

**AVOYELLES WATER COMMISSION**  
Moreauville, Louisiana

Financial Report

Year Ended December 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
BASIC FINANCIAL STATEMENTS	
Proprietary Fund - Enterprise Fund	
Statement of net position	4
Statement of revenues, expenses, and changes in net position	5
Statement of cash flows	6-7
Notes to basic financial statements	8-16
SUPPLEMENTARY INFORMATION	
Schedule of insurance in force	18
Utility rate schedule	19
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	21-22
Schedule of current and prior year audit findings and management's corrective action plan	23-26

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Avoyelles Water Commission  
Moreauville, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of the Avoyelles Water Commission ("Commission"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 and the major fund of the Avoyelles Water Commission, as of December 31, 2019, 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 Commission's basic financial statements. The schedule of insurance in force and the utility rate schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of insurance in force and the utility rate schedule 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2020, on our consideration of the Commission'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 solely 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 effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

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

Alexandria, Louisiana  
May 25, 2020

## **BASIC FINANCIAL STATEMENTS**

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Net Position  
Proprietary Fund - Enterprise Fund  
December 31, 2019

**ASSETS**

Current assets:	
Cash and interest-bearing deposits	\$ 733,406
Receivables, net	116,677
Prepaid items	<u>9,402</u>
Total current assets	<u>859,485</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	51,464
Certificates of deposits	1,000,000
Prepaid land lease	25,757
Capital assets	
Nondepreciable	175,132
Depreciable, net	<u>9,251,730</u>
Total noncurrent assets	<u>10,504,083</u>
Total assets	<u>11,363,568</u>

**LIABILITIES**

Current liabilities:	
Accounts and other payables	11,521
Accrued liabilities	2,580
Notes payable	270,674
Accrued interest payable	<u>20,596</u>
Total current liabilities	305,371
Noncurrent liabilities:	
Notes payable	<u>9,556,398</u>
Total liabilities	<u>9,861,769</u>

**NET POSITION**

Restricted for debt service	1,051,464
Unrestricted	<u>450,335</u>
Total net position	<u>\$ 1,501,799</u>

The accompanying notes are an integral part of this statement.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund - Enterprise Fund  
For the Year Ended December 31, 2019

Operating revenues:	
Charges for services -	
Water sales and fees	<u>\$ 1,301,465</u>
Operating expenses:	
Personnel costs	86,997
Legal and professional fees	20,085
Fuel and oil	725
Contracting services	17,911
Depreciation	526,348
Insurance	20,316
Repairs and maintenance	39,852
Rent and utilities	117,192
Supplies	90,296
Other	<u>9,844</u>
Total operating expenses	<u>929,869</u>
Operating income	<u>371,596</u>
Nonoperating revenues (expenses):	
Interest income	399
Interest expense	(423,099)
Miscellaneous income	<u>3,069</u>
Total nonoperating revenues (expenses)	<u>(419,631)</u>
Change in net position	(48,035)
Net position, beginning	<u>1,549,834</u>
Net position, ending	<u>\$ 1,501,799</u>

The accompanying notes are an integral part of this statement.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Cash Flows  
Proprietary Fund - Enterprise Fund  
For the Year Ended December 31, 2019

Cash flows from operating activities:	
Receipts from customers	\$ 1,273,640
Payments to suppliers	(314,328)
Payments to employees	<u>(86,983)</u>
Net cash provided by operating activities	<u>872,329</u>
Cash flows from capital and related financing activities:	
Purchases and construction of capital assets	(18,171)
Interest and fiscal charges paid on long-term debt	(423,641)
Principal paid on long-term debt	<u>(259,449)</u>
Net cash used by capital and related financing activities	<u>(701,261)</u>
Cash flows from investing activities:	
Interest received	399
Purchase of interest-bearing deposits with maturity in excess of ninety days	<u>(1,000,000)</u>
Net cash used by investing activities	<u>(999,601)</u>
Net decrease in cash and interest-bearing deposits	(828,533)
Cash and interest-bearing deposits, beginning of period	<u>1,613,403</u>
Cash and interest-bearing deposits, end of period	<u>\$ 784,870</u>
Reconciliation of operating income to net cash provided	
by operating activities:	
Operating income	\$ 371,596
Adjustments to reconcile operating income to	
net cash provided by operating activities -	
Depreciation	526,348
Changes in assets and liabilities:	
Increase in accounts receivable	(27,825)
Increase in prepaid expenses	303
Decrease in accounts payables	1,590
Decrease in accrued liabilities	<u>14</u>
Net cash provided by operating activities	<u>\$ 872,329</u>

