital and related financing activities	<u>(273,305)</u>
Cash flows from investing activities:	
Interest income	<u>365</u>
Net increase in cash and cash equivalents	117,007
Cash and cash equivalents, beginning of period	<u>837,106</u>
Cash and cash equivalents, end of period	<u>\$ 954,113</u>

(continued)

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Statement of Cash Flows (Continued)  
Year Ended December 31, 2018

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

Operating income	\$ 132,386
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	183,558
(Increase) decrease in operating assets -	
Accounts receivable	7,178
Increase (decrease) in operating liabilities -	
Accounts payable	(5,643)
Accrued liabilities	4,970
Salaries payable	(8,307)
Other liabilities	<u>3,455</u>
Net cash provided by operating activities	<u>\$ 317,597</u>

Cash and cash equivalents reported on statement of net position as:

Cash and cash equivalents, beginning of period -	
Current	\$ 320,030
Restricted	<u>517,076</u>
	<u>\$ 837,106</u>
Cash and cash equivalents, end of period -	
Current	\$ 423,631
Restricted	<u>530,482</u>
	<u>\$ 954,113</u>
Net increase	<u>\$ 117,007</u>

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

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

B. Basis of Presentation

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

C. Fund Accounting

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

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

The District maintains only one fund as described below:

Proprietary Fund –

Enterprise Fund

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

D. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

Basis of Accounting

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

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

Cash and cash equivalents

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

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities report customer utility service receivables as their major receivables. This receivable is reported net of an allowance for doubtful accounts, if any. There was no allowance recorded at December 31, 2018 due to immateriality.

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

The District also has major receivable balances for ad valorem taxes. This receivable is reported net of an allowance for uncollectible accounts. There was no allowance recorded at December 31, 2018 due to immateriality

Capital Assets

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no deferred outflows of resources at December 31, 2018 .

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District has no deferred inflows of resources at December 31, 2018.

Equity Classifications

Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

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

F. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

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. 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) Ad Valorem Taxes

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

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

For the year ended December 31, 2018, taxes of 9.34 mills were levied on property with net assessed valuations totaling \$6,964,098 and were dedicated to paying the operations and maintenance costs of the District. Total taxes levied during 2018 were \$65,045. Taxes receivable at December 31, 2018 totaled \$67,021.

(3) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2018, the District had cash and cash equivalents (book balances) totaling \$954,113.

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

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Deposit balances (bank balances) at December 31, 2018, were as follows:

Bank balances	<u>\$ 967,287</u>
At December 31, 2018, bank balances are secured as follows:	
Federal deposit insurance	500,000
Uninsured and collateral held by the pledging bank, not in the District's name	<u>467,287</u>
Total	<u>\$ 967,287</u>

Deposits in the amount of \$467,287 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name. The District does not have a policy for custodial credit risk. The District follows state law regarding its deposits and investments; however, it has not adopted a formal deposit and investment policy.

(4) Receivables

Receivables at December 31, 2018 of \$55,000 consisted of the following:

Accounts	\$ 41,253
Unbilled water	<u>13,747</u>
Total	<u>\$ 55,000</u>

(5) Restricted Assets

Restricted assets consisted of the following at December 31, 2018:

Revenue bond reserve account	\$ 261,037
Revenue bond contingency account	217,170
Customer deposits	<u>52,275</u>
Total restricted assets	<u>\$ 530,482</u>

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance <u>1/1/2018</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>12/31/18</u>
Capital assets not being depreciated:				
Land	\$ 72,512	\$ -	\$ -	\$ 72,512
Capital assets being depreciated:				
Buildings	67,958	-	-	67,958
Equipment and vehicles	103,035	3,140	-	106,175
Water distribution system	<u>6,877,602</u>	<u>-</u>	<u>-</u>	<u>6,877,602</u>
Total capital assets	<u>7,121,107</u>	<u>3,140</u>	<u>-</u>	<u>7,124,247</u>
Less accumulated depreciation for:				
Buildings	18,461	2,763	-	21,224
Equipment and vehicles	63,172	8,279	-	71,451
Water distribution system	<u>2,502,935</u>	<u>172,516</u>	<u>-</u>	<u>2,675,451</u>
Total accumulated depreciation	<u>2,584,568</u>	<u>183,558</u>	<u>-</u>	<u>2,768,126</u>
Capital assets, net	<u>\$ 4,536,539</u>	<u>\$ (180,418)</u>	<u>\$ -</u>	<u>\$ 4,356,121</u>

Depreciation expense included in the financial statements for 2018 totaled \$183,558.

