

FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)

AS OF JUNE 30, 2019

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# J. Aaron Cooper, CPA, LLC

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P.O. Box 918 • 106 West Nezpique Street • Jennings, Louisiana 70546

*Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants.*

*Recipient of Advanced Single Audit Certificate*

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Jefferson Davis Parish Water District No. 4  
Jennings, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the business-type activities of Jefferson Davis Parish Water District No. 4 (the District), a component unit of Jefferson Davis Parish Police Jury, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 judgement, 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, I 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.

## **Jefferson Davis Parish Water District No. 4**

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### ***Opinions***

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Jefferson Davis Parish Water District No. 4, as of June 30, 2019, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Other Matters***

##### ***Required Supplementary Information***

Management has omitted a management 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. My opinion on the basic financial statements is not affected by this missing information.

#### **Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation and benefits paid to agency head or chief executive officer are presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule is the responsibility of management and was derived and related 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 my opinion, based on my audit and the procedures performed as described above, the schedule of compensation and benefits paid to agency head or chief executive officer 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*, I have also issued my report dated December 27, 2019, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

**Jefferson Davis Parish Water District No. 4**  
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opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "J. Aaron Cooper, CPA, LLC". The signature is written in a cursive style with a large initial "J".

J. Aaron Cooper, CPA, LLC

Jennings, Louisiana  
December 27, 2019

## **BASIC FINANCIAL STATEMENTS**

JEFFERSON DAVIS PARISH WATER DISTRICT NO.4  
(A Component Unit of Jefferson Davis Police Jury)  
Statement of Net Position  
June 30, 2019

ASSETS

Current assets:	
Cash and cash equivalents	\$ 112,807
Accounts receivable - customers	61,180
Prepaid items	12,039
Investments	77,671
Total current assets	263,697
Non-current assets:	
Restricted investments	310,874
Capital assets (net of accumulated depreciation)	1,863,980
Total non-current assets	2,174,854
TOTAL ASSETS	2,438,551

LIABILITIES

Current liabilities:	
Accounts payable	5,627
Salaries, payroll and other taxes payable	1,524
Accrued interest payable	412
Notes payable (current portion)	24,067
Total current liabilities	31,630
Non-current liabilities:	
Notes payable	789,586
Customer deposits payable	123,440
Total non-current liabilities	913,026
TOTAL LIABILITIES	944,656

NET POSITION

Net investment in capital assets	1,050,327
Restricted:	
Restricted for debt service	310,874
Contributions	17,897
Unrestricted	114,797
Total net position	\$ 1,493,895

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)  
Statements of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2019

<u>OPERATING REVENUES</u>	
Sales of water	\$ 507,942
Installation fees	8,787
Penalties and reconnection fees	7,843
Other revenues	<u>16,287</u>
Total operating revenues	<u>540,859</u>
<u>OPERATING EXPENSES</u>	
Bad debts	308
Chemicals	35,951
Contract labor	940
Communications	4,503
Depreciation	81,109
DHH fees	14,461
Insurance	31,560
Installations	921
Meter reading	18,443
Office expense	14,138
Payroll taxes	9,540
Postage	5,076
Professional fees	37,600
Seminars and training	380
System supplies	23,158
Repairs and maintenance	42,649
Salaries	87,154
Utilities	<u>21,103</u>
Total operating expenses	<u>428,994</u>
OPERATING INCOME	<u>111,865</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	2,376
Interest expense	<u>(37,647)</u>
Total non-operating revenues (expenses)	<u>(35,271)</u>
Change in net position	76,594
Net position, beginning of year, as previously stated	1,402,343
Prior period adjustment	<u>14,958</u>
Net position, end of year	<u><u>\$ 1,493,895</u></u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)  
Statements of Cash Flows  
For the Year Ended June 30, 2019

