

**CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**



Postlethwaite & Netterville

A Professional Accounting Corporation

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

Honorable President and Council
of the Consolidated Waterworks District No. 13 of West Feliciana Parish
St. Francisville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Consolidated Waterworks District No. 13 of West Feliciana Parish (the District), a component unit of the West Feliciana Parish Government, as of and for the year ended June 30, 2019, and the related notes to 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2019, and the 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability for the Retirement Systems, and the Schedule of the District's Contributions to the Retirement Systems and the related notes, presented on pages 4 through 7, page 32, page 33, and pages 34 through 35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of West Feliciana Parish Government Council Members, the Schedule of Compensation, Benefits, and Other Payments to the Parish President, the Schedule of Insurance in Force (Unaudited), and the Schedule of Information Required by Rural Development (Unaudited) on page 36, page 37, page 38, and 39, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of West Feliciana Parish Government Council Members and the Schedule of Compensation, Benefits, and Other Payments to the Parish President are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The Schedule of West Feliciana Parish Government Council Members and the Schedule of Compensation, Benefits, and Other Payments to the Parish President are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Insurance in Force and the Schedule of Information Required by Rural Development are presented for additional analysis and are not a required part of the basic financial statements. That information has 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 December 30, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

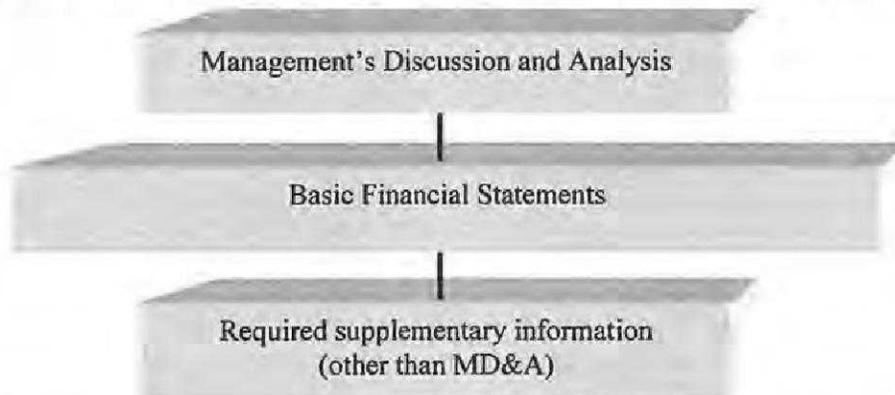
The Management's Discussion and Analysis of the District's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2019. This document focuses on the current activities of each period, resulting changes, and known facts. Please read this document in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows of the District's exceeded its liabilities and deferred inflows at the close of the year by \$3,814,198 (net position). Of this amount, \$1,257,666 (unrestricted net position) may be used without restrictions to meet the District's ongoing obligations.
- The District's net position had a decrease of \$39,437 during the year ended June 30, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Consolidated Waterworks District No. 13 of West Feliciana Parish as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

This report consists of the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position which provides information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Basic Financial Statements (continued)

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the District's net position and changes in them. You can think of the District's net position, the difference between assets and liabilities of resources as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL ANALYSIS OF THE ENTITY

Condensed Statements of Net Position
As of June 30, 2019 and June 30, 2018

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 1,944,429	\$ 1,786,616
Capital assets, net	<u>4,090,014</u>	<u>4,413,905</u>
Total Assets	<u>6,034,443</u>	<u>6,200,521</u>
Deferred outflows of resources –		
Post-employment related	8,087	2,579
Pension Related	<u>173,681</u>	<u>63,686</u>
Total Deferred outflows of resources	<u>181,768</u>	<u>66,265</u>
Current and other liabilities	361,849	413,775
Long-term liabilities	<u>2,004,219</u>	<u>1,877,115</u>
Total Liabilities	<u>2,366,068</u>	<u>2,290,890</u>
Deferred inflows of resources –		
Post-employment related	829	909
Pension Related	<u>35,116</u>	<u>121,352</u>
Total Deferred inflows of resources	<u>35,945</u>	<u>122,261</u>
Net position		
Net investment in capital assets	2,236,578	2,480,454
Restricted for debt service	319,954	312,664
Restricted for net pension asset	-	71,301
Unrestricted	<u>1,257,666</u>	<u>989,216</u>
Total Net Position	<u>\$ 3,814,198</u>	<u>\$ 3,853,635</u>

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended June 30, 2019 and June 30, 2018

	2019	2018
Operating Revenue	\$ 1,920,288	\$ 1,643,387
Operating Expenses	1,951,877	1,706,456
Operating income/(loss)	(31,589)	(63,069)
Non-operating revenues/(expenses)	(7,848)	(76,793)
Change in net position	(39,437)	(139,862)

The District's total operating revenues and expenses increased as a result of new water rates adopted in January 2019 and increases in repairs & maintenance and professional services.

CAPITAL ASSET AND LONG-TERM DEBT

Capital Assets

At the end of year 2019, the District had \$4,090,014, net of depreciation, invested in a broad range of capital assets (see table below). This amount represents a slight decrease of \$323,891 or 7.3% from the previous period. This decrease is a result of the continued depreciation on assets, which reduces the carrying value.

Capital Assets at Period End
(Net of Depreciation)

	2019	2018
Utility systems	\$ 3,971,637	\$ 4,230,470
Equipment	62,635	101,844
Vehicles	55,742	81,591
Total	\$ 4,090,014	\$ 4,413,905

Long-term Debt

At the end of 2019, the District had \$1,907,648 in long-term debt compared to \$1,977,385 at the previous period end, see table below. This amount represents a decrease (comprised of predominantly bonds and notes principal payments) of \$69,735 from the previous year end.

