

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
ANNUAL FINANCIAL REPORTS  
JUNE 30, 2022 AND 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
 St. Landry Waterworks District No. 2 Rural  
 Sunset, Louisiana

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

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities of the St. Landry Waterworks District No. 2 Rural, a component unit of the St. Landry Parish Government, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of St. Landry Waterworks District No. 2 Rural, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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. Our Responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the St. Landry Waterworks District No. 2 Rural and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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To the Board of Directors  
St. Landry Waterworks District No. 2 Rural  
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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Supplementary Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Landry Waterworks District No. 2 Rural's basic financial statements. The other supplementary information on pages 18 through 20 is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and the Schedule of Directors' and Officers' Compensation are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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

To the Board of Directors  
St. Landry Waterworks District No. 2 Rural  
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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 schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Insurance in Force has not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with Government Auditing Standards, we have also issued our report dated September 7, 2022, on our consideration of the St. Landry Waterworks District No. 2 Rural'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 St. Landry Waterworks District No. 2 Rural's internal control over financial reporting and compliance.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated September 7, 2022 on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards. The purpose of that report is solely to described the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Opelousas, Louisiana  
September 7, 2022

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
STATEMENTS OF NET POSITION  
JUNE 30, 2022 AND 2021

<u>ASSETS</u>	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	2022	2021
<u>CURRENT ASSETS</u>		
Petty cash	\$ 60	\$ 60
General account - checking	1,704,145	1,491,107
General account – savings	97,498	90,570
Revenue account - certificate of deposit	1,557	1,551
LAMP investment	18,071	18,029
Accounts receivable	95,747	89,242
Less: Allowance for doubtful accounts	(24,977)	(22,271)
Other receivables	1,011	1,165
Due from restricted assets	8,956	2,082
<u>Total current assets</u>	<u>1,902,068</u>	<u>1,671,535</u>
<u>RESTRICTED ASSETS</u>		
Depreciation and Contingency Fund		
Savings	88,649	83,618
Certificates of deposit	16,344	16,287
Reserve note fund		
Savings	110,567	105,507
Certificates of deposit	33,470	33,353
Customers' deposits		
Bank of Sunset – checking	76,356	73,282
<u>Total restricted assets</u>	<u>325,386</u>	<u>312,047</u>
<u>PROPERTY, PLANT, AND EQUIPMENT</u>		
Water system	2,962,537	2,962,537
Equipment	45,265	45,265
Autos	15,009	15,009
Buildings/improvements	67,994	67,994
Furniture	7,169	7,169
Software	5,000	5,000
Land improvements	18,500	18,500
	3,121,474	3,121,474
Less: Allowance for depreciation	(2,479,166)	(2,369,373)
Land	17,500	17,500
<u>Total property, plant, and equipment</u>	<u>659,808</u>	<u>769,601</u>
<u>Total assets</u>	<u>2,887,262</u>	<u>2,753,183</u>

Continued on next page.

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
STATEMENTS OF NET POSITION (CONTINUED)  
JUNE 30, 2022 AND 2021

	<u>BUSINESS-TYPE ACTIVITIES</u> <u>PROPRIETARY FUND</u>	
	<u>2022</u>	<u>2021</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u> (from current assets)		
Accounts payable	\$ 22,114	\$ 10,483
Sales tax payable	49	51
Payroll tax withheld and payable	2,627	2,774
Current portion of long-term debt	43,661	41,641
<u>Total current liabilities</u>	<u>68,451</u>	<u>54,949</u>
<u>CURRENT LIABILITIES</u> (from restricted assets)		
Accrued interest payable	1,491	1,551
Customers' deposits	67,400	71,200
Due to operating	8,956	2,082
<u>Total restricted liabilities</u>	<u>77,847</u>	<u>74,833</u>
<u>LONG-TERM LIABILITIES</u>		
Revenue bonds	1,062,980	1,104,778
Less: Current portion of long-term debt	(43,661)	(41,641)
<u>Total long-term liabilities</u>	<u>1,019,319</u>	<u>1,063,137</u>
<u>Total liabilities</u>	<u>1,165,617</u>	<u>1,192,919</u>
<u>NET POSITION</u>		
Net investment in capital assets	659,808	769,601
Net position - restricted		
Reserve note fund	142,546	137,309
Depreciation fund	104,993	99,905
Net position - unrestricted	814,298	553,449
<u>Total net position</u>	<u>1,721,645</u>	<u>1,560,264</u>
<u>Total liabilities and net position</u>	<u>2,887,262</u>	<u>2,753,183</u>

