

WEST ALLEN PARISH WATER DISTRICT  
Reeves, Louisiana

ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2017

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WEST ALLEN PARISH WATER DISTRICT  
Reeves, Louisiana

Management's Discussion and Analysis

Within this section of the West Allen Parish Water District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2017. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**Financial Highlights**

- The District's assets exceeded its liabilities by \$3,666,067 (net position) and by \$2,857,224 for 2016.
- Total revenues of \$1,435,015 were more than total expenditures of \$629,612 which resulted in a current year surplus of \$805,403, compared to a prior year surplus of \$795,134.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$3,058,609 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase of capital assets.
  - (2) Restricted for debt service of \$298,200.
  - (3) Unrestricted net position of \$309,258.
- At the end of the current fiscal year, unrestricted net position was 49% (51% for the prior year) of total expenditures and 46% (56% for the prior year) of operating revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

WEST ALLEN PARISH WATER DISTRICT  
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

**Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include the financial statements and notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is presented.

**Basic Financial Statements**

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the current and long term portions of assets and liabilities separately. Total assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources is net position and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

WEST ALLEN PARISH WATER DISTRICT  
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

**Financial Analysis of the District as a Whole**

The District's net position at fiscal year-end is \$3,666,067. The following table provides a summary of the District's net position:

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets	\$ 730,450	\$ 924,421
Capital assets	6,414,887	5,705,679
Total assets	<u>\$ 7,145,337</u>	<u>\$ 6,630,100</u>
Deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>
Liabilities:		
Current liabilities	\$ 172,841	\$ 416,598
Long-term liabilities	3,306,429	3,356,278
Total liabilities	<u>\$ 3,479,270</u>	<u>\$ 3,772,876</u>
Deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>
Net position		
Net investment in capital assets	\$ 3,058,609	\$ 2,301,023
Restricted	298,200	252,221
Unrestricted	309,258	303,980
Total net position	<u>\$ 3,666,067</u>	<u>\$ 2,857,224</u>

83% (81% for the prior year) of the District's net position is tied up in capital assets and restricted net position for capital assets. The District uses these capital assets to provide services to its customers.

WEST ALLEN PARISH WATER DISTRICT  
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

The following table provides a summary of the District's changes in net position:

	<u>2017</u>	<u>2016</u>
Operating Revenues	\$ 668,790	\$ 542,498
Nonoperating Revenues	<u>766,225</u>	<u>846,878</u>
Total Revenues	1,435,015	1,389,376
Depreciation Expense	145,859	137,617
Other Operating Expenses	382,275	358,409
Nonoperating Expenses	<u>101,478</u>	<u>98,216</u>
Total Expenses	<u>629,612</u>	<u>594,242</u>
Income (Loss) before Capital Contributions	805,403	795,134
Capital Contributions	<u>3,440</u>	<u>12,100</u>
Change in Net Position	808,843	807,234
Beginning Net Position	<u>2,857,224</u>	<u>2,049,990</u>
Ending Net Position	<u>\$ 3,666,067</u>	<u>\$ 2,857,224</u>

**Capital Assets and Debt Administration**

***Capital Assets***

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2017, was \$6,414,887. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2017</u>	<u>2016</u>
Nondepreciable assets-land	\$ 24,622	\$ 24,622
Construction in progress	<u>1,273,010</u>	<u>420,572</u>
	1,297,632	445,194
Depreciable assets:		
Distribution system	6,375,781	6,375,781
Buildings	113,868	111,239
Equipment	<u>279,119</u>	<u>279,119</u>
Total depreciable assets	6,768,768	6,766,139
Less accumulated depreciation	<u>1,651,513</u>	<u>1,505,654</u>
Book value-depreciable assets	<u>\$ 5,117,255</u>	<u>\$ 5,260,485</u>
Percentage depreciated	24%	22%
Book value-all assets	<u>\$ 6,414,887</u>	<u>\$ 5,705,679</u>

WEST ALLEN PARISH WATER DISTRICT  
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Construction in progress of \$1,273,010 at December 31, 2017 represents costs to date of the phase II – water plant electrical building, THM reduction improvements and inline booster station project. The District's cost is expected to be approximately \$1,300,000 and completion is expected by early 2018.