Long-term Debt at Period End

	2019	2018
Bonds payable	\$ 1,758,775	\$ 1,819,859
Notes payable	94,661	113,592
Compensated absences	54,212	43,934
Total	\$ 1,907,648	\$ 1,977,385

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S RATES AND FEES

The Consolidated Waterworks District No. 13 of West Feliciana Parish considered the following factors and indicators when setting next year's rates, and fees. These factors and indicators include:

- 1) Long-term debt requirements
- 2) Cost of operations
- 3) Number of customers
- 4) Intergovernmental revenues (state and local grants)

The District does not expect any significant changes in next year's budget results as compared to the current year.

CONTACTING THE CONSOLIDATED WATERWORKS DISTRICT NO. 13 OF WEST FELICIANA PARISH'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Consolidated Waterworks District No. 13 of West Feliciana Parish's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kenny Havard, Parish President, P.O. Box 1921, St. Francisville, Louisiana 70775 or 225-635-3864.

FINANCIAL STATEMENTS

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$ 327,012
Investments	568,725
Receivables, net	126,185
Due from other governments	412,177
Prepaid expenses	18,037
Total current assets	<u>1,452,136</u>

Restricted assets

Cash and cash equivalents	172,339
Investments	319,954
Total restricted assets	<u>492,293</u>

Noncurrent Assets:

Capital assets, net of depreciation	4,090,014
Total noncurrent assets	<u>4,090,014</u>

TOTAL ASSETS

6,034,443

DEFERRED OUTLOWS OF RESOURCES -

Net pension liability	173,681
Total other post-employment benefit liability	8,087
Total deferred outflow of resources	<u>181,768</u>

LIABILITIES

Current liabilities:

Accounts payable	66,558
Accrued expenses and other liabilities	25,828
Compensated absences	5,000
Customer deposits	172,339
Due to other governments	8,653
Bonds payable	64,538
Notes payable	18,933
Total current liabilities	<u>361,849</u>

Long-term liabilities:

Compensated absences	49,212
Bonds payable	1,694,237
Notes payable	75,728
Net pension liability	154,304
Total other post-employment benefit liability	30,738
TOTAL LIABILITIES	<u>2,366,068</u>

DEFERRED INFLOWS OF RESOURCES -

Net pension liability	35,116
Total other post-employment benefit liability	829
Total deferred inflows of resources	<u>35,945</u>

NET POSITION

Net investment in capital assets	2,236,578
Restricted for debt service	319,954
Unrestricted	1,257,666
TOTAL NET POSITION	<u>\$ 3,814,198</u>

The accompanying notes are an integral part of this financial statement.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

OPERATING REVENUE	
Charges for services	\$ 1,733,199
Connection and other fees	187,089
Total operating revenues	<u>1,920,288</u>
OPERATING EXPENSES	
Salaries and employee benefits	641,994
Depreciation	323,891
Repairs and maintenance	325,193
Professional services	206,186
Insurance expense	22,396
Utilities	160,157
Supplies	42,096
Office rent	7,000
Office supplies	77,342
Fuel	39,076
Regulatory fees	58,784
Professional development	125
Other operating expenses	47,637
Total operating expenses	<u>1,951,877</u>
LOSS FROM OPERATIONS	<u>(31,589)</u>
NON-OPERATING REVENUES/(EXPENSES)	
Other revenues	12,181
Grants and contributions	69,500
Interest expense	(89,529)
Total non-operating revenues/(expenses)	<u>(7,848)</u>
CHANGE IN NET POSITION	(39,437)
NET POSITION:	
Net position, beginning of year	<u>3,853,635</u>
Net position, end of year	<u>\$ 3,814,198</u>

The accompanying notes are an integral part of this financial statement.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

Cash flow from operating activities:	
Receipts from customers and others	\$ 1,860,208
Payments to suppliers for goods and services	(997,476)
Payments to employees for services and benefits	(600,568)
Net cash provided by operating activities	<u>262,164</u>
Cash flow from noncapital financing activities:	
Grants and other contributions	81,681
Contribution to other government	-
Change in due (from) to other governments	(60,399)
Net cash provided by noncapital financing activities	<u>21,282</u>
Cash flows from capital and related financing activities:	
Principal payments on debt	(80,015)
Interest paid on debt	(89,529)
Net cash used in capital and related financing activities	<u>(169,544)</u>
Cash flows from investing activities:	
Purchases of investments	(20,251)
Net cash flows used in investing activities	<u>(20,251)</u>
Net increase in cash and cash equivalents	93,651
Cash and cash equivalents, beginning of period	<u>405,700</u>
Cash and cash equivalents, end of period	<u>\$ 499,351</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (31,589)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	323,891
(Increase) decrease in accounts receivable	(62,754)
(Increase) decrease in post-employment benefit asset	71,301
(Increase) decrease in prepaid items	7,704
(Increase) decrease in deferred outflows related to net pension liability	(109,995)
(Increase) decrease in deferred outflows related to post employment benefits	(5,508)
Increase (decrease) in accounts payable	(5,152)
Increase (decrease) in accrued expenses and other liabilities	(14,036)
Increase (decrease) in customer deposits	2,674
Increase (decrease) in compensated absences	10,278
Increase (decrease) in total post employment benefit liability	7,362
(Increase) decrease in deferred inflows related to post employment benefits	(80)
Increase (decrease) in net pension liability	154,304
Increase (decrease) in deferred inflows related to net pension liability	(86,236)
Net cash provided by operating activities	<u>\$ 262,164</u>
Cash and cash equivalents include:	
Cash and cash equivalents	\$ 327,012
Restricted cash and cash equivalents	172,339
	<u>\$ 499,351</u>

The accompanying notes are an integral part of this financial statement.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Consolidated Waterworks District No. 13 of West Feliciana Parish (hereinafter referred to as the District), located in St. Francisville, Louisiana, was created by the West Feliciana Parish Government as allowed under Louisiana Revised Statute Section 33:7702. The West Feliciana Parish Government's Council acts as the board of governance for the District. There are currently five council members serving four year terms and they are not compensated for their services to the District.