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	<u>2022</u>	<u>2021</u>
<u>OPERATING REVENUES</u>		
Water sales	\$ 531,388	\$ 539,568
Connection fees	36,884	36,300
Late fees	13,199	13,655
Disconnect notice fees	26,740	26,373
Other revenue	3,768	753
<u>Total operating revenues</u>	<u>611,979</u>	<u>616,649</u>
<u>OPERATING EXPENSES</u>		
Current		
Supplies		
Water supplies	31,739	27,585
Office supplies	17,162	13,866
Other		
Salaries	93,498	92,488
Payroll taxes	7,734	7,713
Repairs and maintenance	29,854	11,273
Insurance	18,520	19,626
Dues and subscriptions	41	-
Conventions and seminars	730	355
Postage	8,463	7,877
Auto and truck	5,350	4,044
Professional fees	8,000	8,000
Telephone	6,393	5,490
Utilities	23,986	21,280
Per diem and travel allowance	7,680	7,920
Janitorial	288	1,014
Miscellaneous	-	6
Meter connection contract fee	33,093	29,400
Louisiana One Call	1,278	1,192
Bad debt expense	2,706	4,529
Depreciation	109,794	109,708
<u>Total operating expenses</u>	<u>406,309</u>	<u>373,366</u>
<u>OPERATING INCOME</u>	<u>205,670</u>	<u>243,283</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest revenue	1,992	2,054
Interest expense	(46,281)	(48,064)
<u>Total non-operating revenues (expenses)</u>	<u>(44,289)</u>	<u>(46,010)</u>
<u>CHANGE IN NET POSITION</u>	161,381	197,273
<u>NET POSITION, beginning of year</u>	<u>1,560,264</u>	<u>1,362,991</u>
<u>NET POSITION, end of year</u>	<u>1,721,645</u>	<u>1,560,264</u>

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>BUSINESS-TYPE ACTIVITIES</u> <u>PROPRIETARY FUND</u>	
	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 604,532	\$ 622,129
Cash paid to suppliers	(183,652)	(165,659)
Cash paid to employees	(101,379)	(100,179)
<u>Net cash provided by operating activities</u>	<u>319,501</u>	<u>356,291</u>
<u>CASH FLOWS FROM CAPITAL AND</u> <u>RELATED FINANCING ACTIVITIES</u>		
Purchase of PPE	-	(2,444)
Principal paid on bonds	(41,798)	(40,017)
Interest paid on bonds	(46,341)	(48,121)
<u>Net cash used by capital and related</u> <u>financing activities</u>	<u>(88,139)</u>	<u>(90,582)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments and savings	1,991	2,055
Interest reinvested in certificates of deposit	(180)	(323)
<u>Net cash provided by investing activities</u>	<u>1,811</u>	<u>1,732</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	233,173	267,441
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>1,862,173</u>	<u>1,594,732</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>2,095,346</u>	<u>1,862,173</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET</u> <u>CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating income	\$ 205,670	\$ 243,283
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	109,794	109,708
Changes in assets and liabilities		
(Increase) decrease in accounts receivable, net	(3,799)	4,693
(Increase) decrease in other receivable	154	-
Increase (decrease) in accounts payable	11,631	(2,202)
Increase (decrease) in sales tax payable	(2)	(13)
Increase (decrease) in customers' deposits	(3,800)	800
Increase (decrease) in payroll tax payable	(147)	22
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>319,501</u>	<u>356,291</u>

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. SCOPE OF ENTITY

St. Landry Waterworks District No. 2 Rural, a component unit of the St. Landry Parish Government, was created by the St. Landry Parish Police Jury as authorized by Louisiana Revised Statute 33:3814. The ordinance creating this Waterworks District was dated August 14, 1989. The District is governed by a five-member board of commissioners, appointed by the Parish Government, who are authorized to construct, maintain, and improve the waterworks system within the District.