(continued)



AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Cash Flows  
Proprietary Fund - Enterprise Fund  
For the Year Ended December 31, 2019

Reconciliation of cash and interest-bearing deposits per statement  
of cash flows to the statement of net position:

Cash and interest-bearing deposits, beginning of period -	
Cash and interest-bearing deposits - unrestricted	\$ 820,622
Cash and interest-bearing deposits - restricted	<u>792,781</u>
Total cash and interest-bearing deposits, beginning of period	<u>1,613,403</u>
Cash and interest-bearing deposits, end of period -	
Cash and interest-bearing deposits - unrestricted	733,406
Cash and interest-bearing deposits - restricted	<u>51,464</u>
Total cash and interest-bearing deposits, end of period	<u>784,870</u>
Net change in cash and interest-bearing deposits	<u>\$ (828,533)</u>

The accompanying notes are an integral part of this statement.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The Avoyelles Water Commission was created under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing potable drinking water to three municipalities and began operations in 2007. The Commission was created by an intergovernmental agreement formed between the Village of Moreauville, Avoyelles Ward Three Waterworks District and the City of Marksville. The Commission is governed by a board of directors composed of three members. One member is appointed by each of the following governmental entities: the Village of Moreauville, Avoyelles Ward Three Waterworks District and the City of Marksville. Each commissioner serves until replaced by the entity that he or she represents.

B. Basis of Presentation

Fund Financial Statements

The accounts of the Commission are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Commission.

Funds not classified as a major fund are aggregate and presented in a single column in the fund financial statements. The Commission maintains only one fund and it is described below:

Proprietary Fund –

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary fund maintained by the Commission is the enterprise fund.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

Enterprise fund –

The Enterprise Fund is used to report activities for which a fee is charged to external users. This fund accounts 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.

C. 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 recorded 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”.

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

Cash and interest-bearing deposits

For purposes for the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the Water Commission. For the purpose of proprietary fund statement of cash flows, “cash and interest-bearing deposits” include all demand and savings accounts, certificates of deposit and short-term investments with an original maturity of three months or less when purchased.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities report customer's utility service receivables as its major receivable. This receivable is reported net of an allowance for doubtful accounts if any. At December 31, 2019, all accounts were considered collectible and therefore no allowance was established.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items.

Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Commission maintains a threshold level of \$1,000 for capitalizing 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. Total interest expense incurred by the Commission during the year was \$423,099 none of which was capitalized.

Depreciation of all exhaustible capital 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 of depreciation. The estimated useful lives are as follows:

Buildings and distribution system	30-40 years
Equipment	7-10 years

Compensated Absences

The Commission has no set policy for accumulated vacation, sick pay or other benefits. The Commission currently employs four part-time individuals who do not accumulate any vacation or sick leave, therefore, at December 31, 2019, no liability exists for compensated absences.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

Long-term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities in the financial statements. The long-term debt consists primarily of notes payable.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

Equity Classifications

In the proprietary fund, equity is classified as net position and displayed in three components 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 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, laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation.
- c. Unrestricted net position consists of all other net 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."

It is the Commission's policy to use restricted amounts first when both restricted and unrestricted net position is available unless, prohibited by legal or contractual provisions.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

E. Revenues and Expenses

Operating and Nonoperating Revenues and Expenses

In the proprietary fund, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

The principal operating revenues of the Commission's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Expenses

Expenses are classified by function for business-type activities and are further classified as operating and nonoperating.