The District accounts for the operations and provisions of water services to the residents and businesses within the boundaries of the District as described in Louisiana Revised Statute Section 33:3381 et seq. The number of customers at June 30, 2019 totaled approximately 3,000.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles. The District is considered a component unit of West Feliciana Parish Government. The accompanying financial statements of the District present information only as to the transactions of the programs of the District as authorized by Louisiana statutes and administrative regulations. These financial statements do not include the transactions or activities of the West Feliciana Parish Government. The District's financial statements follow the guidance mentioned in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District accounts for its activities in an enterprise fund. An enterprise fund is accounted for on an economic resources measurement focus. The fund is maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the accounting period incurred, if measurable. Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from services provided in connection with the District's principal operations. Operating expenses include the cost of services, administrative expenses and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Accounts Receivable

Receivables are recognized based on the monthly amounts billed for water consumption of District customers. The allowance for uncollectible accounts is based on management's estimate of the collectability of the receivables based on current economic conditions, experience, and other relevant factors. Accounts receivable are recorded net of an allowance of uncollectible accounts of \$40,618 at June 30, 2019.

The District had no recorded bad debts for the year ended June 30, 2019.

The District requires a customer deposit upon initial account opening for use of the District-owned water meter at each residence or business. The District must hold the deposit until the customer's account is closed and at that time the deposit is returned to the customer.

Due From/To Other Governments

The activities between governments that are representative of lending/borrowing arrangements that are outstanding at the end of the period.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the statement of net position.

Restricted Assets

Based upon certain bond covenants, the District is required to establish and maintain prescribed amounts of resources (consisting of investments) in special funds that can be used only to service outstanding debt. These assets are classified as restricted assets on the statement of net position because their use is limited. Also included in restricted assets are customer deposits that were paid during the initial account opening.

Capital Assets

Capital assets are carried at historical costs. Depreciation of exhaustible capital assets used by the District is charged as an expense against operations in the Statement of Revenues, Expenses, and Changes in Net Position. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The District allows annual leave to regular full-time employees based on length of service. No leave is earned, however, while on suspension or leave without pay status. Annual leave may be carried over to the next calendar year. There is no limit on the amount of annual leave an employee may accumulate during the term of his/her employment, but it is with an understanding that only a maximum of 240 hours will be paid to the employees upon retirement or separation. Employees are not paid for their unused annual leave at year-end, but are paid for accumulated, unused leave upon termination.

The District's regular full-time employees earn a certain amount of sick leave each year, depending upon the length and their employment status. Sick leave can be accumulated without limitation. Upon separation of employment, excluding retirement, no sick leave shall be paid to employees. The balance of the sick leave shall be kept on the schedule for a period of five years and reinstated if the employee is rehired.

The District's regular full-time employees may accrue compensatory time in lieu of overtime payment. Compensatory time may be carried over to the next calendar year. There is no limit on the amount of compensatory time an employee may accumulate during the term of his/her employment, but it is the District's practice that only a maximum of 40 hours will be paid to employees upon retirement or separation.

Pension Plans

The Consolidated Waterworks District No. 13 of West Feliciana Parish (the District) is a participating employer in a defined benefit pension plan as described in Note 8. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

Net Position

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those restricted assets. The restricted component of net position is used when there are limitations imposed on their use of an asset by external parties such as creditors, grantors, laws or regulations of other governments.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position (continued)

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use for a particular project or purpose, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *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. *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 that time.

Long-Term Debt

Long-term debt and other long-term obligation are reported as liabilities. Bond issuance costs, excluding any prepaid bond insurance, are reported as expense in the year of debt issuance. Bond debt premiums, discounts, and gains (losses) on refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium discount. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

Investments

The District maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the District may invest in obligations of the U.S. Treasury and U.S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current Year Adoption of New Accounting Standards

In March 2018, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 88 (GASB 88), *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The statement clarifies the definition of debt for disclosure purposes and expands the required debt disclosures to provide more detail about governmental obligations. GASB 88 defines debt for purposes of disclosures as a liability that arises from a contractual obligation to pay cash (or another financial asset) in one or more payments to settle an amount that is fixed at the date when the contractual obligation is established. GASB 88 requires that direct borrowings and placements be disclosed separately from other types of debt and also provides additional guidance for disclosures related to debt. The provisions of GASB 88 are effective for financial statements for periods beginning after June 15, 2018. Additional disclosures are included in Note 7.

In November 2016, the GASB issued GASB 83, *Certain Asset Retirement Obligations (ARO)*. This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. Additional disclosures are included in Note 14.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits with Financial Institutions

Cash and cash equivalents include demand deposits at local financial institutions with a carrying value of \$499,351 at June 30, 2019. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2019 the District's bank balances of these deposits totaled \$308,816 which was covered partially by federal depository insurance of \$250,000. Any remaining balances the District may have during the year are required to be protected against custodial credit risk by collateral held by the pledging banks' trust department or agent in the District's name. The District does not maintain a separate custodial credit risk policy.