As the governing authority of the parish, for reporting purposes, the St. Landry Parish Government is the financial reporting entity for St. Landry Parish.

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

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

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

Because the Parish Government appoints a voting majority of the Water District's governing body and the Parish Government has the ability to impose its will on the Water District, the Water District was determined to be a component unit of the St. Landry Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Water District and do not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statements of Net Position display information on all of the non-fiduciary activities of St. Landry Waterworks District No. 2 Rural, as a whole. They include the proprietary fund of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS.

C. FUND ACCOUNTING

The accounts of St. Landry Waterworks District No. 2 Rural are organized in one fund, which is considered a separate accounting entity. The operations of the fund are accounted for by self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. The fund presented in the financial statements is described as follows:

Proprietary Fund

Proprietary funds are used to account for operations that are financed and operated in a manner where the intent of the governing body is that the costs, (expenses) including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the Statements of Net Position, business-type activities are presented using the economic resources measurement focus.

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

Basis of Accounting

In the Statements of Net Position, business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Unbilled and billed utility receivables are recorded at year-end. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

Purchases of operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year unless material.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principle operating revenues for proprietary funds are charges to customers for sales or services. Principle operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

E. CASH AND INVESTMENTS

Louisiana statutes authorize St. Landry Waterworks District No. 2 Rural to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, the Louisiana Asset Management Pool, or any other federally insured investment.

Investments are recorded at cost, which approximates market.

F. CAPITAL ASSETS

Capital assets (including infrastructure assets), which constitute assets of the Proprietary Fund, are recorded at cost and depreciation is computed under the straight-line method and the modified accelerated cost recovery method. The service lives by type of asset are as follows:

Water system	25-40 years
Equipment	5-10 years
Buildings/improvements	15-30 years
Furniture	7 years
Land improvements	10-15 years
Autos	5 years
Software	5 years

Interest costs during construction are not capitalized.

G. BUDGET ACCOUNTING

St. Landry Waterworks District No. 2 Rural is not required to adopt a budget for its Proprietary Fund.

H. STATEMENT OF CASH FLOWS

For purposes of reporting cash flows, all highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

I. ENCUMBRANCES

St. Landry Waterworks District No. 2 Rural does not employ the encumbrance system of accounting.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. VACATION AND SICK LEAVE

St. Landry Waterworks District No. 2 Rural's employees earn one week of vacation after one year of service. They earn two weeks of vacation after five years of service. Vacation cannot be accumulated. Employees are compensated at their hourly rate when sick.

K. BAD DEBTS

Uncollectible amounts due for customer's utility receivables are recognized as bad debts through the adjustment of allowance account to the balance of individual accounts deemed uncollectible at the end of each fiscal year.

L. 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 the estimates.

M. EQUITY CLASSIFICATIONS

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it's the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE (2) – CASH AND INVESTMENTS

The bank balances of cash, including investments, were \$2,147,391 and \$1,913,536 at June 30, 2022 and 2021, respectively and the carrying amounts of cash and investments were \$2,146,655 and \$1,913,304 at June 30, 2022 and 2021, respectively. Of the bank balances, at June 30, 2022 and 2021, cash in excess of the FDIC insurance of \$1,718,221 and \$1,491,515, respectively was adequately covered by securities held by the pledging financial institution. The remaining funds of \$18,071 and \$18,029 at June 30, 2022 and 2021, respectively are invested in the Louisiana Asset Management Pool (LAMP). Cash on hand was \$60 at June 30, 2022 and 2021. Investments consist of time certificates of deposit and direct investment in the Louisiana Asset Management Pool (LAMP). LAMP is currently rated AAAM by Standard & Poor's Rating Services.