**Long-Term Debt**

At the end of the fiscal year, the District had total debt obligations outstanding of \$3,356,278. During the year, the District retired \$48,378 of the outstanding debt balance. See Note D for additional information regarding long-term debt.

**Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's office, Ms. Ami Holland at (337) 666-2589.



**Gragson, Casiday & Guillory, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

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BLAKE MANUEL, C.P.A.

INDEPENDENT AUDITORS' REPORT

May 25, 2018

Board of Commissioners  
West Allen Parish Water District  
Reeves, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of West Allen Parish Water District, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Districts 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 misstatements, whether due to fraud or error.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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West Allen Parish Water District  
May 25, 2018  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable 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 Allen Parish Water District as of December 31, 2017, and the respective changes in financial position and the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Allen Parish Water District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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West Allen Parish Water District  
May 25, 2018  
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The Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2018 on our consideration of West Allen Parish Water District's internal control over financial reporting and 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 the 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.



WEST ALLEN PARISH WATER DISTRICT

Statement of Net Position

December 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash	\$ 337,085	\$ 543,054
Receivables		
Accounts	52,064	37,925
Intergovernmental	-	50,128
Interest	132	96
Prepaid insurance	3,060	3,438
Restricted assets		
Bond sinking fund		
Cash	116,299	115,993
Bond reserve fund		
Cash	15,710	8,217
Bond short lived assets		
Cash	109,458	78,798
Bond contingency fund		
Cash	56,733	49,213
Interest receivable	-	36
Customer deposits		
Cash	39,909	37,523
Total Current Assets	<u>730,450</u>	<u>924,421</u>
Property, plant and equipment, at cost, net of accumulated depreciation of \$1,651,513 for 2017	<u>6,414,887</u>	<u>5,705,679</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,145,337</u></u>	<u><u>\$ 6,630,100</u></u>
DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

	<u>2017</u>	<u>2016</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-operations	\$ 25,459	\$ 20,099
Accounts payable-construction in progress	57,624	310,598
Payable from restricted assets		
Current portion of revenue bonds	49,849	48,378
Customer deposits	39,909	37,523
Total Current Liabilities	<u>172,841</u>	<u>416,598</u>
Long-term debt, net of current portion	3,306,429	3,356,278
<b>TOTAL LIABILITIES</b>	<u><u>\$ 3,479,270</u></u>	<u><u>\$ 3,772,876</u></u>
DEFERRED INFLOWS OF RESOURCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 3,058,609	\$ 2,301,023
Net position - Restricted for debt service	298,200	252,221
Net position - Unrestricted	309,258	303,980
<b>TOTAL NET POSITION</b>	<u><u>\$ 3,666,067</u></u>	<u><u>\$ 2,857,224</u></u>

WEST ALLEN PARISH WATER DISTRICT

Statement of Revenues, Expenses  
and Changes in Net Position

Year Ended December 31, 2017

	2017	2016
<b>OPERATING REVENUES</b>		
Charges for services	\$ 608,443	\$ 498,107
Miscellaneous revenue	60,347	44,391
<b>TOTAL OPERATING REVENUES</b>	<u>668,790</u>	<u>542,498</u>
<b>OPERATING EXPENSES</b>		
Advertising	1,158	1,262
Bank charges	340	340
Credit card processing fees	2,553	2,922
Depreciation	145,859	137,617
Dues	3,947	4,784
Insurance - general	17,393	22,132
Insurance - health	24,881	15,614
Mileage reimbursements	1,287	141
Miscellaneous	17,780	5,206
Office	6,315	8,325
Per diem	5,040	6,240
Postage	5,763	5,631
Professional fees	6,080	6,010
Salaries	167,387	153,904
Supplies and maintenance	53,494	71,433
Taxes and licenses	13,184	9,570
Telephone	8,837	8,480
Training	3,176	2,012
Transportation	14,555	11,955
Uniforms	5,832	4,403
Utilities	23,273	18,045
<b>TOTAL OPERATING EXPENSES</b>	<u>528,134</u>	<u>496,026</u>
<b>OPERATING INCOME (LOSS)</b>	<u>140,656</u>	<u>46,472</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Grant Revenues	765,272	843,462
Interest income	953	1,316
Gain on sale of fixed assets	-	2,100
Interest expense	(101,478)	(98,216)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>664,747</u>	<u>748,662</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	805,403	795,134
<b>CAPITAL CONTRIBUTIONS</b>	<u>3,440</u>	<u>12,100</u>
<b>CHANGE IN NET POSITION</b>	808,843	807,234
<b>NET POSITION - BEGINNING</b>	2,857,224	2,049,990
<b>NET POSITION - ENDING</b>	<u>\$ 3,666,067</u>	<u>\$ 2,857,224</u>