CONSOLIDATED WATERWORKS DISTRICT NO.13
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NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments

As of June 30, 2019, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Investments measured at the net asset value (NAV)	
External investment pool	\$ <u>888,679</u>

The \$888,679 in investments is invested in LAMP. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days.
- Concentration of credit risk: The District does not have a limit on the amount the District may invest in one issuer. One hundred percent of the District's investments are in LAMP funds.
- Foreign currency risk: Not applicable. LAMP complies with the provisions of Louisiana Law concerning permissible investments for municipalities, parishes and other political subdivisions set for in La R.S. 33:2955 and the investment policy does not provide for investment in foreign obligations.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company.

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NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments (continued)

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

3. RESTRICTED ASSETS

At June 30, 2019, the District had the following restricted assets:

Investments for debt service	\$ 319,954
Cash for customer deposits	<u>172,339</u>
	<u>\$ 492,293</u>

4. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2019:

Charges for services	\$ 166,803
Allowance for uncollectable accounts	<u>(40,618)</u>
Total	<u>\$ 126,185</u>

5. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the District for the year ended June 30, 2019:

	Balance 06/30/2018	Additions	Deletions	Balance 06/30/2019
Utility Systems	\$ 10,273,893	\$ -	\$ -	\$ 10,273,893
Equipment	395,431	-	-	395,431
Vehicle	182,910	-	-	182,910
	<u>10,852,234</u>	<u>-</u>	<u>-</u>	<u>10,852,234</u>
<u>Less: accumulated depreciation</u>				
Utility Systems	(6,043,423)	(258,833)	-	(6,302,256)
Equipment	(293,587)	(39,209)	-	(332,796)
Vehicles	(101,319)	(25,849)	-	(127,168)
	<u>(6,438,329)</u>	<u>(323,891)</u>	<u>-</u>	<u>(6,762,220)</u>
Total capital assets, net	<u>\$ 4,413,905</u>	<u>\$ (323,891)</u>	<u>\$ -</u>	<u>\$ 4,090,014</u>

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NOTES TO THE FINANCIAL STATEMENTS

6. DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts, salaries and benefits, and other payables as of June 30, 2019, were as follows:

Vendors	\$	66,558
Salaries and benefits payable		23,473
Interest payable		<u>2,355</u>
Total governmental fund encumbrances	\$	<u>92,386</u>

7. LONG-TERM DEBT

a. Activities

Long-term debt activity of the District for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Bonds Payable	\$ 1,819,859	\$ -	(\$ 61,084)	\$ 1,758,775	\$ 64,538
Notes Payable	113,592	-	(18,931)	94,661	18,933
Compensated Absences	<u>43,934</u>	<u>15,278</u>	<u>(5,000)</u>	<u>54,212</u>	<u>5,000</u>
	<u>\$ 1,977,385</u>	<u>\$ 15,278</u>	<u>(\$ 85,015)</u>	<u>\$ 1,907,648</u>	<u>\$ 88,471</u>

b. Bonds and Notes Payable

For the purpose of improving and extending the waterworks system, the District issued \$2,600,000 in water revenue bonds during the year ended December 31, 1997.

Based on an agreement with the Louisiana Department of Transportation and Development executed on March 9, 1999, and pursuant to the provisions of La RS 48:381 (C), the District owed \$98,097 for its share of line relocation costs on the Bains Project. The total project cost \$356,456 which was paid by the La DOTD, but the District was responsible for 27.52% of it. An agreement was made with the La DOTD to repay 10% per year beginning with the fiscal year ending June 30, 2015. With installments of \$9,810 paid annually, this loan will be fully paid during the fiscal year ending June 30, 2024. The balance at June 30, 2019, was \$49,048.

Based on an agreement with the Louisiana Department of Transportation and Development executed on March 19, 2007, and pursuant to the provisions of La RS 48:381 (C), the District owed \$91,228 for its share of line relocation costs on the Thompson Creek Project. The total project costs \$656,786 which was paid by the La DOTD, but the District was responsible for 13.89% of it. An agreement was made with the La DOTD to repay 10% per year beginning with the fiscal year ending June 30, 2015. With installments of \$9,123 paid annually, this loan will be fully paid during the fiscal year ending June 30, 2024. The balance at June 30, 2019, was \$45,613.

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NOTES TO THE FINANCIAL STATEMENTS

7. **LONG-TERM DEBT** (continued)

b. **Bonds and Notes Payable** (continued)

Bonds and Notes outstanding were as follows at June 30, 2019:

	<u>Date of Issue</u>	<u>Original/Notional Balance</u>	<u>Ending Balance</u>
Water Revenue Bonds, Series 1997, 5.0%	3/20/1997	\$ 2,600,000	\$ 1,758,775
Utility Relocation Agreement, No. 09069	3/9/1999	98,097	49,048
Utility Relocation Agreement, No. 08947	3/19/2007	91,228	45,613
		<u>\$ 2,789,325</u>	<u>\$ 1,853,436</u>

Water Revenue Bonds, Series 1997

These bonds were offered for public sale that are subject to the following:

- *Events of default with finance-related consequences* – These bonds would be in default for failure of payment of principal and interest when due, failure to comply with the provisions of the resolution, or shall default in any covenant for a period of 30 days after written notice thereof.
- *Subjective acceleration clauses* – The Government may prepay the whole or any part of the principal amount of any installment on any Bond at any time.

Principal and interest payments are due as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 83,471	\$ 86,158	\$ 169,629
2021	86,773	82,856	169,629
2022	90,244	79,385	169,629
2023	93,892	75,737	169,629
2024	97,723	71,901	169,624
2025 – 2029	458,729	294,751	753,480
2030 – 2034	588,713	164,767	753,480
2035 – 2037	353,891	23,658	377,549
	<u>\$ 1,853,436</u>	<u>\$ 879,213</u>	<u>\$ 2,732,649</u>

The District did not have any Direct Borrowings/Placements at June 30, 2019.