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

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE (2) – CASH AND INVESTMENTS - Continued

These securities are held in the name of the Water System or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties

Investments in certificates of deposit were \$51,370 and \$51,191 at June 30, 2022 and 2021, respectively. The Louisiana Asset Management Pool (LAMP) is a cooperative endeavor designed to create a local government investment vehicle. The cooperative endeavor was created at the initiative of the Louisiana State Treasurer's Office. With investment advice provided by professional investment manager and custody of the assets maintained by a major Louisiana bank, LAMP has been established to improve administrative efficiency and increase investment yield for all depositing members. Investments in LAMP were \$18,071 and \$18,029 at June 30, 2022 and 2021, respectively.

At June 30, 2022 and 2021, \$411,099 and \$403,992 of the bank balance was covered by FDIC insurance and \$1,718,221 and \$1,491,515 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institutions' trust department or agent, but not in the Water System's name. The Water System does not have a policy for custodial credit risk.

NOTE (3) - ACCOUNTS RECEIVABLE

St. Landry Waterworks District No. 2 Rural's accounts receivable consist of uncollected billed and unbilled utility services. An accounts receivable aging schedule is as follows:

<u>Days</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
0-30	\$ 26,986	\$ 22,349
31-60	2,914	685
61-90	(2,280)	(1,052)
91 and older - Due	22,544	18,394
Unbilled receivables	<u>45,583</u>	<u>48,866</u>
<u>Totals</u>	<u>95,747</u>	<u>89,242</u>
Breakdown of active customers:		
Residential	1,564	1,525
Commercial	<u>17</u>	<u>16</u>
<u>Totals</u>	<u>1,581</u>	<u>1,541</u>

The present water rates are as follows:

Residential monthly billing	
First 2,000 gallons (minimum)	\$ 17.00
Over 2,000 gallons (per 1,000 gallons)	3.00
Commercial monthly billing	
First 2,000 gallons (minimum)	17.00
Over 2,000 gallons (per 1,000 gallons)	3.00

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE (4) - RESTRICTED ASSETS

Under the terms of the Loan Resolution Security Agreements with the United States Department of Agriculture, Farmers Home Administration, which is now called Rural Development, all funds received shall be pledged for the purpose of the following funds and shall be set aside into the following separate accounts:

All revenue received shall be set aside in an account to be designated as the General Account. The General Account shall be used to make the monthly debt service payments plus operating and maintenance expenses.

From the remaining funds in the General Account there shall be set aside into an account designated as the Reserve Account the sum of \$410 each month until there is accumulated in that account the sum of \$98,266 after which deposits may be suspended, except to replace withdrawals.

There shall also be set aside into an account designated as a contingency account the sum of \$410 each month until there is accumulated in the Contingency Account the sum of \$98,266. Monthly deposits will then increase to \$570.

The total funds held in each account are as follows:

	<u>2022</u>	<u>2021</u>
Meter Deposits	\$ 76,356	\$ 73,282
Depreciation and contingency	104,993	99,905
Reserve account	<u>144,037</u>	<u>138,860</u>
	<u>325,386</u>	<u>312,047</u>

During the 2022 fiscal year, the Water System made twenty-four payments of \$410 into the Contingency and Reserve Accounts.

During the 2021 fiscal year, the Water System made twenty-four payments of \$410 into the Contingency and Reserve Accounts.

The customers' deposits account represents refundable fifty-dollar deposits collected from homeowners and one hundred-dollar deposits collected from renters requesting service connection. Customers' deposits are deposited in a separate cash account and totaled \$ 76,356 and \$ 73,282 at June 30, 2022 and 2021, respectively. There was an amount due to the operating/restricted asset accounts from the customers' deposit account in the amount of \$ 8,956 and \$ 2,082 at June 30, 2022 and 2021, respectively.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE (5) - CAPITAL ASSETS

The following is a summary of the capital assets of the Proprietary Fund at June 30, 2022:

<u>Description of Property</u>	<u>Life in Years</u>	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation Expense</u>
Non-Depreciable Assets:					
Land		\$ 17,500	\$ -	\$ 17,500	\$ -
Depreciable Assets:					
Water system	25-40 years	2,962,537	2,342,354	620,183	105,913
Equipment	5-10 years	45,265	41,459	3,806	1,920
Buildings/ improvements	15-30 years	67,994	51,907	16,087	1,375
Furniture	7 years	7,169	7,052	117	100
Land improvements	10-15 years	18,500	16,385	2,115	485
Autos	5 years	15,009	15,009	-	-
Software	5 years	5,000	5,000	-	-
<u>Totals</u>		<u>3,138,974</u>	<u>2,479,166</u>	<u>659,808</u>	<u>109,793</u>

The following is a summary of the capital assets of the Proprietary Fund at June 30, 2021:

<u>Description of Property</u>	<u>Life in Years</u>	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation Expense</u>
Non-Depreciable Assets:					
Land		\$ 17,500	\$ -	\$ 17,500	\$ -
Depreciable Assets:					
Water system	25-40 years	2,962,537	2,236,441	726,096	105,960
Equipment	5-10 years	45,265	39,540	5,725	1,788
Buildings/ improvements	15-30 years	67,994	50,532	17,462	1,375
Furniture	7 years	7,169	6,951	218	100
Land improvements	10-15 years	18,500	15,900	2,600	485
Autos	5 years	15,009	15,009	-	-
Software	5 years	5,000	5,000	-	-
<u>Totals</u>		<u>3,138,974</u>	<u>2,369,373</u>	<u>769,601</u>	<u>109,708</u>

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

**NOTE (6) - LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt transactions:

	<u>Series R-1</u>	<u>Series 2007</u>	<u>Total</u>
Balance, June 30, 2020	\$ 450,351	\$ 694,444	\$ 1,144,795
Reductions in principal	<u>(25,200)</u>	<u>(14,817)</u>	<u>(40,017)</u>
Balance, June 30, 2021	425,151	679,627	1,104,778
Reductions in principal	<u>(26,358)</u>	<u>(15,440)</u>	<u>(41,798)</u>
Balance, June 30, 2022	<u>398,793</u>	<u>664,187</u>	<u>1,062,980</u>

	<u>2022</u>	<u>2021</u>
(1) \$816,000 Water Revenue Bonds Series R-1 due in monthly installments of \$3,746 at an interest rate of 4.50%. The debt will be retired from excess annual water revenues.	\$ 398,793	\$ 425,151
(2) \$835,000 Water Revenue Bonds Series 2007, due in monthly installments of \$3,599 at an interest rate of 4.125%. The debt will be retired from excess annual water revenues.	<u>664,187</u>	<u>679,627</u>
<u>Total bonds payable</u>	<u>1,062,980</u>	<u>1,104,778</u>

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE (6) - LONG-TERM OBLIGATIONS – Continued

The annual requirements to amortize revenue bonds are as follows:

Year Ended June 30,	Series R-1	Series 2007	Total
2023	\$ 44,952	\$ 43,186	\$ 88,138
2024	44,952	43,186	88,138
2025	44,952	43,186	88,138
2026	44,952	43,186	88,138
2027	44,952	43,186	88,138
2028-2032	224,760	215,931	440,691
2033-2037	60,409	215,931	276,340
2038-2042	-	215,931	215,931
2043-2047	-	191,540	191,540
Total principal and interest	509,929	1,055,263	1,565,192
Less: interest	(111,136)	(391,076)	(502,212)
Balance at June 30, 2022	<u>398,793</u>	<u>664,187</u>	<u>1,062,980</u>

NOTE (7) - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are made up of the following accounts:

	2022	2021
Petty cash	\$ 60	\$ 60
General account - checking	1,704,145	1,491,107
General account – savings	97,498	90,570
LAMP investment	18,071	18,029
Depreciation fund - savings	88,649	83,618
Reserve note fund - savings	110,567	105,507
Customers' deposits - checking	76,356	73,282
	<u>2,095,346</u>	<u>1,862,173</u>

NOTE (8) - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The St. Landry Waterworks District No. 2 Rural does not provide any post-employment benefits to retirees and therefore is not required to report under GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE (9) - SUBSEQUENT EVENTS

Subsequent events were evaluated through September 7, 2022, which is the date the financial statements were available to be issued. As of September 7, 2022, the following subsequent event was noted. On July 11, 2022, St. Landry Waterworks District No. 2 Rural paid \$246,343.70 in relation to a Water Meter Replacement Project.