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

WEST ALLEN PARISH WATER DISTRICT

Statement of Cash Flows

Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	654,651	\$ 541,208
Cash payments to suppliers for goods and services	(409,610)	(346,256)
Cash payments to employees for services	(167,387)	(153,904)
NET CASH FROM OPERATING ACTIVITIES	<u>77,654</u>	<u>41,048</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contributions from customers	3,440	12,100
Capital grant revenues	765,272	843,462
Proceeds from sale of fixed assets	-	2,100
Purchase of fixed assets	(855,067)	(695,134)
Principal paid on revenue bonds	(48,378)	(35,344)
Interest paid on revenue bonds	(101,478)	(98,216)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(236,211)</u>	<u>28,968</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	953	1,316
Purchase of non-cash equivalents	(609)	(1,139)
NET CASH FROM INVESTING ACTIVITIES	<u>344</u>	<u>177</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(158,213)	70,193
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>731,532</u>	<u>661,339</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 573,319</u>	<u>\$ 731,532</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	<u>\$ 181,436</u>	<u>\$ 16,787</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO TOTAL CASH:</b>		
Cash and cash equivalents	\$ 573,319	\$ 731,532
Non-cash equivalents	101,875	101,266
Total Cash	<u>\$ 675,194</u>	<u>\$ 832,798</u>

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

Continued

WEST ALLEN PARISH WATER DISTRICT

Statement of Cash Flows - Continued

Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 140,656	\$ 46,472
Net cash provided by operating activities		
Depreciation	145,859	137,617
(Increase) decrease in:		
Accounts receivable	35,989	(51,418)
Interest receivable	-	138
Prepaid insurance	378	(130)
Increase (decrease) in:		
Accounts payable	(247,614)	(12,525)
Customer deposits	2,386	2,323
Accrued interest payable	-	(81,429)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 77,654</u>	<u>\$ 41,048</u>

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

# WEST ALLEN PARISH WATER DISTRICT

## Notes to Financial Statements

December 31, 2017

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Allen Parish Water District was created by the Allen Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the rural area of West Allen Parish. The District is governed by a board of commissioners composed of seven members, five appointed by the Allen Parish Police Jury and two appointed by the Village of Reeves, LA.

#### 1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for West Allen Parish Water District. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Allen Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

The accompanying financial statements of the West Allen Parish Water District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. Cash and Cash Equivalents

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

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Accounts Receivable

Uncollectible amounts due for accounts receivable are recognized as bad debts using the direct write-off method. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. This method does not result in a charge to bad debts that are materially different from the amount that would be charged if the reserve method were used.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

5. Capital Assets

All fixed assets are valued at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of each class of depreciable property is computed using the straight-line method. Estimated useful lives are as follows:

Distribution system	50 years
Office and shop building	10-15 years
Equipment	5-7 years

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Compensated Absences

The District has the following policy relating to vacation and sick leave:

- Vacation - One week after 1 year of service,
- Two weeks after 2 years of service,
- Three weeks after 10 years of service,
- Four weeks after 15 years of service,

- Sick Leave - 10 days per year,
- Maximum of 30 days may be carried over to the next year.

The District's recognition and measurement criterion for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2017, the District did not have an accrual for compensated absences.