<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 519,241
Payments to suppliers of goods and services	(274,939)
Payments to employees	(87,154)
Other receipts (payments)	16,287
Net cash provided by operating activities	<u>173,435</u>
<b>Cash flows from capital and related financing activities</b>	
Purchases of capital assets	(106,555)
Principal paid on capital debt	(67,942)
Interest paid on capital debt	<u>(37,647)</u>
Net cash used by capital and related financing activities	<u>(212,144)</u>
Net increase (decrease) in cash and cash equivalents	(38,709)
Cash and cash equivalents, beginning of year	151,516
Cash and cash equivalents, end of year	<u>\$ 112,807</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>	
Operating income (loss)	<u>\$ 111,865</u>
Adjustments:	
Depreciation expense	81,109
(Increase) decrease in accounts receivable	(5,331)
(Increase) decrease in prepaids	(1,781)
Increase (decrease) in accounts payable	(12,875)
Increase (decrease) in salary and payroll expense payable	(893)
Increase (decrease) in customer deposits	1,341
Total adjustments	<u>61,570</u>
Net cash provided by operating activities	<u>\$ 173,435</u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**INTRODUCTION**

As provided by Louisiana Revised Statute (R.S.) 33:3812, the Jefferson Davis Parish Water District No. 4 is governed by five commissioners. These five commissioners are collectively referred to as the Water Commissioners and are appointed by the Jefferson Davis Parish Police Jury. The Jefferson Davis Parish Water District No. 4 is a subdivision of the state and may issue bonds and levy taxes in accordance with Article 6, Section 30 of the Louisiana Constitution of 1974. The District was created under the authority of R.S. 33:3811 and was established to establish, acquire, construct, improve, extend, and maintain within its political subdivision a water system. At present, the district supplies water service to 1211 residential and 33 commercial customers.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

GASB Codification Section 2100 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the police jury is determined on the basis of the following criteria:

1. Appointment of governing body
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the Police Jury appoints the governing board and because of the scope of public service, Jefferson Davis Parish Water District No. 4 was determined to be a component unit of the Jefferson Davis Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the water district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

**B. Fund Accounting**

The accounts of the District are organized on the basis of a proprietary fund, which is considered a separate accounting entity or enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private businesses 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.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**C. Basis of Accounting and Measurement Focus**

The District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and GASB Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the Statement of Net Position. Net Position is segregated into contributed capital (if any) and Net Position components.

Proprietary fund type operating statements present increases and decreases in total net position. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred. The District uses alternative 2 under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*.

1. Revenues

Water distribution fees are assessed on or about the 20th of each month, become due on the first of the following month, and are delinquent on the 15th of that month. A late fee of 10% is assessed on water distribution fees that are not paid by the 15th of the month in which they become delinquent and a disconnect fee of \$20 is assessed if the customer still has not paid by the 10th of the following month. An installation fee is charged for all new water service. These fees range from \$140 to \$300, depending on the amount of line and valves needed. Interest income represents amounts earned on certificates of deposit and savings accounts invested with financial institutions. Interest earned on certificates of deposit is recorded when the certificate matures and/or when interest is available. Interest on savings accounts is recorded when received. Intergovernmental revenue is recorded when received. Intergovernmental revenues and interest income are the revenues classified as non-operating revenue.

2. Expenditures

Expenses are generally recognized under the accrual basis of accounting. Exceptions to this general rule include principal and interest on long-term debt which is recognized at year end.

Operating expenses are those described as associated to those expenses associated with the plant such as chemicals, fees, plant supplies, etc. Non-operating expenses are those of administration by nature.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

In the proprietary financial statements, equity is classified as net position and displayed in three components:

1. 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.
2. 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.
3. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**D. Cash, Cash Equivalents, and Investments**

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 days or less. Under state law the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments may include instruments or obligations issued by the United States Government or its agencies, or any other federally-issued investment.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 since the District does not have a formal investment policy. Funds which are available for investment and above immediate cash requirements can be invested in statutorily-sanctioned investments including direct U.S. Treasury obligations, bonds, debentures, notes or certificates issued by or guaranteed by federal agencies, or time certificate of deposit in any bank domiciled or having a branch office in Louisiana or any other federally-insured investment. Statutorily-sanctioned investments also include funds invested with external local government investment pools such as Louisiana Asset Management Pool.

