

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2019

CONTENTS

	PAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3-7
INDEPENDENT AUDITORS' REPORT	8-10
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	11-12
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	13
STATEMENT OF CASH FLOWS	14-15
NOTES TO FINANCIAL STATEMENTS	16-25
REQUIRED SUPPLEMENTARY INFORMATION	
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUDGET AND ACTUAL	27
OTHER INFORMATION	
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER	29
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	30-31
SCHEDULE OF FINDINGS AND RESPONSES	32

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis

Within this section of the West Allen Parish Water District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2019. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$3,819,066 (net position) and by \$3,794,726 for 2018.
- Total revenues of \$675,995 were more than total expenditures of \$655,255 which resulted in a current year surplus of \$20,740, compared to a prior year surplus of \$124,908.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$2,961,175 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase of capital assets.
 - (2) Restricted for debt service of \$390,172.
 - (3) Unrestricted net position of \$467,719.
- At the end of the current fiscal year, unrestricted net position was 70% (56% for the prior year) of total expenditures and 71% (51% for the prior year) of operating revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

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

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Overview of the Financial Statements

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

Basic Financial Statements

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

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

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

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

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Financial Analysis of the District as a Whole

The District's net position at fiscal year-end is \$3,819,066. The following table provides a summary of the District's net position:

	<u>2019</u>	<u>2018</u>
Assets:		
Current assets	\$ 920,164	\$ 802,350
Capital assets	<u>6,216,238</u>	<u>6,359,735</u>
Total assets	<u>\$ 7,136,402</u>	<u>\$ 7,162,085</u>
Deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>
Liabilities:		
Current liabilities	\$ 115,201	\$ 112,296
Long-term liabilities	<u>3,202,135</u>	<u>3,255,063</u>
Total liabilities	<u>\$ 3,317,336</u>	<u>\$ 3,367,359</u>
Deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>
Net position		
Net investment in capital assets	\$ 2,961,175	\$ 3,053,306
Restricted	390,172	344,220
Unrestricted	<u>467,719</u>	<u>397,200</u>
Total net position	<u>\$ 3,819,066</u>	<u>\$ 3,794,726</u>

78% (80% for the prior year) of the District's net position is tied up in capital assets and restricted net position for capital assets. The District uses these capital assets to provide services to its customers.

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

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

	<u>2019</u>	<u>2018</u>
Operating Revenues	\$ 671,543	\$ 683,289
Nonoperating Revenues	<u>4,452</u>	<u>100,436</u>
Total Revenues	675,995	783,725
Depreciation Expense	181,427	171,771
Other Operating Expenses	375,338	387,039
Nonoperating Expenses	<u>98,490</u>	<u>100,007</u>
Total Expenses	<u>655,255</u>	<u>658,817</u>
Income (Loss) before Capital Contributions	20,740	124,908
Capital Contributions	<u>3,600</u>	<u>3,751</u>
Change in Net Position	24,340	128,659
Beginning Net Position	<u>3,794,726</u>	<u>3,666,067</u>
Ending Net Position	<u>\$ 3,819,066</u>	<u>\$ 3,794,726</u>

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2019, was \$6,216,238. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2019</u>	<u>2018</u>
Nondepreciable assets-land	\$ 24,622	\$ 24,622
Construction in progress	<u>-</u>	<u>-</u>
	24,622	24,622
Depreciable assets:		
Distribution system	7,750,657	7,717,614
Buildings	113,868	113,868
Equipment	<u>311,355</u>	<u>326,915</u>
Total depreciable assets	8,175,880	8,158,397
Less accumulated depreciation	<u>1,984,264</u>	<u>1,823,284</u>
Book value-depreciable assets	<u>\$ 6,191,616</u>	<u>\$ 6,335,113</u>
Percentage depreciated	24%	22%
Book value-all assets	<u>\$ 6,216,238</u>	<u>\$ 6,359,735</u>

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Current year additions consisted of improvements to the distribution system of \$33,043 and new computers for \$4,887.

Long-Term Debt

At the end of the fiscal year, the District had total debt obligations outstanding of \$3,255,063. During the year, the District retired \$51,366 of the outstanding debt balance. See Note D for additional information regarding long-term debt.