F. 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, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects or revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Cash and interest bearing-deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in an event of the failure of a depository financial institution, the Commission's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. The Commission does not have a policy for custodial credit risk; however, under state law,

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

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 in a holding or custodial bank is mutually acceptable to both parties. The following is a summary of deposits balance (bank balances) at December 31, 2019, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 1,788,799</u>
Insured	\$ 500,000
Uninsured and collateral held by pledging bank not in the Commission's name	<u>1,288,799</u>
Total	<u>\$ 1,788,799</u>

(3) Accounts Receivable

Receivables at December 31, 2019 in the amount of \$116,677 were charges for services. The entire amount is considered current.

(4) Restricted Assets

Restricted assets at December 31, 2019 consisted of the following:

Cash and interest-bearing deposits:

Reserve Fund	\$ 25,732
Certificate of Deposit - Reserve Fund	500,000
Depreciation and Contingency Fund	25,732
Certificate of Deposit - Depreciation and Contingency Fund	<u>500,000</u>
Total restricted assets	<u>\$ 1,051,464</u>

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

(5) Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Capital assets not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Right of ways	165,132	-	-	165,132
Total capital assets not being depreciated	<u>175,132</u>	<u>-</u>	<u>-</u>	<u>175,132</u>
Capital assets being depreciated:				
Buildings	49,990	-	-	49,990
Equipment	432,467	21,240	-	453,707
Distribution system	14,523,222	-	-	14,523,222
Total capital assets being depreciated	<u>15,005,679</u>	<u>21,240</u>	<u>-</u>	<u>15,026,919</u>
Less accumulated depreciation				
Buildings	3,742	1,494	-	5,236
Equipment	348,963	17,881	-	366,844
Distribution system	4,896,136	506,973	-	5,403,109
Total accumulated depreciation	<u>5,248,841</u>	<u>526,348</u>	<u>-</u>	<u>5,775,189</u>
Total capital assets being depreciated, net	<u>9,756,838</u>	<u>(505,108)</u>	<u>-</u>	<u>9,251,730</u>
Capital assets, net	<u>\$ 9,931,970</u>	<u>\$ (505,108)</u>	<u>\$ -</u>	<u>\$ 9,426,862</u>

Depreciation expense was charged to business-type activities in the amount of \$526,348.

(6) Changes in Long-Term Debt

The following is a summary of debt transactions of the Commission for the year ended December 31, 2019:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance Ending</u>	<u>Due Within One Year</u>
USDA note payable	\$ 5,800,488	\$ -	\$ (125,224)	\$ 5,675,264	\$ 130,641
USDA note payable	4,286,033	-	(134,225)	4,151,808	140,033
Total long-term debt	<u>\$ 10,086,521</u>	<u>\$ -</u>	<u>\$ (259,449)</u>	<u>\$ 9,827,072</u>	<u>\$ 270,674</u>



AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

Long-term debt payable at December 31, 2019, is comprised of the following issues:

\$6,916,000 USDA note dated December, 2005, bearing interest at 4.25% per annum., secured by pledge of water revenue. Final maturity date, December, 2044.	\$ 5,675,264
\$5,876,000 USDA note dated December, 2005, bearing interest at 4.25% per annum., secured by pledge of water revenue. Final maturity date, December, 2044.	<u>4,151,808</u>
Total note payable at December 31, 2019	<u><u>\$ 9,827,072</u></u>

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

Year ending December 31,	Principal	Interest	Total
2020	\$ 270,674	\$ 412,418	\$ 683,092
2021	282,405	400,688	683,093
2022	294,644	388,450	683,094
2023	307,413	375,680	683,093
2024	320,735	362,358	683,093
2025-2029	1,824,622	1,590,842	3,415,464
2030-2034	2,255,784	1,159,680	3,415,464
2035-2039	2,623,297	628,183	3,251,480
2040-2044	1,647,498	182,475	1,829,973
Total	<u><u>\$ 9,827,072</u></u>	<u><u>\$ 5,500,774</u></u>	<u><u>\$ 15,327,846</u></u>