CONSOLIDATED WATERWORKS DISTRICT NO.13
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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN

The Consolidated Waterworks District No. 13 of West Feliciana Parish (the District) is a participating employer in one cost-sharing defined benefit pension plans. This plan is administered by a public employee retirement system, the Parochial Employees' Retirement System of Louisiana- Plan B (PERS or System). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of this plan to the State Legislature. The system is administered by a separate board of trustees and is a component unit of the State of Louisiana.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. This report may be obtained by writing, calling or downloading the report as follows:

PERS:
7905 Wrenwood Blvd.
Baton Rouge, Louisiana
70809
(225) 928-1361
www.persla.org

The District implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the District to record its proportional share of the pension plan Net Pension Liability (Asset) and report the following disclosures:

Plan Descriptions:

Parochial Employees' Retirement System of Louisiana (PERS)

Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S.11:1901 of the Louisiana Revised Statute (LRS). The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the system. The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

Eligibility Requirements:

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

Plan Descriptions: (continued)

Retirement Benefits:

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with 30 years of creditable service.
2. Age 60 with a minimum of ten 10 years of creditable service.
3. Age 65 with a minimum of seven 7 years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan:

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plan is required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2019, for the District and covered employees were as follows:

	<u>District</u>	<u>Employees</u>
Parochial Employees' Retirement System of Louisiana:		
Plan B	7.50%	3.00%

CONSOLIDATED WATERWORKS DISTRICT NO.13
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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

Funding Policy (continued)

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	June 30,		
	2019	2018	2017
Parochial Employees' Retirement System of Louisiana:			
Plan B	\$ 41,577	\$ 45,291	\$ 46,212

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the District's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the December 31, 2018 measurement date. The District uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2019 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at December 31, 2018 along with the change compared to the December 31, 2017 rate. The District's proportion of the Net Pension Liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at December 31, 2018	Rate at December 31, 2018	Increase (Decrease) to December 31, 2017 Rate
Parochial Employees' Retirement System of Louisiana:			
Plan B	\$ 154,304	2.266758%	(0.046177%)

The following schedule list the pension plan's recognized pension expense plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions by the District for the year ended June 30, 2019:

	Pension Expense
Parochial Employees' Retirement System of Louisiana:	
Plan B	\$ 61,922

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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (34,380)
Changes of assumptions	42,875	-
Net difference between projected and actual earnings on pension plan investments	105,662	(126)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	90	(610)
Employer contributions subsequent to the measurement date	25,054	-
Total	<u>\$ 173,681</u>	<u>\$ (35,116)</u>

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Parochial Employees' Retirement System of Louisiana:		
Plan B	<u>\$ 173,681</u>	<u>\$ (35,116)</u>

The District reported a total of \$25,054 as deferred outflow of resources related to pension contributions made to the System subsequent to the measurement which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	PERS B
2020	\$ 36,090
2021	16,197
2022	14,976
2023	46,248
	<u>\$ 113,511</u>

CONSOLIDATED WATERWORKS DISTRICT NO.13
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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan is as follows:

PERS

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Investment Rate	6.50% net of investment expenses
of Return	
Inflation Rate	2.40% per annum
Mortality	Pub-2010 Public Retirement Plans Mortality Table for health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. PB-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Salary Increases	4.25%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Method used in determining long-term rate of return on pension plan assets	The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018.

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NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLAN (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in the Retirement System's target asset allocations as of December 31, 2018:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
	PERS	PERS
Equities	52.0%	3.45%
Fixed income	35.0%	1.22%
Alternatives	11.0%	0.65%
Real assets	2.0%	0.11%
Total	100.0%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for PERS was 6.50%, for the year ended June 30, 2019.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the Net Pension (NP) Liability (Asset) using the discount rate of the Retirement System as well as what the District's proportionate share of the NP Liability (Asset) would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement System:

	1.0% Decrease	Current Discount Rate	1.0% Increase
PERS B Rates	5.50%	6.50%	7.50%
District's Share of NP Liability	\$ 405,961	\$ 154,304	\$ (55,942)

Payables to the Pension Plan

There were no balances due the retirement system at June 30, 2019.

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NOTES TO THE FINANCIAL STATEMENTS

9. RISK MANAGEMENT

Litigation and General Liability

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased various insurance policies to cover such risks.

The District is a defendant in various lawsuits. Management and legal counsel for the District believe that potential claims against the District not covered by insurance would not materially affect the District's financial position.

10. OTHER POST EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description – The District provides certain continuing health care and life insurance benefits for its retired employees. The District's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the District as provided by Louisiana Revised Statute Title 17 Sections 1221 through 1224. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Most employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2008, retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Employees covered by benefit terms – At July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>12</u>
	<u>12</u>

CONSOLIDATED WATERWORKS DISTRICT NO.13
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NOTES TO THE FINANCIAL STATEMENTS

10. OTHER POST EMPLOYMENT BENEFITS (continued)

The District's total OPEB liability of \$30,738 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date July 1, 2018.

Actuarial Assumptions and other inputs – The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	3.87% annually
Discount rate	3.50% annually
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 23,376
Changes for the year:	
Service cost	557
Interest	915
Differences between expected and actual experience	4,551
Changes in assumptions	1,339
Benefit payments and net transfers	-
Net changes	7,362
Balance at June 30, 2019	\$ 30,738

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NOTES TO THE FINANCIAL STATEMENTS

10. OTHER POST EMPLOYMENT BENEFITS (continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1.00% Decrease (2.50%)	Current Discount Rate (3.50%)	1.00% Increase (4.50%)
Total OPEB liability	\$ 35,412	\$ 30,738	\$ 26,787

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current healthcare trend rates:

	1.00% Decrease (4.50%)	Current Trend (5.50%)	1.00% Increase (6.50%)
Total OPEB liability	\$ 26,561	\$ 30,738	\$ 35,692

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$1,818. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,806	\$ -
Changes in assumptions	1,281	(829)
Total	\$ 8,087	\$ (829)

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER POST EMPLOYMENT BENEFITS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending June 30:</u>		
2020	\$	342
2021		342
2022		342
2023		342
2024		342
2025 – 2029		1,710
2030 – 2034		1,710
2025 – 2039		1,710
2040		418
	<u>\$</u>	<u>7,258</u>

11. LEASES

The District paid \$7,000 to West Feliciana Parish Government for office space during the fiscal period on a month-to-month basis at a rate of \$583 per month.