Contacting the District's Financial Management

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



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INDEPENDENT AUDITORS' REPORT

October 13, 2020

Board of Commissioners
West Allen Parish Water District
Reeves, Louisiana

We have audited the accompanying financial statements of the business-type activities of West Allen Parish Water District, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the West Allen Parish Water District as of December 31, 2019, and the respective changes in financial position and the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Allen Parish Water District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Chief

Board of Commissioners
West Allen Parish Water District
October 13, 2020
Page Three

Executive Officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2020 on our consideration of West Allen Parish Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sharon, Casiday: Skillery

WEST ALLEN PARISH WATER DISTRICT

Statement of Net Position

December 31, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash	\$ 426,009	\$ 362,875
Receivables		
Accounts	51,871	46,303
Interest	1,033	92
Prepaid insurance	3,594	3,575
Restricted assets		
Bond sinking fund		
Cash	116,915	116,607
Bond reserve fund		
Cash	30,696	23,203
Bond short lived assets		
Cash	170,778	140,118
Bond contingency fund		
Cash	71,783	64,256
Interest receivable	-	36
Customer deposits		
Cash	47,485	45,285
Total Current Assets	<u>920,164</u>	<u>802,350</u>
Property, plant and equipment, at cost, net of accumulated depreciation of \$1,984,264 for 2019	<u>6,216,238</u>	<u>6,359,735</u>
 TOTAL ASSETS	 <u>\$ 7,136,402</u>	 <u>\$ 7,162,085</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ -</u>	 <u>\$ -</u>

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

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Current liabilities		
Accounts payable-operations	\$ 17,402	\$ 18,203
Payable from restricted assets		
Current portion of revenue bonds	52,928	51,366
Customer deposits	44,871	42,727
Total Current Liabilities	<u>115,201</u>	<u>112,296</u>
Long-term debt, net of current portion	<u>3,202,135</u>	<u>3,255,063</u>
TOTAL LIABILITIES	<u>\$ 3,317,336</u>	<u>\$ 3,367,359</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	\$ 2,961,175	\$ 3,053,306
Net position - Restricted for debt service	390,172	344,220
Net position - Unrestricted	467,719	397,200
TOTAL NET POSITION	<u>\$ 3,819,066</u>	<u>\$ 3,794,726</u>

WEST ALLEN PARISH WATER DISTRICT

Statement of Revenues, Expenses
and Changes in Net Position

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services	\$ 613,461	\$ 624,177
Miscellaneous revenue	58,082	59,112
TOTAL OPERATING REVENUES	<u>671,543</u>	<u>683,289</u>
OPERATING EXPENSES		
Advertising	715	1,025
Bank charges	340	300
Credit card processing fees	159	42
Depreciation	181,427	171,771
Dues	2,823	4,205
Insurance - general	16,738	18,790
Insurance - health	27,949	30,205
Mileage reimbursements	1,230	1,230
Miscellaneous	3,496	3,833
Office	6,370	5,139
Per diem	4,080	4,440
Postage	4,143	5,025
Professional fees	9,640	8,264
Salaries	165,373	187,738
Supplies and maintenance	74,570	55,672
Taxes and licenses	12,921	14,395
Telephone	7,555	8,299
Training	1,354	1,555
Transportation	10,180	13,344
Uniforms	-	2,300
Utilities	25,702	21,238
TOTAL OPERATING EXPENSES	<u>556,765</u>	<u>558,810</u>
OPERATING INCOME (LOSS)	<u>114,778</u>	<u>124,479</u>
NON-OPERATING REVENUES (EXPENSES)		
Grant Revenues	-	99,472
Interest income	4,452	964
Interest expense	(98,490)	(100,007)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(94,038)</u>	<u>429</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	20,740	124,908
CAPITAL CONTRIBUTIONS	<u>3,600</u>	<u>3,751</u>
CHANGE IN NET POSITION	24,340	128,659
NET POSITION - BEGINNING	3,794,726	3,666,067
NET POSITION - ENDING	<u>\$ 3,819,066</u>	<u>\$ 3,794,726</u>

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

WEST ALLEN PARISH WATER DISTRICT

Statement of Cash Flows

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 665,975	\$ 689,049
Cash payments to suppliers for goods and services	(209,546)	(261,873)
Cash payments to employees for services	(165,373)	(187,738)
NET CASH FROM OPERATING ACTIVITIES	<u>291,056</u>	<u>239,438</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from customers	3,600	3,751
Capital grant revenues		99,472
Purchase of fixed assets	(37,930)	(116,619)
Principal paid on revenue bonds	(51,366)	(49,849)
Interest paid on revenue bonds	(98,490)	(100,007)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(184,186)</u>	<u>(163,252)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	4,452	964
Purchase of non-cash equivalents	(78,193)	(620)
NET CASH FROM INVESTING ACTIVITIES	<u>(73,741)</u>	<u>344</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,129	76,530
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>649,849</u>	<u>573,319</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 682,978</u>	<u>\$ 649,849</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 98,490</u>	<u>\$ 100,007</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO TOTAL CASH:		
Cash and cash equivalents	\$ 682,978	\$ 649,849
Non-cash equivalents	180,688	102,495
Total Cash	<u>\$ 863,666</u>	<u>\$ 752,344</u>