(7) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2018:

Long-term debt payable at December 31, 2017	\$ 3,582,284
Long-term debt issued	-
Long-term debt retired	<u>(93,165)</u>
Long-term debt payable at December 31, 2018	\$ 3,489,119
Less portion of long-term debt due within one year	<u>(98,533)</u>
Portion of long-term debt due in more than one year	<u>\$ 3,390,586</u>

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Long-term debt payable at December 31, 2018, was comprised of the following issues:

\$3,579,000 Water Revenue Bonds, Note #91-01, issued February 2, 2001, due in monthly installments of \$17,511 over forty years starting August 2001 through July 2041; interest at 5.00 percent	\$ 2,802,055
\$795,900 Water Revenue Bonds, Note #91-03, issued February 2, 2001, due in monthly installments of \$3,876 over forty years starting March 2001 through February 2041; interest at 5.0 percent	610,460
\$73,906 Water Revenue Bonds, Note #91-05, issued February 2, 2011 to reschedule delinquencies on Note #91-05, due in monthly installments of \$366 over 443 months through February 2041; interest at 5.0 percent	58,604
\$80,000 Certificates of Indebtedness, Series 2012, issued December 15, 2011, due in ten annual installments of \$7,000-9,000 starting December 2011 through December 2020; interest from 1 - 4.85 percent	<u>18,000</u>
	<u>\$ 3,489,119</u>

The annual requirement to amortize all debt outstanding at December 31, 2018, is as follows:

	Principal	Interest	Total
2019	98,533	172,324	270,857
2020	103,114	167,361	270,475
2021	98,929	162,109	261,038
2022	103,990	157,047	261,037
2023	109,310	151,727	261,037
2024 - 2028	636,383	668,800	1,305,183
2029 - 2033	816,709	488,474	1,305,183
2034 - 2038	1,048,130	257,054	1,305,184
2039 - 2043	<u>474,021</u>	<u>20,964</u>	<u>494,985</u>
Total	<u>\$ 3,489,119</u>	<u>\$ 2,245,860</u>	<u>\$ 5,734,979</u>

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

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

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

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

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

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

The West Vernon Parish Waterworks District was in compliance with all significant limitations and restrictions in the bond indenture at December 31, 2018.

(9) Compensation, Benefits and Other Payments to President

A detail of compensation, benefits, and other payments made to the Board President for the year ended December 31, 2018 follows:

Purpose	Amount
Joseph Smith, President	
Salary	\$ 780

(10) Compensation of Board Members

The following is a list of the commissioners and compensation paid for the year ended December 31, 2018.

Commissioner	Compensation
Joseph Smith	\$ 780
John Burns (January thru October)	600
Richard Blakeway (December)	60
Sherry Marze	660
Thurman Davis	720
Rex Fletcher	600
	\$ 3,420

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(11) Risk Management

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

(12) Pending Litigation

There was no litigation pending against the West Vernon Parish Waterworks District at December 31, 2018.

**SUPPLEMENTARY INFORMATION**

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 2018

Records maintained by the West Vernon Parish Waterworks District indicated the following number of customers were being serviced during the month of December 2018:

Residential	1,348
Commercial	<u>12</u>
	<u>1,360</u>

The water rates of the District are as follows:

Residential rates:

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

Commercial rates:

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

Penalty for paying water bill after due date:

Additional ten percent (10%) of total water charge

The aging of accounts receivable is as follows:

Current	\$ 36,834
0 - 30 days	3,922
31 - 60 days	187
Over 60 days	<u>310</u>
Total	<u>\$ 41,253</u>

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Schedule of Insurance in Force  
(Unaudited)  
December 31, 2018