12. CONTINGENCIES

The District participates in federal and state assisted grant programs. These programs are subject to state and federal monitoring examinations which could result in disallowed costs having to be returned to the granting agency. Management believes that further examinations would not result in material disallowed costs.

13. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the District's financial report:

GASB Statement 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the District controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2019. The District will include the requirements of this standard, as applicable, in its June 30, 2020 financial statement. The effect of this standard or its applicability to the District are unknown at this time.

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

13. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED (continued)

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. The District will include the requirements of this standard, as applicable, in its June 30, 2021 financial statement. All of the District's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the District are unknown at this time.

14. ASSET RETIREMENT OBLIGATION

The District has determined that any asset retirement obligation (ARO) in relation to its water distribution systems would not be material to the financial statements, and therefore not recognized, as of the year ended June 30, 2019.

REQUIRED SUPPLEMENTAL INFORMATION

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH

SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2019

Financial statement reporting date	Measurement date	Service cost	Interest	Difference between actual and expected experience	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered payroll	Total OPEB liability as a percentage of covered payroll
6/30/2019	6/30/2019	\$ 557	915	4,551	1,339	-	7,362	\$ 23,376	\$ 30,738	\$ 461,008	6.67%
6/30/2018	6/30/2018	554	804	2,696	(909)	-	3,145	20,231	23,376	447,581	5.22%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Benefit Changes.

There were no changes of benefit terms for the year ended June 30, 2019

Changes of Assumptions.

The changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used for in each measurement of total OPEB liability

Measurement Date	Discount Rate
6/30/2017	3.58%
6/30/2018	3.87%
6/30/2019	3.50%

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2019 (*)

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Parochial Employees' Retirement System of Louisiana Plan B						
	2019	0.5711%	\$ 154,304	\$ 584,206	26.4126%	88.86%
	2018	0.5667%	(71,301)	577,641	-12.3435%	101.98%
	2017	0.5551%	75,117	544,260	13.8017%	94.15%
	2016	0.5587%	99,478	536,970	18.5258%	92.23%
	2015	0.5867%	1,627	525,397	0.3097%	99.15%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(*) The amounts presented have a measurement date of the previous calendar year as the measurement date.

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2019

Pension Plan	Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Employer's Covered Payroll ³	Contributions as a % of Covered Payroll
Parochial Employees' Retirement System of Louisiana Plan B						
	2019	41,577	41,577	-	555,124	7.4897%
	2018	45,290	45,290	-	584,206	7.7524%
	2017	46,211	46,211	-	577,641	8.0000%
	2016	46,282	46,282	-	544,260	8.5037%
	2015	47,928	47,928	-	536,970	8.9236%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For reference only:

¹ *Employer contribution rate multiplied by employer's covered payroll*

² *Actual employer contributions remitted to Retirement Systems*

³ *Employer's covered payroll amount for each of the fiscal year ended June 30.*

CONSOLIDATED WATERWORKS DISTRICT NO.13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Changes of Benefit Terms include:

Parochial Employees' Retirement System of Louisiana Plan B

- No changes noted

Changes of Assumptions

Parochial Employees' Retirement System of Louisiana Plan B

There were changes of assumptions for the year ended June 30, 2018. The investment rate of return changed from 7% to 6.75%.

There were changes of assumptions for the year ended June 30, 2019:

- The investment rate of return changed from 6.75% to 6.50%.
- The inflation rate was changed from 2.50% to 2.40%.

OTHER SUPPLEMENTARY INFORMATION

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF WEST FELICIANA PARISH GOVERNMENT COUNCIL MEMBERS
YEAR ENDED JUNE 30, 2019

The District is operated under the authority of the West Feliciana Parish Government. The council members are not compensated for their services to the District.

Below is a listing of the West Feliciana Parish Council Members.

Term Beginning	January 1, 2016	
	Sydney Picou Walker P.O. Box 518 St. Francisville, LA 70775	At Large
	Melvin Young 6900 Greenwood Road St. Francisville, LA 70775	District A
	John Thompson 11126 Wakefield Drive North St. Francisville, LA 70775	District B
	Melville Percy 4888 Audubon Lane St. Francisville, LA 70775	District C
	William "Bill" May III 10695 Firetower Road St. Francisville, LA 70775	District D

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE PARISH PRESIDENT
YEAR ENDED JUNE 30, 2019

The District is operated under the authority of the West Feliciana Parish Government. The parish president is not compensated for his services to the District.