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

Continued

WEST ALLEN PARISH WATER DISTRICT

Statement of Cash Flows - Continued

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 114,778	\$ 124,479
Net cash provided by operating activities		
Depreciation	181,427	171,771
(Increase) decrease in:		
Accounts receivable	(5,568)	5,761
Interest receivable	(905)	4
Prepaid insurance	(19)	(515)
Increase (decrease) in:		
Accounts payable	(801)	(64,880)
Customer deposits	2,144	28,181
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 291,056</u>	<u>\$ 264,801</u>

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

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for West Allen Parish Water District. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

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

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

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

3. Cash and Cash Equivalents

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

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

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Accounts Receivable

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

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

5. Capital Assets

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

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

Distribution system	50 years
Office and shop building	10-15 years
Equipment	5-7 years
Software	3 years

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Compensated Absences

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

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

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

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

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

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

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

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

At December 31, 2019, the District did not have an accrual for compensated absences.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$682,978 which represents unrestricted and restricted amounts of \$245,321 and \$437,657 respectively.

8. Budgets

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

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

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

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

9. Net Position

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

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

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

10. Use of Estimates

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

11. Subsequent Events

Management has evaluated subsequent events through October 13, 2019. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our citizens, employees and local industries all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

On August 27, 2020 Hurricane Laura made landfall in Southwest Louisiana as a Category 4 hurricane which was followed by Hurricane Delta on October 8, 2020. The full extent of damages to the District's facilities or effects on operations have not been determined.

12. Comparative Data

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

NOTE B - CASH DEPOSITS

At December 31, 2019, the District has cash balances (book balances) totaling \$863,666. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE B - CASH DEPOSITS - CONTINUED

bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2019, the District has \$870,245 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$620,245 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE C – PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment for the year ended December 31, 2019 are as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Distribution system	\$ 7,717,614	\$ 33,043	\$ -	\$ 7,750,657
Office and shop building	113,868	-	-	113,868
Equipment	326,915	4,887	(20,447)	311,355
Land	<u>24,622</u>	-	-	<u>24,622</u>
	8,183,019	<u>\$ 37,930</u>	<u>\$ (20,447)</u>	8,200,502
Less accumulated depreciation	<u>1,823,284</u>			<u>1,984,264</u>
TOTALS	<u>\$ 6,359,735</u>			<u>\$ 6,216,238</u>

Depreciation expense was \$181,427 for the year ended December 31, 2019.

Current year additions consisted of improvements to the distribution system of \$33,043 and new computers for \$4,887.

NOTE D - LONG-TERM DEBT

The following is a summary of bond transactions of the District for the year ended December 31, 2019.

Bonds payable, Beginning	\$ 3,306,429
Bonds issued	-
Bonds retired	<u>(51,366)</u>
Bonds payable, Ending	<u>\$ 3,255,063</u>

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE D - LONG-TERM DEBT - CONTINUED

Bonds payable at December 31, 2019 are comprised of the following individual issues:

Revenue bonds

\$3,440,000 Revenue Bonds Series 2015 with USDA
 Dated March 17, 2015 due in monthly installments of
 \$12,488, maturity date of March 17, 2055,
 Interest at 3.0% \$ 3,255,063

Less currently payable 52,928

LONG-TERM DEBT \$ 3,202,135

The annual requirements to amortize all debts outstanding as of December 31, 2019 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 52,928	\$ 96,928
2021	54,538	95,318
2022	56,197	93,659
2023	57,906	91,950
2024	59,667	90,189
2025-2029	326,688	422,592
2030-2034	379,486	369,794
2035-2039	440,817	308,463
2040-2044	512,061	237,219
2045-2049	594,818	154,462
2050-2054	690,951	58,329
2055-2059	29,008	124

The revenue bonds are to be retired from revenues derived from the operations of the District. As of December 31, 2019 the District has no unused lines of credit nor any assets pledged as collateral. The remedies for significant events of default is all installments to be immediately due and payable. In addition, the district will pay reasonable attorney fees and other such expenses.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE E - COMPONENTS OF RESTRICTED NET POSITION