When investments are present in the financial statements they are reflected at fair value except for the following which are permitted per GASB Statement 31, *Accounting and Financial Reporting/or Certain Investments and for External Investment Pools*:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts. If the original maturities of time deposits exceed 90 days, they are classified as investments. As of June 30, 2019, the District’s investments consist of non-negotiable certificates of deposit that are reported at cost, which approximates market value.

Money-market investments and participating interest-earning investment contracts that have remaining maturity at time of purchase of one year or less are reported at amortized cost. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**E. Restricted Assets**

Certain asset accounts are restricted as bond reserve, bond contingency, and for customer deposits.

**F. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items consist of unexpired portions of insurance premiums.

**G. Fixed Assets**

Property and equipment of Jefferson Davis Parish Water District No. 4 are recorded at cost. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. At year end, the construction account is adjusted to other fixed assets accounts: water wells, main plant, filtration system, and water lines. All fixed assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or non-current) associated with the Water District's activities are included on its Statement of Net Position. The District's reported net position is segregated into reserves, contributions and net position components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against the District's operations. Accumulated depreciation is reported on the proprietary fund balance sheet.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Distribution, Treatment, and Filtering Facilities	12 to 50 years
Major Equipment and Facilities	20 years
Minor Equipment and Facilities	10 years

**H. Accumulated Unpaid Vacation Pay**

Vacation leave is provided for all employees with at least six months of service. It ranges from 1 to 4 weeks per year depending on the length of service. It is the District's policy that vacation does not accumulate except the amount earned in the current calendar year. Any vacation not utilized by December 31<sup>st</sup> is lost. Employees also earn 7 days per year for sick leave and are cumulative from year to year up to a maximum of 70 days. Upon retirement, any unused sick days are forfeited. There are no accumulated and vested benefits relating to vacation and sick leave that require disclosure to conform to generally accepted accounting principles for these employees.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**I. Retirement**

Retirement is provided to the District's employees through a SIMPLE IRA. The District matches up to 2% of the employees' gross salary.

**J. Accounts Receivable**

The District uses the direct write-off method to record bad debts expense for the year. Under this method an expense is taken when an account is deemed uncollectible.

Accounts receivable consists of customer receivables. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method to be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

**K. Reserves**

The District's reserve accounts are used to indicate that a portion of the net position is legally segregated for a specific future use. As of June 30, 2019, the District had reserves as required by U.S. Department of Agriculture Rural Development (USDARD).

**L. Contributions**

The District received and expended grant funds to construct part of its facility. The grant contains certain contingent restrictions based on the fair market value of that portion of the facility which was attributed to the grant funds. Each year an allocation is made to re-class a portion of the contribution account to unrestricted net position. The balance in the contributions account is the balance of the unallocated grant.

**M. Use of Estimates**

The preparation of Jefferson Davis Parish Water District No. 4's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**N. Subsequent Events**

Subsequent events have been evaluated through December 27, 2019, the date the financial statements were available to be issued.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**O. 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. These risks are managed by coverage through commercial insurance.

**P. Prior Period Adjustment**

The prior period adjustment is a result of additional principal payments made on the note payable in the prior year that were incorrectly recorded as interest payments. (See Note 4)

**2. RESTRICTED INVESTMENTS**

Restricted certificates of deposit were applicable to the following reserves at June 30, 2019:

Revenue bond and interest	\$ 161,998
Reserve fund	88,709
Depreciation and contingency	<u>60,167</u>
 Total	 <u><u>\$ 310,874</u></u>

**3. DEPOSITS AND INVESTMENTS**

**A. Deposits**

For reporting purposes, cash and cash equivalents include demand accounts, savings accounts, and certificates of deposit with original maturities of less than 90 days (if applicable). At June 30, 2019, the District had cash and cash equivalents (book balances) totaling \$ 112,807 as follows:

Deposit Type	Reported Amount
Cash on hand	\$ 47
Cash-demand deposits	<u>112,760</u>
	<u><u>\$ 112,807</u></u>

Additionally, the District has certificates of deposit totaling \$388,545 on deposit in local banks, which \$77,671 are presented as investments and \$310,874 are presented as restricted investments in the financial statements.