NOTE (10) - UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic. Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)  
JUNE 30, 2022

Insurer	Coverage	Coverage Limits	Policy Period	
			From	To
National Union Fire Insurance Co. (Dupre-Carrier-Godchaux)	Commercial General Liability	\$3,000,000	2/8/2022	2/8/2023
National Union Fire Insurance Co. (Dupre-Carrier-Godchaux)	Commercial property	Various	2/8/2022	2/8/2023
National Union Fire Insurance Co. (Dupre-Carrier-Godchaux)	Boiler and machinery	500,000	2/8/2022	2/8/2023
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond - Robyn Cormier	100,000	2/8/2022	2/8/2023
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond - Samuel Doucet	100,000	2/8/2022	2/8/2023
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond - J. Barney Johnson	100,000	2/8/2022	2/8/2023
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond - Mary Lee Meynig	100,000	2/8/2022	2/8/2023
Bridgefield Casualty Insurance Company (Dupre-Carrier-Godchaux)	Worker's Compensation	500,000	5/29/2022	5/29/2023
Farm Bureau Insurance	Commercial General Liability	420,000	9/20/2021	9/20/2022
Farm Bureau Insurance	Automobile - 2006 Dodge Dakota	300,000	5/11/2022	11/11/2022
Travelers Casualty and Surety Company of America (Dupre-Carrier-Godchaux)	Professional liability policy on board members	1,000,000	10/15/2021	10/15/2024

See independent accountant's audit report.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
SCHEDULE OF DIRECTORS' AND OFFICERS' COMPENSATION  
AS OF JUNE 30, 2022

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>	<u>Compensation</u>
Samuel Doucet	1/24	President	\$ 1,380
Francis Henry	1/25	Vice-President	1,380
Bobby Richard	1/23	Board Member	780
J. Barney Johnson	1/24	Secretary/ Treasurer	1,380
Carlene Richard	1/23	Board Member	1,380

See independent accountant's audit report.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED JUNE 30, 2022

Agency Head Name: Samuel Doucet, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits-insurance	0
Benefits-retirement	0
Benefits	0
Car allowance	0
Vehicle provided by government	0
Per diem	1,380
Reimbursements	289
Travel	1,563
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0

See independent accountant's audit report.

RELATED REPORTS

James L. Nicholson, Jr., CPA  
 Michael A. Roy, CPA  
 Lisa Trouille Manuel, CPA  
 Dana D. Quebedeaux, CPA



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Retired

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

To the Board of Directors  
 St. Landry Waterworks District No. 2 Rural  
 Sunset, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of St. Landry Waterworks District No. 2 Rural, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the St. Landry Waterworks District No. 2 Rural's basic financial statements and have issued our report thereon dated September 7, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered St. Landry Waterworks District No. 2 Rural's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Landry Waterworks District No. 2 Rural's internal control. Accordingly, we do not express an opinion the effectiveness of St. Landry Waterworks District No. 2 Rural's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified one deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a significant deficiency.

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To the Board of Directors  
St. Landry Waterworks District No. 2 Rural  
Page 2

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether St. Landry Waterworks District No. 2 Rural's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

### **St. Landry Waterworks District No. 2 Rural's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on St. Landry Waterworks District No. 2 Rural's response to the findings identified in our audit and described in the accompanying schedule of finding and responses. The Waterworks District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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



Opelousas, Louisiana  
September 7, 2022

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2022

Section I - SUMMARY OF AUDIT RESULTS

1. We have audited the basic financial statements of St. Landry Waterworks District No. 2 Rural as of and for the year ended June 30, 2022, and have issued our report thereon dated September 7, 2022. 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. Our audit of the financial statements as of June 30, 2022 resulted in an unmodified opinion.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
4. No management letter was issued for St. Landry Waterworks District No. 2 Rural as of and for the year ended June 30, 2022.
5. There was no single audit required under the 2CFR 200.516(a) (Uniform Guidance).