# WEST ALLEN PARISH WATER DISTRICT

## Notes to Financial Statements

December 31, 2017

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### 7. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$573,319 which represents unrestricted and restricted amounts of \$235,210 and \$338,109 respectively.

#### 8. Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level. The budget was amended once during the year.

#### 9. Net Position

In the financial statements, 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 improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position– All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

10. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Subsequent Events

Management has evaluated subsequent events through May 25, 2018, the date the financial statements were available to be issued.

12. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

NOTE B - CASH DEPOSITS

At December 31, 2017, the District has cash balances (book balances) totaling \$675,194. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2017, the District has \$682,665 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$432,665 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2017

NOTE C – PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment for the year ended December 31, 2017 are as follows:

	Beginning of Year	Additions	Deletions	End of Year
Distribution system	\$ 6,375,781	\$ -	\$ -	\$ 6,375,781
Office and shop building	111,239	2,629	-	113,868
Equipment	279,119	-	-	279,119
Construction in progress	420,572	852,438	-	1,273,010
Land	24,622	-	-	24,622
	<u>7,211,333</u>	<u>\$ 855,067</u>	<u>\$ -</u>	<u>8,066,400</u>
Less accumulated depreciation	1,505,654			1,651,513
TOTALS	<u>\$ 5,705,679</u>			<u>\$ 6,414,887</u>

Depreciation expense was \$145,859 for the year ended December 31, 2017.

Construction in progress of \$1,273,010 at December 31, 2017 represents costs to date of the phase II – water plant electrical building, THM reduction improvements and inline booster station project. The District's cost is expected to be approximately \$1,300,000 and completion is expected by early 2018. The project will be funded by a USDA grant.

NOTE D - LONG-TERM DEBT

The following is a summary of bond transactions of the District for the year ended December 31, 2017.

Bonds payable, Beginning	\$ 3,404,656
Bonds issued	-
Bonds retired	(48,378)
Bonds payable, Ending	<u>\$ 3,356,278</u>

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2017

NOTE D - LONG-TERM DEBT - CONTINUED

Bonds payable at December 31, 2017 are comprised of the following individual issues:

Revenue bonds

\$3,440,000 Revenue Bonds Serices 2015 with USDA  
 Dated March 17, 2015 due in monthly installments of  
 \$12,488, maturity date of March 17, 2055,  
 Interest at 3.0% \$ 3,356,278

Less currently payable 49,849

LONG-TERM DEBT \$ 3,306,429

The annual requirements to amortize all debts outstanding as of December 31, 2017 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 49,849	\$ 100,007
2019	51,366	98,490
2020	52,928	96,928
2021	54,538	95,318
2022	56,197	93,659
2023-2027	307,686	441,594
2028-2032	357,413	391,867
2033-2037	415,177	334,103
2038-2042	482,277	267,003
2043-2047	560,221	189,059
2048-2052	512,695	86,729
2053-2057	455,931	22,768

The revenue bonds are to be retired from revenues derived from the operations of the District.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2017

NOTE E - COMPONENTS OF RESTRICTED NET POSITION

	Revenue Bond Sinking	Revenue Bond Reserve	Revenue Bond Short Lived Asset	Revenue Bond Contingency	Customer deposit	Total
Cash and interest receivable	\$ 116,299	\$ 15,710	\$ 109,458	\$ 56,733	\$ 39,909	\$ 338,109

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "Bond Reserve" account is used to report resources set aside to meet unexpected shortfalls in the sinking account. The "Bond Short-Lived Asset" account is used to report resources set aside to fund capital outlay replacements. The "Bond Contingency" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

The amount of net position reserved for debt service is detailed as follows:

Restricted assets: revenue bond sinking, reserve, Short-lived asset and contingency funds	\$ 298,200
Less: Accrued interest, payable from restricted assets	-
Net position reserved for debt service	\$ 298,200

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2017

NOTE F - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$60 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$60.