(7) Flow of Funds: Restrictions of Use – Water Revenues

The revenues derived from water sales are partially pledged to retire the USDA notes payable. The resolution of the USDA notes payable requires the establishment and maintenance of the following bank accounts:

Reserve Fund  
Depreciation and Contingency Fund

Each month an amount equal to \$2,847 must be deposited into the Reserve Fund until \$683,093 has been accumulated in the Reserve Fund. Also, each month a sum of \$2,847 per month must be deposited into the Depreciation and Contingency Fund until \$683,093 has been accumulated in the Depreciation and Contingency Fund. During the year ended December 31, 2019, all monthly transfers were made as required.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

(8) Compensation of Board Members

A detail of the compensation paid to commission officials for the year ended December 31, 2019 follows:

President:			
Penn Lemoine	P.O. Box 6, Moreauville, LA 71355	(318) 985-2235	\$ 1,080
Board Members:			
Albin Lemoine	P.O. Box 6, Moreauville, LA 71355	(318) 985-2235	1,020
John Lemoine	P.O. Box 6, Moreauville, LA 71355	(318) 985-2235	<u>840</u>
			<u>\$ 2,940</u>

The President is considered the agency head. The Commission did not pay any benefits on his behalf for the year ended December 31, 2019, except the amount disclosed above.

(9) Economic Dependency

The Commission sells potable water to four governmental agencies. These sales provide the Commission with their total operating revenue. If the Commission were to lose any of these agencies, their ability to continue operations and pay loans owed to USDA would be threatened.

(10) Risk Management

The Commission is exposed to risks of loss in the areas of damage to and destruction of assets, injuries to employees and natural disasters. These risks of loss are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(11) Litigation

There is no litigation pending against the Commission at December 31, 2019.

**SUPPLEMENTARY INFORMATION**

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Schedule of Insurance in Force  
December 31, 2019

Description of Coverage	Asset Covered	Coverage Amount	Insurance Company	Expiration Date
Workmen's Compensation	Employees	\$500,000	LWCC	6/18/2020
General Liability	N/A	\$3,000,000	American Alternative Insurance	6/14/2020
Commercial Property	Property	\$1,000,000	American Alternative Insurance	6/14/2020
Auto Insurance	Vehicles	\$1,000,000	American Alternative Insurance	6/14/2020
Bond Insurance	Employees	\$3,000,000	American Alternative Insurance	6/14/2020
Crime Insurance	Property	\$100,000	American Alternative Insurance	6/14/2020
Inland Marine	Equipment	\$25,000	American Alternative Insurance	6/14/2020
Excess Liability	Property	\$1,000,000	American Alternative Insurance	6/14/2020
Employee Theft	Property	\$100,000	American Alternative Insurance	6/14/2020

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Utility Rate Schedule  
December 31, 2019

Records maintained by the Commission indicated that the water rates are as follows:

\$2.85 - \$3.00 per thousand gallons

**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  
Avoyelles Water Commission  
Moreauville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and major fund of the Avoyelles Water Commission ("Commission"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated May 25, 2020.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2019-001, 2019-002, and 2019-003 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

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

## **The Avoyelles Water Commission's Response to Findings**

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

## **Purpose of this Report**

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

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

Alexandria, Louisiana  
May 25, 2020



AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2019

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2019-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2012

CONDITION: The Avoyelles Water Commission does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C §265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Commission evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Commission to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2019

2019-002 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Avoyelles Water Commission did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that Commission does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Commission agree that a complete segregation of accounting functions would strengthen controls, but with limited current financial resources, we are not able to hire additional personnel at this time.