Section II - 2022 FINDINGS - FINANCIAL STATEMENT AUDIT

Internal Control

2022-001. Inadequate Segregation of Duties within Accounting Functions

Condition

St. Landry Waterworks District No. 2 Rural does not have adequate segregation of duties over receipts.

Criteria

Segregation of conflicting duties within accounting functions is a basic internal control.

Cause

Only one person performs accounting duties for the Waterworks District.

Effect

Inadequate segregation of duties within the accounting functions and it is important that you are aware of this condition because errors or fraud could occur and not be detected.

Recommendation

Based upon the size of the operation and the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties within the accounting system.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022

Section II - 2022 FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

Internal Control - Continued

2022-001. Inadequate Segregation of Duties within Accounting Functions

Corrective Action Plan

Management is aware of and has evaluated this inadequacy and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

Section III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022

Section I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2021-001 Inadequate Segregation of Duties Within Accounting Functions

Repeat comment.

Section II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable

Section III - MANAGEMENT LETTER

No prior year findings.

James L. Nicholson, Jr., CPA  
 Michael A. Roy, CPA  
 Lisa Trouille Manuel, CPA  
 Dana D. Quebedeaux, CPA



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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors St. Landry Waterworks District No. 2 Rural and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

St. Landry Waterworks District No. 2 Rural has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**Written Policies and Procedures**

1. Obtain and inspect the entity's written policies and procedures and observe whether 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 District does not have written policies and procedures for budgeting; however, the District is not required to have a 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.  
*The District does not have written policies and procedures for purchasing.*
  - c) **Disbursements**, including processing, reviewing, and approving  
*The District does not have written policies and procedures for disbursements.*
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).  
*The District does not have written policies and procedures for receipts/collections.*

To the Board of Directors  
 St. Landry Waterworks District No. 2 Rural  
 Page 2

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

*The District does not have written policies and procedures for payroll/personnel.*

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

*The District does not have written policies and procedures for contracting.*

- 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)

*The District does not have any credit cards, therefore, no written policies and procedures.*

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

*The District does not have written policies and procedures for travel and expense reimbursement. The District follows the GSA guidelines for travel reimbursements.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*The District does not have written policies and procedures 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 District does not have written policies and procedures for debt service. The District uses the guidelines and requirements provided by the USDA.*

- k) **Information Technology 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 District does not have written policies and procedures for information technology disaster recovery/business continuity.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*The District has written policies and procedures for sexual harassment but it does not address annual employee training and annual reporting.*

To the Board of Directors  
 St. Landry Waterworks District No. 2 Rural  
 Page 3

***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.

*The board met with a quorum on a monthly basis.*

- 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, quarterly budget-to-actual, at a minimum, on proprietary funds and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

*The District is not required to have a budget; therefore, budget-to-actual comparisons are not presented at the board meetings. However, financial reports are presented to the board on a monthly basis.*

- 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.

*Not applicable. The District only has one fund, which is a proprietary fund.*

***Bank Reconciliations***

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

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

*Bank reconciliations were dated within one month after 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

*Bank reconciliations were signed and dated by the president of the board.*

- 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.

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*Two bank accounts have outstanding items for more than 12 months from the statement closing date. The majority of the outstanding checks are refund checks. The District researches the outstanding items on an annual basis.*

**Collections (excluding electronic funds transfers)**

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Obtained a listing of cash collection locations and management's representation that the listing is complete. The District only has one deposit site.*

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

*The District has two employees collecting cash and those two employees share the same cash register drawer.*

- 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.

*The District has two employees collecting cash. One employee is responsible for preparing/making bank deposits, recording the transaction and reconciling the bank statements.*

- 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.

*The District does not have a person responsible for posting collection entries to the general ledger that is independent of the cash collections.*

- 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.