Per diem paid commissioners for the year ended December 31, 2017 were as follows:

Cowart, Randal	\$ 300
Johnson, Jeffery	300
Perkins, Marvin	360
Reeves, Jr. William	960
Ritter, Carl	900
Firth, Chancy	360
Schultz, Kurt	300
Fontenot, Sullivan	660
Willis, Kevin	900
	<u>\$ 5,040</u>

NOTE G - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL  
INFORMATION

WEST ALLEN PARISH WATER DISTRICT

Statement of Revenues, Expenses and Changes in  
Net Position - Budget and Actual

Year Ended December 31, 2017

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 583,464	\$ 590,000	\$ 608,443	\$ 18,443
Miscellaneous revenue	40,000	44,000	60,347	16,347
<b>TOTAL OPERATING REVENUES</b>	<u>623,464</u>	<u>634,000</u>	<u>668,790</u>	<u>34,790</u>
<b>OPERATING EXPENSES</b>				
Advertising	1,500	1,200	1,158	42
Bank charges	400	400	340	60
Credit card processing fees	3,000	3,000	2,553	447
Depreciation	65,000	150,000	145,859	4,141
Dues	3,600	4,000	3,947	53
Insurance - general	27,000	22,000	17,393	4,607
Insurance - health	17,000	24,500	24,881	(381)
Mileage reimbursements	500	1,500	1,287	213
Miscellaneous	1,000	1,600	17,780	(16,180)
Office	8,000	8,000	6,315	1,685
Per diem	6,000	6,000	5,040	960
Postage	6,400	6,400	5,763	637
Professional fees	6,000	6,000	6,080	(80)
Salaries	160,000	165,000	167,387	(2,387)
Supplies and maintenance	60,000	60,000	53,494	6,506
Taxes and licenses	13,600	13,600	13,184	416
Telephone	8,000	8,700	8,837	(137)
Training	2,500	4,000	3,176	824
Transportation	16,000	15,000	14,555	445
Uniforms	4,000	6,000	5,832	168
Utilities	18,000	21,000	23,273	(2,273)
<b>TOTAL OPERATING EXPENSES</b>	<u>427,500</u>	<u>527,900</u>	<u>528,134</u>	<u>(234)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>195,964</u>	<u>106,100</u>	<u>140,656</u>	<u>34,556</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grant revenue	-	-	765,272	765,272
Interest income	1,500	1,500	953	(547)
Interest expense	(101,478)	(101,478)	(101,478)	-
Capital contributions	-	-	3,440	3,440
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(99,978)</u>	<u>(99,978)</u>	<u>668,187</u>	<u>768,165</u>
<b>CHANGE IN NET POSITION</b>	<u>95,986</u>	<u>6,122</u>	<u>808,843</u>	<u>802,721</u>
<b>NET POSITION - BEGINNING</b>	<u>2,857,224</u>	<u>2,857,224</u>	<u>2,857,224</u>	<u>-</u>
<b>NET POSITION - ENDING</b>	<u>\$2,953,210</u>	<u>\$2,863,346</u>	<u>\$3,666,067</u>	<u>\$ 802,721</u>

OTHER INFORMATION

WEST ALLEN PARISH WATER DISTRICT

Schedule of Compensation, Benefits and Other Payments  
To Chief Executive Officer

Year Ended December 31, 2017

Chief Executive Officer: William Reeves, Jr., Board President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	960
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

WEST ALLEN PARISH WATER DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
Direct Programs:			
Water and Waste Disposal Systems for Rural Communities	10.760		<u>\$ 765,272</u>

NOTE A -- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the West Allen Parish Water District under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the West Allen Parish Water District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the West Allen Parish Water District.

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(2) The West Allen Parish Water District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**Gragson, Casiday & Guillory, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' 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

May 25, 2018

Board of Commissioners  
West Allen Parish Water District  
Reeves, 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 West Allen Parish Water District as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise West Allen Parish Water District's basic financial statements, and have issued our report thereon dated May 25, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered West Allen Parish Water 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 West Allen Parish Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Allen Parish Water District's internal control.