2019-003 Policies and Procedures

Fiscal year finding initially occurred: 2018

CONDITION: The Avoyelles Water Commission has not adopted written policies and procedures for budgets, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, travel and expense reimbursements, ethics, debt service, and disaster recovery/business continuity.

AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2019

**CRITERIA:** Written policies and procedures are necessary to provide a clear understanding of day to day operations.

**CAUSE:** The Commission has not properly documented policies and procedures that should be followed for the areas of day to day operations above.

**EFFECT:** Failure to have written policies and procedures increases the risk of not having continuity of operations and the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

**RECOMMENDATION:** Management should adopt formal written policies and procedures for each of the functions noted above.

**MANAGEMENT'S CORRECTIVE ACTION PLAN:** The Commission administration is in the process of drafting a formal, written policy and procedure manual to establish guidelines that will be followed for all operations.

AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2019

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2018-001 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Avoyelles Water Commission does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2019-001.

2018-002 Inadequate Segregation of Functions

CONDITION: The Avoyelles Water Commission did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2019-002.

2018-003 Policies and Procedures

Fiscal year finding initially occurred: 2018

CONDITION: The Avoyelles Water Commission has not adopted written policies and procedures for budgets, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, travel and expense reimbursements, ethics, and debt service.

RECOMMENDATION: Management should adopt formal written policies and procedures for each of the functions noted above.

CURRENT STATUS: Unresolved. See item 2019-003.

**Avoyelles Water Commission**  
Moreauville, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period January 1, 2019 through December 31, 2019

# KOLDER, SLAVEN & COMPANY, LLC

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

To the Board of Alderman of the  
Avoyelles Water Commission, Louisiana and the  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Avoyelles Water Commission, Louisiana ("Entity") 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, 2019 through December 31, 2019. The Entity'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. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/ verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all system and software patches/ updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

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2. We obtained and inspected 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) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, we observed 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.*

- c) For governmental entities, we obtained the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

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

### ***Collections***

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- 4. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected 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 observed that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.



6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected 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.* Obtained supporting documentation for each of the 10 deposits and:
  - a) Observed that receipts are sequentially pre-numbered.
  - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Traced the deposit slip total to the actual deposit per the bank statement.
  - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Traced the actual deposit per the bank statement to the general ledger.

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

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8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than
9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
  - a) Observed that the disbursement matched the related original invoice/billing statement.

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

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

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- 11. Obtained 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. Obtained management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
  - a) Observed 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.]
  - b) Observed that finance charges and late fees were not assessed on the selected statements.
- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

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- 14. Obtained 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 selected 5 reimbursements, obtained 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, agreed 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, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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15. Obtained 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. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed 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) Observed 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), observed that the original contract terms provided for such an amendment.
  - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

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

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16. Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:
- a) Observed 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.)
  - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtained ethics documentation from management, and:
  - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

### ***Debt Service***

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21. Obtained a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

### ***Other***

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23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observed 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.

### **Findings:**

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In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Board, Contracts, Payroll and Personnel, Ethics, Debt Service and Other.

No exceptions were found as a result of applying procedures listed above except:

#### **Written Policies:**

The Avoyelles Water Commission does not have written policies and procedures addressing budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, travel and expense reimbursements, ethics, debt service, or disaster recovery/business continuity.

**Collections:**

The employee responsible for collecting cash is also responsible for preparing the deposit slip, depositing cash in the bank, recording deposits in the general ledger, and reconciling the bank statement.

The Avoyelles Water Commission does not issue receipts for collections.

**Non-Payroll Disbursements:**

The Avoyelles Water Commission does not have a policy in place which prohibits the employee responsible for processing payments from adding/modifying vendor files in the disbursements system.

The Avoyelles Water Commission does not have a policy in place which prohibits the employee responsible for processing payments from placing payments in the mail.

Disbursement documentation did not include evidence of segregation of duties.

**Management's Response:**

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Management of the Avoyelles Water Commission concurs with the exceptions and is 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

Alexandria, Louisiana  
May 25, 2020