Coverage Provided For	Limits of Coverage (in dollars)	Description of limits	Expiration Date
General Liability	\$ 1,000,000	Each occurrence	11/14/19
	\$ 100,000	Damage to rented premises/occurrence	
	\$ 1,000,000	Personal injury	
	\$ 3,000,000	General aggregate	
Property and Inland Marine Coverage	\$ 100,000	Flood	11/14/19
	\$ 100,000	Earthquake	
Commercial Auto Coverage	\$ 1,000,000	Liability	11/14/19
	\$ 1,000,000	Uninsured motorist	
	\$ 5,000	Medical payments	
Workers Compensation	\$ 100,000	Bodily injury by each accident	11/14/19
	\$ 500,000	Bodily injury by disease policy limit	
	\$ 100,000	Bodily injury by disease each employee	
Commercial Excess Liability	\$ 100,000	Each occurrence	11/14/19
Crime Coverage	\$ 100,000	Various Theft, coverage per type	11/14/19

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Comparative Statements of Net Position  
December 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 423,631	\$ 320,030
Accounts receivable	55,000	62,178
Ad valorem tax receivable	<u>67,021</u>	<u>60,544</u>
Total current assets	<u>545,652</u>	<u>442,752</u>
Restricted assets -		
Revenue bonds reserve account	261,037	261,037
Revenue bonds depreciation and contingency account	217,170	206,514
Customer deposits	<u>52,275</u>	<u>49,525</u>
Total restricted assets	<u>530,482</u>	<u>517,076</u>
Capital assets, net	<u>4,356,121</u>	<u>4,536,539</u>
Total assets	<u>5,432,255</u>	<u>5,496,367</u>
LIABILITIES		
Current liabilities (payable from current assets):		
Accounts payable	8,384	14,027
Accrued liabilities	10,052	5,082
Salaries payable	240	8,547
Other liabilities	<u>11,404</u>	<u>7,949</u>
Total current liabilities (payable from current assets)	<u>30,080</u>	<u>35,605</u>
Current liabilities (payable from restricted assets):		
Customer deposits	52,275	49,525
Accrued interest on bonds	13,857	14,222
Current portion of long term debt	<u>98,533</u>	<u>93,175</u>
Total current liabilities (payable from restricted assets)	<u>164,665</u>	<u>156,922</u>
Total current liabilities	<u>194,745</u>	<u>192,527</u>
Noncurrent liabilities:		
Certificates of indebtedness payable	9,000	18,000
Revenue bonds payable	<u>3,381,586</u>	<u>3,471,109</u>
Total noncurrent liabilities	<u>3,390,586</u>	<u>3,489,109</u>
Total liabilities	<u>3,585,331</u>	<u>3,681,636</u>
NET POSITION		
Net investment in capital assets	867,002	954,255
Restricted for debt service	464,350	453,329
Unrestricted	<u>515,572</u>	<u>407,147</u>
Total net position	<u>\$1,846,924</u>	<u>\$1,814,731</u>

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Comparative Statements of Revenues, Expenses and Changes in Net Position  
Years Ended December 31, 2018 and 2017

	2018	2017
Operating revenues:		
Charges for services -		
Water sales	\$ 688,581	\$ 658,175
Installation and service fees	14,940	22,579
Other fees	28,073	27,066
Total operating revenues	731,594	707,820
Operating expenses:		
Advertising and promotion	4,033	3,311
Salaries and related benefits	220,027	201,608
Operation of plant	191,590	179,468
Depreciation	183,558	183,063
Total operating expenses	599,208	567,450
Operating income	132,386	140,370
Nonoperating revenues (expenses):		
Ad valorem taxes	65,045	61,673
State revenue sharing	11,032	11,023
Interest income	365	20
Interest expense	(176,635)	(181,091)
Total nonoperating revenues (expenses)	(100,193)	(108,375)
Change in net position	32,193	31,995
Net position, beginning	1,814,731	1,782,736
Net position, ending	\$1,846,924	\$1,814,731

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the West Vernon Parish Waterworks District (District), a component unit of the Vernon Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 26, 2019.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2018-001, 2018-003, 2018-004, 2018-005, and 2018-006 to be material weaknesses.

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. We consider the deficiency described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2018-002 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2018-007.