*Custodial credit risk* – Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be recovered. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance

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(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the District or the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2019, the District has \$539,231 in deposits (collected bank balances) in local financial institutions, including certificates of deposit. The entire amount is secured from risk by federal deposit insurance or securities pledged in the name of the District. As such, these deposits are not considered subject to custodial credit risk according to GASB Statement No. 3.

B. Investments

At June 30, 2019, the District had the following investments and maturities:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
			<u>Less than 1</u>	<u>1-5</u>
Unrestricted Investments:				
Certificates of deposits-				
(maturities exceeding 90 days)	100.0%	\$ 77,671	\$ 77,671	\$ -
Restricted Investments:				
Certificates of deposits-				
(maturities exceeding 90 days)	100.0%	\$ 310,874	\$ 310,874	\$ -

*Credit Risk* - Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a written investment policy, but does adhere to state laws regarding allowable investments. The certificates of deposit are not rated.

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As discussed in Note 3A, certificates of deposit are considered fully collateralized under the provisions of GASB Statement No. 3. Accordingly, the District had no custodial credit risk related to its investments as of June 30, 2019.

*Concentration of Credit Risk* - The District places no limit on the amount it may invest in any one issuer. More than five percent of the District's investments at June 30, 2019, are invested in certificates of deposit held at two financial institutions. These investments are 100% of the District's total investments at June 30, 2019.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**4. LONG-TERM DEBT**

The Water district obtained a loan from the USDARD in the amount of \$1,166,000 in 2010. Required loan payments are made monthly in the amount of \$5,060. In addition to the required loan payments, the district has been making additional monthly principal payments of \$3,740 during the year.

The following is a summary of the long-term obligations for the year ended June 30, 2019:

	USDA Note Payable <u>Loan #4</u>
Long-term obligations at beginning of year	\$ 881,595
Additions	-
Deductions	<u>67,942</u>
Long-term obligations at end of year	<u><u>\$ 813,653</u></u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2019:

	USDA Note Payable <u>Loan #4</u>
Current portion	\$ 24,067
Long-term portion	<u>789,586</u>
Total	<u><u>\$ 813,653</u></u>

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

Long-term debt as of June 30, 2019, is comprised of the following:

Date of Issue	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding
April 26, 2010	<u>\$ 1,166,000</u>	4.25%	May 25, 2040	<u>\$ 479,182</u>	<u>\$ 813,653</u>

The annual requirements to amortize all debt outstanding as of June 30, 2019, are as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2020	24,067	36,658	60,725
2021	25,110	35,615	60,725
2022	26,199	34,527	60,726
2023-2027	149,041	154,586	303,627
2028-2032	184,259	119,367	303,626
2033-2037	227,800	75,826	303,626
2038-2041	<u>177,177</u>	<u>22,603</u>	<u>199,780</u>
Total	<u>\$ 813,653</u>	<u>\$ 479,182</u>	<u>\$ 1,292,835</u>

**5. COMPENSATION OF COMMISSIONERS**

As provided by Louisiana R.S. 33:3819, the District's commissioners receives per diem for each board meeting they attend. Total compensation for each commissioner is as follow:

Robert Sarver, President	\$ 1,400
Charles Deese	1,550
Blaine Boudreaux	1,300
Randy Davis	700
Anthony Comeaux	<u>1,300</u>
Total	<u>\$ 6,250</u>