	Revenue Bond Sinking	Revenue Bond Reserve	Revenue Bond Short Lived Asset	Revenue Bond Contingency	Customer deposit	Total
Cash and interest receivable	<u>\$ 116,915</u>	<u>\$ 30,696</u>	<u>\$ 170,778</u>	<u>\$ 71,783</u>	<u>\$ 47,485</u>	<u>\$437,657</u>

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

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

Restricted assets: revenue bond sinking, reserve, Short-lived asset and contingency funds	\$ 390,172
Less: Accrued interest, payable from restricted assets	<u>-</u>
Net position reserved for debt service	<u>\$ 390,172</u>

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE F - PER DIEM

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

Per diem paid commissioners for the year ended December 31, 2019 were as follows:

Cowart, Randal	\$ 180
Reeves, Jr. William	660
Ritter, Carl	660
Firth, Chancy	720
Schultz, Kurt	660
Fontenot, Sullivan	480
Willis, Kevin	720
	<u>\$ 4,080</u>

NOTE G - RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY
INFORMATION

WEST ALLEN PARISH WATER DISTRICT

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

Year Ended December 31, 2019

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$ 640,000	\$ 610,000	\$ 613,461	\$ 3,461
Miscellaneous revenue	60,000	60,000	58,082	(1,918)
TOTAL OPERATING REVENUES	700,000	670,000	671,543	1,543
OPERATING EXPENSES				
Advertising	1,200	1,200	715	485
Bank charges	400	400	340	60
Credit card processing fees	400	400	159	241
Depreciation	150,000	172,000	181,427	(9,427)
Dues	4,200	4,500	2,823	1,677
Insurance - general	22,000	22,000	16,738	5,262
Insurance - health	30,000	30,000	27,949	2,051
Mileage reimbursements	1,000	1,500	1,230	270
Miscellaneous	1,000	1,000	3,496	(2,496)
Office	8,000	8,000	6,370	1,630
Per diem	6,000	5,000	4,080	920
Postage	6,000	4,500	4,143	357
Professional fees	8,000	10,000	9,640	360
Salaries	200,000	170,000	165,373	4,627
Supplies and maintenance	60,000	70,000	74,570	(4,570)
Taxes and licenses	16,000	14,000	12,921	1,079
Telephone	9,000	8,000	7,555	445
Training	2,500	2,500	1,354	1,146
Transportation	14,000	12,000	10,180	1,820
Uniforms	1,000	1,000	-	1,000
Utilities	24,000	26,000	25,702	298
TOTAL OPERATING EXPENSES	564,700	564,000	556,765	7,235
OPERATING INCOME (LOSS)	135,300	106,000	114,778	8,778
NON-OPERATING REVENUES (EXPENSES)				
Grant revenue	-	-	-	-
Interest income	1,500	3,500	4,452	952
Interest expense	(98,490)	(98,490)	(98,490)	-
Capital contributions	-	-	3,600	3,600
TOTAL NON-OPERATING REVENUES (EXPENSES)	(96,990)	(94,990)	(90,438)	4,552
CHANGE IN NET POSITION	38,310	11,010	24,340	13,330
NET POSITION - BEGINNING	3,794,726	3,794,726	3,794,726	-
NET POSITION - ENDING	\$3,833,036	\$3,805,736	\$3,819,066	\$ 13,330

OTHER INFORMATION

WEST ALLEN PARISH WATER DISTRICT

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

Year Ended December 31, 2019

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

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	660
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

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

October 13, 2020

Board of Commissioners
West Allen Parish Water District
Reeves, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities of West Allen Parish Water District as of and for the year ended December 31, 2019, and the related notes to the financial statements which collectively comprise West Allen Parish Water District's basic financial statements, and have issued our report thereon dated October 13, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

Board of Commissioners
West Allen Parish Water District
October 13, 2020
Page Two

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

Purpose of this Report

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

Dragan, Casiday, Skully

WEST ALLEN PARISH WATER DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2019

I. Summary of Auditors' Results:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Control deficiencies identified that are not considered to be material weakness(es)? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

None

III. Federal Award Findings and Responses

None

IV. Prior Year Findings

None

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

October 13, 2020

Board of Commissioners
West Allen Parish Water District
Reeves, Louisiana

We have performed the procedures included enumerated below, which were agreed to by the West Allen Parish Water District and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2019 through December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. 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 District has a complete written policies and procedures manual.