### **West Vernon Parish Waterworks District's Response to Finding**

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

### **Purpose of this Report**

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

***Kolder, Slaven & Company, LLC***

Certified Public Accountants

Oberlin, Louisiana  
April 26, 2019

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
For the Year Ended December 31, 2018

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 (12/31/18) --						
<u>Internal Control:</u>						
2018-001	Unknown	Due to the small number of employees, the District did not have adequate segregation of duties within the accounting system.		No response is considered necessary.	Shirley Rachal, Office Administrator	N/A
2018-002	2010	The District 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 District 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 District 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.	Shirley Rachal, Office Administrator	N/A
2018-003	2013	The accounts receivable balance per the general ledger is not being compared to the customer accounts trial balance per the billing system. Errors or irregularities could be made in the recording of deposits, billings or adjustments without being detected in a timely manner. It is recommended that the accounts receivable balance per the general ledger should be compared to the accounts receivable balance per the billing system at the end of each month.		The accounts receivable trial balance will be reconciled to the general ledger on a monthly basis.	Shirley Rachal, Office Administrator	12/31/2018
2018-004	2017	During the year, the District incurred penalties for late payment of payroll tax deposits throughout the year. It is recommended that the District evaluate its procedures for making payroll tax deposits to ensure all payroll taxes are remitted timely.		The District will make all payroll tax deposits timely.	Shirley Rachal, Office Administrator	12/31/2018

continued

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended December 31, 2018

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 (12/31/18) --						
<u>Internal Control:</u>						
2018-005	2016	During the year, the District incurred penalties for late filing of sales tax returns throughout the year. It is recommended that the District evaluate its procedures for collecting and remitting sales taxes to ensure the proper amount is collected and remitted as required.		Sales tax returns and sales tax payments will be filed and remitted timely.	Shirley Rachal, Office Administrator	12/31/2018
2018-006	2013	The customer meter deposit detailed listing from the utility system is not being reconciled to the general ledger. Errors or irregularities could be made in the recording of deposits or refunds without being detected in a timely manner. It is recommended that the customer meter deposit detailed listing be compared to the deposit liability balance per the general ledger at the end of each month.		The customer meter deposit detailed listing from the utility system will be reconciled to the general ledger on a monthly basis.	Shirley Rachal, Office Administrator	12/31/2018
<u>Compliance:</u>						
2018-007	2018	The District violated LA R.S. 42:19(A)(1)(b) which states that all public bodies shall give written public notice of any regular, special, or rescheduled meeting no later than twenty-four, hours exclusive of Saturdays, Sundays, and legal holidays, before the meeting. In November 2018, the District held a special meeting without giving written public notice as required.		The District will fully adhere to all of the provisions of LA R.S. 42:19.	Shirley Rachal, Office Administrator	12/31/2018

continued

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended December 31, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
PRIOR YEAR (12/31/17) --						
<u>Internal Control:</u>						
2017-001	Unknown	Due to the small number of employees, the District did not have adequate segregation of duties within the accounting system.	No	See current year finding 2018-001		
2017-002	2010	The District 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 current year finding 2018-002		
2017-003	2013	The accounts receivable balance per the general ledger is not being compared to the customer accounts trial balance per the billing system. Errors or irregularities could be made in the recording of deposits, billings or adjustments without being detected in a timely manner. It is recommended that the accounts receivable balance per the general ledger should be compared to the accounts receivable balance per the billing system at the end of each month.	No	See current year finding 2018-003		

continued

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended December 31, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
PRIOR YEAR (12/31/17) --						
<u>Internal Control:</u>						
2017-004	2013	The customer meter deposit detailed listing from the utility system is not being reconciled to the general ledger. Errors or irregularities could be made in the recording of deposits or refunds without being detected in a timely manner. It is recommended that the customer meter deposit detailed listing be compared to the deposit liability balance per the general ledger at the end of each month.	No	See current year finding 2018-006		
2017-005	2017	The daily mileage reports being used by employees to support mileage reimbursements for business use of personal vehicles do not include sufficient information to determine the business purpose of travel. It is recommended that the District require employees to provide sufficient documentation on daily mileage reports to include the business purpose of the travel costs submitted for reimbursement.	Yes			
2017-006	2017	Controls in place over the processing of payroll failed to prevent the payment of an employee in excess of the board approved rate. It is recommended that policies and procedures be implemented to ensure employee are paid the board approved pay rates. See Compliance finding 2017-010.	Yes			