Parish President's Name: Kenny Havard
(1/1/19 to 6/30/19)

Salary	\$ -
Benefits - insurance	-
	<u> -</u>
	<u> -</u>

Parish President's Name: Kevin Couhig
(7/1/18 to 12/31/18)

Salary	\$ -
Benefits - insurance	-
	<u> -</u>
	<u> -</u>

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2019
(UNAUDITED)

<u>Coverage</u>	<u>Insurance Company</u>	<u>Expiration</u>	<u>Liability Limits</u>
General Liability	Atlantic Speciality Insurance Co.	4/25/2020	\$2,000,000 Each Occurrence \$2,000,000 Aggregate Limit
Auto Liability	Atlantic Speciality Insurance Co.	4/25/2020	\$1,000,000 Each Accident
Professional Liability	Atlantic Specialty Insurance Co.	4/25/2020	\$1,000,000 Each Wrongful Act \$2,000,000 Aggregate Limit
Excess Liability	Atlantic Specialty Insurance Co.	4/25/2020	\$1,000,000 Each Claim \$2,000,000 Aggregate Limit
Crime	Travelers Casualty and Surety Co	4/25/2022	\$500,000 Employee Theft \$1,000,000 Funds Transfer Fraud
Property	EMCASCO Ins Companies	4/25/2020	\$21,644,895 Blanket Limit of Insurance - Property \$50,000 Utility Services
Inland Marine	EMCASCO Ins Companies	4/25/2020	\$1,930,855 Equipment \$217,892 electronic data \$400,000 Equipment leased
Boiler and Machinery	Hartford Steam Boiler Inspection & Insurance Company	4/25/2020	\$50,000,000 Equipment Breakdown Limit
Workers Compensation	LUBA Casualty Insurance Co	1/1/2020	\$1,000,000 Limit
Student Accident	Zurich American Insurance Company	5/31/2021	\$1,000,000 Maximum Benefit including all sports except football
Cyber Liability	BCS Insurance Company	4/25/2020	\$1,000,000 Each Incident \$1,000,000 Aggregate Limit

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF INFORMATION REQUIRED BY RURAL DEVELOPMENT
YEAR ENDED JUNE 30, 2019
(UNAUDITED)

Item No. 1

The District's customers' accounts receivable at June 30, 2019, is comprised of the following:

	0-30 days	31+ days	Total
No.	Unknown		
Amount	\$105,088	\$ 61,715	\$166,803

Item No. 2

The District's water rates at June 30, 2019, were as follows:

<u>Residential</u>	
≤ 2,000 gallons	\$22.00 minimum
> 2,000 gallons	\$4.50 per thousand gallons
 <u>Commercial</u>	
≤ 10,000 gallons	\$60.00 minimum
> 10,000 gallons	\$4.50 per thousand gallons
 <u>School</u>	
≤ 25,000 gallons	\$56.25 minimum
> 25,000 gallons	\$3.50 per thousand gallons

Item No. 3

The number of active residential and non-residential users at June 30, 2019, is unknown.

OTHER REPORTS

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

The Honorable President and Council
of the Consolidated Waterworks District No. 13 of West Feliciana Parish
St. Francisville, 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 Consolidated Waterworks District No.13 of West Feliciana Parish (the District), a component unit of West Feliciana Parish Government, as of June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 30, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 30, 2019

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

B. Findings – Financial Statement Audit

None.

CONSOLIDATED WATERWORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

B. Findings – Financial Statement Audit

2018-001

Pledged Collateral for Deposits

- Criteria: According to Louisiana state law, deposits over the Federal Deposit Insurance Corporation's (FDIC) allowed limit must be secured by securities owned by the local bank and pledged to the local government as collateral.
- Condition: The District's deposits at the local bank exceeded the FDIC coverage limit combined with pledged securities and were under collateralize by \$20,536.
- Cause: Miscommunication between bank representatives and management resulted in the bank failing to properly classify the District's deposits as public; thus, the deposits were not secured by pledged securities as required by State law.
- Effect: The District's deposits were uncollateralized resulting in a violation of Louisiana law.
- Recommendation: Management should obtain written evidence of the local bank's compliance with deposit collateral requirements on a monthly basis.

View of Responsible Official and Planned Corrective Action:

Management relied on bank personnel to adequately collateralize the deposits. Procedures will be established to implement the recommendation of obtaining documentation monthly to ensure bank compliance in the future. The bank has submitted a letter to us stating they will continue to monitor the account to avoid a repeat of said finding.

Current Status: Resolved.

CONSOLIDATED WATER WORKS DISTRICT NO. 13
OF WEST FELICIANA PARISH

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL
AREAS

FOR THE YEAR ENDED JUNE 30, 2019



Postlethwaite & Netterville

A Professional Accounting Corporation

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Schedule A: Agreed-Upon Procedures Performed and Associated Findings	2 - 13
Schedule B: Management's Response and Corrective Action Plan	

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable President and Council of the
Consolidated Waterworks District No.13 of
West Feliciana Parish and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by the Consolidated Waterworks District No. 13 of West Feliciana Parish (the Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) 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 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 in the attached Schedule A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 30, 2019

**CONSOLIDATED WATERWORKS DISTRICT NO. 13 OF WEST FELICIANA PARISH
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted"*. If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

Written Policies and Procedures

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

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

The policy lacks requirements for preparing and monitoring 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.

No exceptions noted.

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

No exceptions noted.

d) **Receipts**, 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).

No exceptions noted.

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

No exceptions noted.

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

The policy lacks requirements for types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process.

**CONSOLIDATED WATERWORKS DISTRICT NO. 13 OF WEST FELICIANA PARISH
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019**

Schedule A

- 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)

No exceptions noted.

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

The Entity has no written policy related to travel and expense reimbursements.

- 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.

The Entity has no written policy for ethics.

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

The Entity has no written policy for debt service.

- 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 Entity has no written policy for disaster recovery/business continuity.

Board or Finance Committee

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

For purposes of this procedure, the board met monthly as noted in the board's enabling legislation.

CONSOLIDATED WATERWORKS DISTRICT NO. 13 OF WEST FELICIANA PARISH
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The minutes do not show budget to actual comparisons in the board minutes occurred during the year.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

No exceptions noted.