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**6. CAPITAL ASSETS**

Capital assets activity as of and for the year ended June 30, 2019, for the District is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,580	\$ 28,605	\$ -	\$ 32,185
Total capital assets, not being depreciated	<u>\$ 3,580</u>	<u>\$ 28,605</u>	<u>\$ -</u>	<u>\$ 32,185</u>
Capital assets being depreciated:				
Water lines	\$ 2,542,039	\$ 26,075	\$ -	\$ 2,568,114
Filtration system	427,401	-	-	427,401
Machinery and equipment	244,593	51,067	15,911	279,749
Main plant	238,939	-	-	238,939
Office equipment	11,570	808	-	12,378
Water wells	198,859	-	-	198,859
Total capital assets being depreciated	<u>3,663,401</u>	<u>77,950</u>	<u>15,911</u>	<u>3,725,440</u>
Less accumulated depreciation for:				
Water lines	816,186	59,013	-	875,199
Filtration system	412,364	4,363	-	416,727
Machinery and equipment	213,653	11,067	15,911	208,809
Main plant	189,326	2,263	-	191,589
Office equipment	11,386	174	-	11,560
Water wells	185,532	4,229	-	189,761
Total accumulated depreciation	<u>1,828,447</u>	<u>81,109</u>	<u>15,911</u>	<u>1,893,645</u>
Total capital assets being depreciated, net	<u>\$ 1,834,954</u>	<u>\$ (3,159)</u>	<u>\$ -</u>	<u>\$ 1,831,795</u>

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**7. OFF BALANCE SHEET RISK**

The District is concentrated within a relatively small geographic area located in Southwest Louisiana. The concentration of assets within a small area increases the chance of having a material loss of assets due to a sudden unforeseen occurrence. The District carries commercial insurance to reduce the amount of risk to assets.

**8. CURRENT WATER RATES**

At present the District charges residential customers \$16 for the first 2,500 gallons of water use and \$4.50 for each additional 1,000 gallons used. Commercial accounts are charged \$30 for the first 5,000 gallons of water used and \$4.50 each additional 1,000 gallons used.

## **SUPPLEMENTARY INFORMATION**

**JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(Component Unit of Jefferson Davis Police Jury)**

**Schedule of Compensation, Benefits, and other Payments  
to Agency Head or Chief Executive Officer**

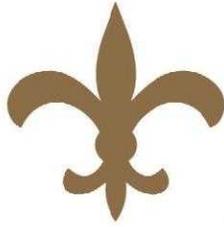
**For the Year Ended June 30, 2019**

Agency Head Name: Robert Sarver, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-dues	-
Car allowance	-
Vehicle provided by government	-
Per diem	1,400
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	\$ 1,400
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

## **OTHER REPORTS**



# J. Aaron Cooper, CPA, LLC

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P.O. Box 918 • 106 West Nezpique Street • Jennings, Louisiana 70546

*Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants.  
Recipient of Advanced Single Audit Certificate*

## **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**

Board of Commissioners  
Jefferson Davis Parish Water District No. 4  
Jennings, Louisiana

I 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 of Jefferson Davis Parish Water District No. 4 (the District), a component unit of Jefferson Davis Police Jury, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated December 27, 2019.

### **Internal Control Over Financial Reporting**

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Commissioners, others within the entity, the Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statutes 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink that reads "J. Aaron Cooper, CPA, LLC". The signature is written in a cursive style.

J. Aaron Cooper, CPA, LLC

Jennings, Louisiana  
December 27, 2019

**JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4  
(Component Unit of Jefferson Davis Police Jury)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**SECTION I - SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Jefferson Davis Water District No. 4.
2. No significant deficiencies in internal control relating to the financial statements are reported in the 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 *Governmental Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Jefferson Davis Water District No. 4 were reported in the 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*.
4. The Jefferson Davis Water District No. 4 did not require a Single Audit.
5. A separate management letter was not issued with regards to the engagement for the year ended June 30, 2019.

**SECTION II - INTERNAL CONTROL AND COMPLIANCE FINDINGS**

Current Year Findings:

No current year findings.

**JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4**  
**(Component Unit of Jefferson Davis Police Jury)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (concluded)**  
For the Year Ended June 30, 2019

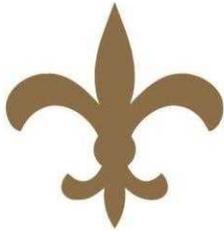
Prior Year Findings:

No prior year findings.