- b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The District has a complete written policies and procedures manual.

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

The District has a complete written policies and procedures manual.

- d) *Receipt/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 confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequence, agency fund forfeiture monies confirmation).

The District has a complete written policies and procedures manual.

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

The District has a complete written policies and procedures manual.

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

The District has a complete written policies and procedures manual.

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

The District has a complete written policies and procedures manual.

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

The District has a complete written policies and procedures manual.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The District has a complete written policies and procedures manual.

- 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 has a complete written policies and procedures manual.

- 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 District has a complete written policies and procedures manual.

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.

There were no exceptions in the prior year in this section.

- 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.

There were no exceptions in the prior year in this section.

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

There were no exceptions in the prior year in this section.

Bank Reconciliations

3. Obtain a listing of the entity's 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 each selected 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 longed);

There were no exceptions in the prior year in this section.

- 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

There were no exceptions in the prior year in this section.

- 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.

There were no exceptions in the prior year in this section.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/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).

The listing was provided by management.

- 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 the 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.

Employees that are responsible for cash collections share a cash drawer.

Management response: The District will implement procedures to segregate duties over cash collections as much as possible.

- 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.

Employees responsible for collecting cash is responsible for preparing/making bank deposits.

Management response: The District will implement procedures to segregate duties over cash collections as much as possible.

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

Employees responsible for collecting cash are responsible for posting collection entries to the general ledger.

Management response: The District will implement procedures to segregate duties over cash collections as much as possible.

- d) The employee 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.

Employee responsible for reconciling cash collections to the general ledger by revenue source are responsible for collecting cash.

Management response: The District will implement procedures to segregate duties over cash collections as much as possible.

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

All employees are covered by an insurance policy for theft.

- 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). Obtain supported documentation for each of the deposits and:

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

No exceptions where noted.

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

No exceptions where noted.

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

All selected deposits cleared the bank account timely and intact.

- 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).

All selected deposits were made within one business day of receipt.

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

All selected deposits were traced to the general ledger. No exceptions.

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 was provided by management.

9. For each location selected under #8 above, obtain a list 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.

At least two employees were involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase.

- 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.

The employee responsible for processing payments is not prohibited from adding/modifying vendor files. No other employee reviews changes to vendor files.

Management Response: The District will initiate a policy to have an employee, who does not process payments to periodically review changes to vendor files.

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

The employee/official responsible for signing checks also mails the payments.

Management Response: The District will initiate a policy to have an employee, who does not sign checks to mail the payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that

the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

All transactions tested were paid by and matched the original invoice.

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

All transactions tested were authorized, approved and processed by different employees.

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), 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.

There were no exceptions in the prior year in this section.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excess fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

There were no exceptions in the prior year in this section.

- b) Observe that finance charges and/or late fees were assessed on the selected statements.

There were no exceptions in the prior year in this section.

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, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

There were no exceptions in the prior year in this section.

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

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

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Travel reimbursements were calculated using the U.S. General Services Administration mileage reimbursement rate.

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

No exceptions noted.

- 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).

Reimbursement was supported by documentation of the business/public purpose of the travel.

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

Reimbursements were not reviewed and approved in writing by someone other than the person receiving the reimbursement.

Management response: The District will implement a procedure to have someone other than the person receiving the reimbursement review and approve the reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the list 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.

There were no exceptions in the prior year in this section.

- 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).

There were no exceptions in the prior year in this section.

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

There were no exceptions in the prior year in this section.

- 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.

There were no exceptions in the prior year in this section.

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 five employees/officials, obtain their paid salaries and personnel files, and agree paid salaries to the authorized pay rates in the personnel files.

There were no exceptions in the prior year in this section.

- 17. Randomly select on pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

There were no exceptions in the prior year in this section.

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

There were no exceptions in the prior year in this section.

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

There were no exceptions in the prior year in this section.

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

There were no exceptions in the prior year in this section.

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.

There were no exceptions in the prior year in this section.

Ethics

20. Using the five 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.

There were no exceptions in the prior year in this section.

- 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.

There were no exceptions in the prior year in this section.

Debt Service

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

There were no exceptions in the prior year in this section.

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.

There were no exceptions in the prior year in this section.

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.

The Office Manager informed us that she did not have any misappropriation of public funds or assets during the fiscal year.

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 District has the required notice posted in a conspicuous place upon its premises or its website.

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. 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.

Dragan, Casiday: Skully