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 listing of bank accounts was provided and included a total of 1 bank account. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 bank account (1 main operating) and obtained the bank reconciliations for the month ending December 2018, resulting in 1 bank reconciliations obtained and subjected to the below procedures.

- 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);

Of the 1 bank reconciliation obtained, the reconciliation was not prepared within 2 months of the related statement closing date.

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

Of the 1 bank reconciliations obtained, the reconciliation did not have a reviewers' initials or any other documentation evidencing the review.

**CONSOLIDATED WATERWORKS DISTRICT NO. 13 OF WEST FELICIANA PARISH
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2019**

Schedule A

- 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.

Of the 1 bank account selected, the bank reconciliation had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

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).

A listing of deposit sites was provided and included 1 deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 deposit site and performed the procedures below.

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

A listing of collection location for each deposit site selected in procedure #4 was provided and included a total of 1 collection location. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected the collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

For the one location subjected to the procedures, there are cash registers/drawers procedures that are in place but don't specify if they are shared drawers in the procedures.

- 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.

No exception noted.

- 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.

No exception noted.

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- 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.

No exception noted.

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

The Entity stated that all employees who have access to cash are bonded and/or covered under the Entity's insurance policy.

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

We randomly selected two deposit dates for the 1 bank account selected in procedure #3. We obtained supporting documentation for each of the 2 deposits and performed the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- 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).

No exceptions noted.

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

No exceptions noted.

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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).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 location and performed the procedures below.

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:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

For the 1 location selected for our procedures, a single employee has access to both process and approve payments to vendors as well as edit/add vendors.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- 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.

For the 1 location selected for our procedures, the person processing payments was not prohibited from adding / modifying vendor files. The same employee is responsible for periodic review of 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.

No exceptions noted.

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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 listing of non-payroll disbursements for the payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

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

No exceptions noted.

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

For 5 of the 5 disbursements selected for our procedures, it could not be determined if a single person initiated and approved the transaction.

For 2 off the 5 disbursements selected for our procedures, a single employee processed and approved the purchase.

For 5 of the 5 disbursements selected for our procedures, the payment processor was not prevented from adding/modifying vendor files.

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.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

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:

From the listing provided, we randomly selected 5 cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

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- 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.]

No exceptions noted.

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

No exceptions noted.

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

We randomly selected 6 transactions from the 3 cards with activity selected in procedure #12 and performed the specified procedures. There were 2 of 6 transactions for which there was not written documentation of the business purpose.

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:

There was no travel-related expense during the current period.

- 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).

There was no travel-related expense during the current period.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

There was no travel-related expense during the current period.

- 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).

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There was no travel-related expense during the current period.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There was no travel-related expense during the current period.

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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 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).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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Payroll and Personnel

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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 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.).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Ethics

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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Debt Service

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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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Other

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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Corrective Action

25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

See attached Corrective Action Plan.



KENNY HAVARD
Parish President

KATHY M. WELCH
Treasurer/Personnel Director

GABE MARCHAND
Public Works Director

JULIUS METZ
Utilities Superintendent

JASON KINCHEN
Parks & Recreation Director

GARY MEGO
Planning & Zoning Administrator

EMILY COBB
*Exec. Asst. to the Parish President
Council Secretary*

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District B
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District C
MEL PERCY
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St. Francisville, LA 70775

District D
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Parish Council Chairperson
10695 Firetower Road
St. Francisville, LA 70775

At-Large
SYDNEY PICO WALKER
Parish Council Vice-Chairperson
Post Office Box 518
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CORRECTIVE ACTION PLAN FOR THE STATEWIDE AGREED-UPON PROCEDURES

DECEMBER 30, 2019

Consolidated Water Works District No. 13 of West Feliciana Parish respectfully submits the following corrective action plan for the year ended June 30, 2019.

Written Policies and Procedures

1a. Consolidated Water Works District No. 13 will develop written policies for preparing and monitoring the budget.

1f. Consolidated Water Works District No. 13 will develop written policies for contracting which will include the types of services that require written contracts, standard terms and conditions, legal review of contracts, approval process, and the monitoring of all contracts.

1i. Consolidated Water Works District No. 13 will develop written policies for ethics which include the prohibitions as defined in LA R.S. 42:1111-1121, actions to be taken if an ethics violation takes place, a system to monitor possible ethics violations, and a requirement that all employees, including elected officials and board/commission members, annually attest through signature verification that they have read the ethics policy.

1j. Consolidated Water Works District No. 13 will develop written policies for debt service which includes debt issuance approval, continuing disclosure/EMMA reporting requirements, debt reserve requirements, and debt service requirements.

1k. Consolidated Water Works District No. 13 will develop written policies for disaster recovery and business continuity.

Board or Finance Committee

2b. Consolidated Water Works District No. 13 will ensure budget to actual comparisons are provided to the Council and consideration regards the comparison is clearly documented in the meeting minutes.

Bank Reconciliations

3a/3b/3c. Consolidated Water Works District No. 13 will ensure bank reconciliation are prepared in a timely manner. Additionally documentation of the review of bank reconciliations will be documented and research of long-outstanding items documented.

Collections

5a. Consolidated Water Works District No. 13 will develop procedures to avoid the sharing of cash drawers where possible.



KENNY HAVARD
Parish President

KATHY M. WELCH
Treasurer/Personnel Director

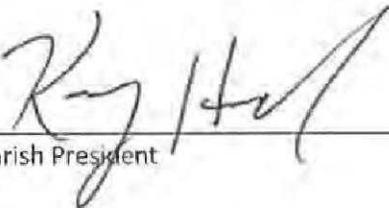
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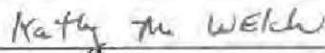
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