**Jefferson Davis Parish  
Water District No. 4  
Jennings, Louisiana**

**Statewide Agreed-Upon  
Procedures Report**

**For the Year Ended June 30, 2019**



# J. Aaron Cooper, CPA, LLC

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P.O. Box 918 • 106 West Nezpique Street • Jennings, Louisiana 70546

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

Jefferson Davis Parish Water District No. 4  
Jennings, Louisiana

I have performed the procedures enumerated below, which were agreed to by Jefferson Davis Parish Water District No. 4 (the District), a component unit of the Jefferson Davis Parish Police Jury, and the Louisiana Legislative Auditor, State of Louisiana, on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations).
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - 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 available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*The Jefferson Davis Water District No. 4 maintains written policies for adoption of budget, receiving receipts, payroll, as well as travel and expense reimbursements. The District's written policies and procedures do not address any of the other areas above.*

*Management concurs and will review additional procedures and implement as considered necessary.*

### **Board or Finance Committee**

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or other equivalent documentation.
  - a) Observe that the board, finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

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

*The District meets every month. No meetings without a quorum were noted. The minutes of the meetings did not mention monthly budget-to-actual reports; however, it was noted that budget-to-actual comparisons are given to board members with their meeting packets. No negative fund balances existed in the prior audit.*

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);
  - c) Management has documentation reflecting that it has researched reconciling items that have that have been outstanding for more than 12 months from the statement closing date, if applicable.

*The bank reconciliation for the District's only checking account was tested. The reconciliations were all prepared timely. Reconciliations contained no evidence of initialing. The account tested did not contain evidence that management or commissioners separate from involvement of transactions reviewed the bank reconciliations. There were instances of stale-dated checks on the bank reconciliations; however, there was no documentation reflecting that those items were being investigated.*

*Management is aware of exceptions and will consider implementing additional procedures.*

## *Collections*

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - 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 posting 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. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposits dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

*Cash collection locations were obtained from management. The locations selected for collection were the water plant, Country Mile store, and the billing office. The persons collecting cash at two locations sometimes share the same drawer with another employee. At various times, the same person collecting cash may also be responsible for depositing cash in the bank. The person recording the deposit is not responsible for reconciling bank statements. However, the District does not have a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections in one of the cash collection locations selected. Per policy, all of the employees who are involved in cash collection are bonded. The accountant at the billing office uses system reports showing customer payments to reconcile to collections. Receipts are sequentially pre-numbered and can be traced to deposit slips and bank statement. Collection documentation was obtained indicating that deposits are not made within one day of collection. All collections were completely supported by documentation. Actual deposits agree to general ledger. There is no written documentation specifically defined to determine the completeness of all collections by a person who is not responsible for collections.*

*Management is aware of exceptions and will consider implementing additional procedures.*

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - 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, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

*Only the billing office processes payments. No written policies or procedures exist, but employees are knowledgeable of their assigned duties. Two employees are not always involved in the above procedures due to staffing restrictions. The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system. One of the persons with signature authority or who make final authorization for disbursements does have responsibility for initiating or recording purchases. The selected 5 disbursements matched the original invoice. Segregation of duties is not usually evident.*

*Management is aware of exceptions and will consider implementing additional procedures.*

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
  - b) Observe 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 select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by
  - (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*Observation: This procedure was performed in the year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Observation: This procedure was performed in the year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law<sup>1</sup> (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
-

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*Observation: This procedure was performed in year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

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

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*Observation: This procedure was performed in year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

## *Ethics*

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

*Observation: This procedure was performed in year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

## *Debt Service*

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

*Observation: This procedure was performed in the year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

## *Other*

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

*Observation: This procedure was performed in the year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Observation: This procedure was performed in year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

I was 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 and 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.

*J. Aaron Cozart, CPA, LLC*

December 27, 2019