*The District does not have a person reconciling cash collections to the general ledger that is independent of the cash collections.*

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

*The District has two employees who have access to cash and both employees are bonded.*

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7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.  
*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 and the cash is stored securely in a locked safe or drawer).  
*No exceptions noted.*
  - e) Trace the actual deposit per the bank statement to the general ledger.  
*No exceptions noted.*

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

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).  
*Obtained listing of locations that process payments and management's representation that the listing is complete. The District only has one location that processes payments.*
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.  
*There is only one employee involved in initiating and making a purchase. However, the board is responsible for approving all purchases.*

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- b) At least two employees are involved in processing and approving payments to vendors.  
*The secretary/bookkeeper is responsible for processing payments to vendors and the board is responsible for approving payments to vendors.*
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.  
*The employee responsible for processing payments is not prohibited from adding vendors to the District's system.*
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.  
*The secretary/bookkeeper mails payments and is also responsible for processing payments. However, each check requires two signatures and the board approves all payments.*
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.  
*No exceptions noted.*
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.  
*The disbursement documentation for the 5 selected disbursements did not include evidence of segregation of duties. However, payments are processed after approval by the board at each monthly meeting.*

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
- b) Observe that finance charges and late fees were not assessed on the selected statements.

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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 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*Not applicable. The District does not have credit cards.*

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

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

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*No exceptions noted.*

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

*Not applicable.*

- 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).

*No exceptions noted.*

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

*No exceptions noted.*

**Contracts**

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

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- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- 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.

*The District did not have any agreements/contracts initiated or renewed during the fiscal period.*

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

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16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Obtained a payroll journal from management with representation that the listing was complete. The District does not have personnel files, but all compensation was paid in accordance with the board member approval per the minutes.*

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

*No exceptions noted.*

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

*No exceptions noted.*

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

*No exceptions noted.*

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within personnel file.

*No exceptions noted. The District does not have personnel files but authorized salary/pay rates agree to board approval in the minutes.*

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

*No employees were terminated during the fiscal period.*

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19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishment, workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

*Obtained management's representation that all payroll taxes and workers' compensation premiums have been paid and all forms were filed by required deadlines. The District does not make retirement contributions and does not pay health insurance premiums.*

#### **Ethics**

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

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

*No exceptions noted.*

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*The District did not have an ethics policy during the fiscal period.*

#### **Debt Service**

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

*No bonds/notes were issued during the fiscal period.*

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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*No exceptions noted.*

#### **Fraud Notice**

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

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

24. Observe 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.

*The required notice is posted on the District's premises.*

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***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*No exceptions noted.*

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*No exceptions noted.*

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*No exceptions noted.*

***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*No exceptions noted.*

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*The policy and complaint procedure are posted in the lobby on the District's bulletin board.*

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

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e) Amount of time it took to resolve each complaint.

*No exceptions noted. All of the above requirements of R.S. 42:344 were included in the report.*

We were engaged by St. Landry Waterworks District No. 2 Rural to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of St. Landry Waterworks District No. 2 Rural and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The report is intended 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.

A handwritten signature in cursive script that reads "John S. Darling & Company". The signature is written in dark ink and is positioned above the typed name and date.

Opelousas, Louisiana  
September 7, 2022

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL  
SUNSET, LOUISIANA  
FOR THE YEAR ENDED JUNE 30, 2022

Management's responses to the following agreed-upon procedures exceptions:

**Written Policies and Procedures:**

- 1a) Budgeting
- b) Purchasing
- c) Disbursements
- d) Receipts/Collections
- e) Payroll/Personnel
- f) Contracting
- g) Credit Cards
- h) Travel and Expense Reimbursements
- i) Ethics
- j) Debt Service
- k) Information Technology Disaster Recovery/Business Continuity
- l) Sexual Harassment – (2) annual employee training and (3) annual reporting

Management's Response: Management will consider adopting written policies for the above but due to the size of the District, we consider it to be impractical in many instances.

**Collections:**

5a) Employees responsible for cash collections do not share cash drawers/registers

b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

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

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

Management's Response: Management is aware of and has evaluated these exceptions and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

**Non-Payroll Disbursements:**

9c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

d) Either the employee/official responsible for signing checks mails the payments or gives the signed checks to an employee to mail who is not responsible for processing payments.

Management's Response: Management is aware of and has evaluated these exceptions and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.