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

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

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Board of Commissioners  
West Allen Parish Water District  
May 25, 2018  
Page Two

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Gragson Casiday & Guillory*



**Gragson, Casiday & Guillory, L.L.P.**  
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE

May 25, 2018

Board of Commissioners  
West Allen Parish Water District  
Reeves, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited West Allen Parish Water District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Water District's major federal programs for the year ended December 31, 2017. The Water District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Managements Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the Water District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Water District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Water District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Water District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

### **Report on Internal Control over Compliance**

Management of the Water District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Water District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Water District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report 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.





WEST ALLEN PARISH WATER DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED

Year Ended December 31, 2017

III. Federal Award Findings and Responses

None

IV. Prior Year Findings

**Finding 2016-01:** Budgetary Authority and Control

Current Status: Satisfactorily corrected.



**Gragson, Casiday & Guillory, L.L.P.**  
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INDEPENDENT AUDITORS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

May 25, 2018

Board of Commissioners  
West Allen Parish Water District  
Reeves, Louisiana

We have performed the procedures included enumerated below, which were agreed to by West Allen Parish Water District and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP's) for the year ended December 31, 2017. The Authority's management is responsible for those C/C areas identified in the SAUP's.

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 the Authority's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Authority does not have any written policies and procedures), as applicable:
  - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.  
***The District has a complete written policies and procedures manual.***
  - 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.  
***The District has a complete written policies and procedures manual.***
  - c) *Disbursements*, including processing, reviewing, and approving.  
***The District has a complete written policies and procedures manual.***
  - d) *Receipts*, including receiving, recording, and preparing deposits.  
***The District has a complete written policies and procedures manual.***

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

***The District has a complete written policies and procedures manual.***

- 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.

***The District has a complete written policies and procedures manual.***

- 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, and (5) monitoring card usage.

***The District has a complete written policies and procedures manual.***

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

***The District has a complete written policies and procedures manual.***

- 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 Authority's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

***The District has a complete written policies and procedures manual.***

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

***The District has a complete written policies and procedures manual.***

***Board (or Finance Committee, if applicable)***

---

- 2. Obtain and review the board minutes for the fiscal year, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

***The minutes reflected that the managing board met monthly in accordance with enabling legislation.***

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Authority's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether

the meeting minutes for at least one board meeting during the fiscal year reflect that the board is monitoring the plan.

*The minutes referenced and include quarterly budget-to-actual comparisons. The district did not have any deficit spending.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal year.

*Minutes, where applicable, contained approval of non-budgetary financial information.*

### ***Bank Reconciliations***

---

3. Obtain a listing of Authority bank accounts from management and management's representation that the listing is complete.

*The listing was provided by management.*

4. Using the listing provided by management, select all of the Authority's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal year and report whether:

- a) Bank reconciliations have been prepared;

*Bank reconciliations were prepared for all of the selected bank accounts for all months in the fiscal year.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*There is no documentation that a member of management or a board member has reviewed each bank reconciliation.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*There was no documentation or clearing out of outstanding items older than 6 months.*

### ***Collections***

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*The listing was provided by management.*

6. Using the listing provided by management, select all of the Authority's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*The employees accepting payments are bonded. The employees who collect cash are responsible for depositing, recording and reconciling. Cash register/drawers are maintained and shared by employees.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Authority has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*The District has a formal process to reconcile cash collections to the subsidiary ledger and to the general ledger by revenue source by a person who is also responsible for cash collections.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using Authority collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*All deposits were made within one day of collections.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*No evidence of exceptions was found during the testing.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Authority has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

*The District has such a process and is performed by the person responsible for collections.*

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of Authority disbursements from management or, alternately, obtain the general ledger and sort/filter for Authority disbursements. Obtain management's representation that the listing or general ledger population is complete.

*The listing was provided by management.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Authority had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

**Randomly selected 25 disbursements and obtained supporting documentation for each transaction.**

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*The District does not use a requisition/purchase order system.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*The District does not use a requisition/purchase order system.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*All 25 disbursement invoices were approved by check signatures, however, documentation was not reflected on the invoices.*

10. Using Authority documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Authority's purchasing/disbursement system.