continued

WEST VERNON PARISH WATERWORKS DISTRICT  
Anacoco, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
For the Year Ended December 31, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Plan	Name of Contact Person	Anticipated Date of Completion
PRIOR YEAR (12/31/17) --						
<u>Compliance:</u>						
2017-007	2017	During the year, the District incurred penalties for late payment of payroll tax deposits throughout the year. It is recommended that the District evaluate its procedures for making payroll tax deposits to ensure all payroll taxes are remitted timely.	No	See current year finding 2018-004		
2017-008	2016	During the year, the District incurred penalties for late filing of sales tax returns throughout the year. It is recommended that the District evaluate its procedures for collecting and remitting sales taxes to ensure the proper amount is collected and remitted as required.	No	See current year finding 2018-005		
2017-009	2017	Employees are provided mileage reimbursement for business use of personal vehicles at a rate in excess of the GSA/IRS approved rate in violation of the Board approved Vehicle Use Policy. This excess amount was not included as income on employee's W-2s as required.	Yes			
2017-010	2017	The board approved pay rate for the District's meter reader includes \$1.00 per meter read in addition to the employee's approved hourly rate. Based upon a review of the payroll records, the District's meter reader was paid an average of \$1.27 per meter read resulting in \$2,128 paid in excess of the board approved rate of \$1.00 per meter read. See internal control finding 2017-006.	Yes			

**WEST VERNON PARISH WATERWORKS DISTRICT**

Anacoco, Louisiana

Statewide Agreed-Upon Procedures Report

Year Ended December 31, 2018

# KOLDER, SLAVEN & COMPANY, LLC

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

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

We have performed the procedures enumerated below, which were agreed to by the West Vernon Parish Waterworks District and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The West Vernon Parish Waterworks District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

---

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

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

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

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

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

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

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

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

*Written policies and procedures were obtained; however, they do not address the following: 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) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

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

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

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

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

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

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

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

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

### ***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.

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met with a quorum at least monthly.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if

budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board discussed monthly financial statements for District's proprietary fund.*

- 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.

*The District only has one fund, which is an enterprise fund. Observed that the District's prior year unrestricted net position in its enterprise fund was not negative*

### **Bank Reconciliations**

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

*Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).

*Obtained bank reconciliations noting that they were prepared within 2 months of the related statement closing date.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

*Obtained bank reconciliations noting that they do not include evidence of review by a member of management/board member who does not handle cash, post ledgers, or issue checks.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*There is no documentation reflecting that management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.*

### **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 5 deposit sites (or all deposit sites if less than 5).

*Obtained a listing of deposit sites for the fiscal period where deposits are prepared and management's representation that the listing is complete.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

*For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete.*

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

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

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

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

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

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

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

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

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

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

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

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

*Receipts are sequentially pre-numbered.*

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

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

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

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

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

*Of the six deposits tested, two were not made within one business day of receipt.*

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

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

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

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- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.*

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*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.

*At least two employees are involved in processing and approving payments to vendors.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*The employee responsible for processing payments is not prohibited from adding/modifying vendor files without another employee 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 employee responsible for signing checks also mails the payment.*

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

*Disbursements matched the related original invoice/billing statement.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*Disbursement documentation did not include evidence of segregation of duties tested.*

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

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

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

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*Monthly statements were obtained and do not address the functions noted above.*

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

*No finance charges or late fees were noted.*

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

*No exceptions noted.*

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

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**(The following procedures were not performed since management asserted that the District did not have any travel and travel-related reimbursements for the fiscal year.)**

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

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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

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

### ***Payroll and Personnel***

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

*Supervisors did approve the attendance and leave of the selected employees.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

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

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

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

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

*Obtained management's representation that all employer and employee portions of payroll taxes were not paid and filed by the required deadlines. Retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed by required deadlines.*

## ***Ethics***

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

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

*No exceptions noted.*

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

*No such documentation was available regarding employees/officials attesting through signature verification that he or she has read the entity's ethics policy during the fiscal period.*

## ***Debt Service***

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

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

- 22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants,

obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

***Other***

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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.

*Management has asserted that the District did not have any misappropriations of public funds or assets.*

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.

*Required notice was posted on the District's premises. The District does not maintain a website.*

**Management's Response:**

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*Management of West Vernon Parish Waterworks District concurs with the exceptions and are working to address the deficiencies identified.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

Oberlin, Louisiana  
April 26, 2019