*The individual responsible for processing payment is not prohibited from adding vendors to the system.*

11. Using Authority documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*The individuals with signatory authority and authorization for disbursements also have responsibility to initiate or record purchases.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Authority documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*The District's checks are not electronically written. Unused checks are locked in a secure location. The person with signing authority also has access to the checks.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*The District does not use a signature stamp. Checks are maintained under the control of the signer or authorized user until mailed.*

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

*The list was provided by management*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Authority has less than 10 cards) that were used during the fiscal year, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.)]

*There was no evidence the monthly statements were reviewed and approved by someone other than the authorized card holder.*

b) Report whether finance charges and/or late fees were assessed on the selected statements.

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

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

➤ An original itemized receipt (i.e., identifies precisely what was purchased).

*Each transaction tested was supported by an original itemized receipt.*

➤ Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*Each transaction tested had the business/public purpose documented.*

➤ Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*All documentation required by policy is in compliance.*

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Authority's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*No exceptions were noted.*

c) For each transaction, compare the Authority's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*Each transaction tested had the business/public purpose documented.*

***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal year or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

***The listing was provided by management.***

18. Obtain the Authority's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

***The District reimburses per diem and mileage at the GSA rates.***

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Authority does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

***For the expense reimbursements tested, those did not exceed the GSA rates.***

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

***Each expense was reimbursed based on an established per diem amount.***

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

***Each expense was supported by documentation of business/public purpose.***

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

***All documentation appeared to be in order.***

- c) Compare the Authority's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature

of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

***The District's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.***

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Each expense tested was supported by documentation, however, there was no approval in writing by someone other than the person receiving reimbursement.***

### ***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

***The listing was provided by management.***

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

***Of the five highest paid vendors, three did not have formal/written contracts. However, invoices were present for each payment.***

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Authority complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

***The contracts/vendors complied with public bid law when applicable.***

- If no, obtain supporting contract documentation and report whether the Authority solicited quotes as a best practice.

***Solicited quotes were not obtained.***

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

***The contracts were not amended.***

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

***Payments complied with the invoices/contracts.***

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

***Documentation provided reflected approval by the Board.***

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

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

***The listing was provided by management.***

- a) Review compensation paid to each employee during the fiscal year and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

***All selected employees were paid in strict accordance with the approved pay rate structure.***

- b) Review changes made to hourly pay rates/salaries during the fiscal year and report whether those changes were approved in writing and in accordance with written policy.

***All hourly pay rates/salaries were approved by the board.***

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Authority had less than 25 employees during the fiscal period), and:

- a) Report whether 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 employees/officials documented their daily attendance and leave.***

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

***All employees/officials' leave was correctly approved in writing.***

- c) Report whether there is written documentation that the Authority maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*The District maintained written leave records reflecting the hours earned, the hours used, and the balance available electronically in their payroll system.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*Termination payments for employees tested were made in strict accordance with policy and were approved by management.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*Documentation reflected that payroll tax return/reports were timely filed and paid. The district does not have a retirement policy.*

#### **Ethics**

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Authority maintained documentation to demonstrate that required ethics training was completed.

*Ethics training documentation was maintained where required.*

27. Inquire of management whether any alleged ethics violations were reported to the Authority during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Authority's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Management was not notified of any alleged or actual ethics violations during the fiscal period.*

#### **Debt Service**

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28. If debt was issued during the fiscal year, obtain supporting documentation from the Authority, and report whether State Bond Commission approval was obtained.

*No debt was issued during the fiscal year.*

29. If the Authority had outstanding debt during the fiscal period, obtain supporting documentation from the Authority and report whether the Authority made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*Debt service payments were made timely and debt reserves were maintained as required by debt covenants.*

30. If the Authority had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*The District's debt service has no related tax millage.*

**Other**

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31. Inquire of management whether the Authority had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Authority reported the misappropriation to the legislative auditor and the Authority attorney of the parish in which the Authority is domiciled.

*Management informed us that the District did not have any misappropriation of public funds or assets during the fiscal year.*

32. Observe and report whether the Authority has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The District did have the required notice posted in a conspicuous place upon its premises.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.*

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 SAUP's. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our 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 SAUP's, 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.

*Gragsen, Casiday & Guillory*