

CADDO PARISH SEWERAGE DISTRICT NO. 7

SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2021

Marsha O. Millican  
A Professional Accounting Corporation  
Shreveport, Louisiana

CADDO PARISH SEWERAGE DISTRICT NO. 7

TABLE OF CONTENTS

December 31, 2021

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-6
Component Unit Financial Statements:	
Statement of Net Position	7-8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11-21
Supplemental Information:	
Schedule of Compensation Paid to Commissioners	22
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head	23
Corrective Action Taken on Prior Year Findings	24
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Schedule of Findings	27-28
Independent Accountant's Report on Applying Statewide Agreed-Upon Procedures	29-41



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Caddo Parish Sewerage District No. 7  
Shreveport, Louisiana

### Opinion

I have audited the accompanying financial statements of the governmental activities and major fund of the Caddo Parish Sewerage District No. 7 (the District), a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Caddo Parish Sewerage District No. 7 and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

### Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. 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 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, I:

- 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 my 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.

I am 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 I identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### **Other Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation paid to commissioners and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information 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*, I have also issued my report dated June 28, 2022 on my consideration of Caddo Parish Sewerage District No. 7's internal control over financial reporting and on my tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report, dated June 28, 2022 on the results of my 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 describe 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.

A handwritten signature in cursive script that reads "Marsha O. Milligan". The signature is written in black ink and is positioned above the printed name and title.

Certified Public Accountant  
June 28, 2022

**CADDO PARISH SEWERAGE DISTRICT NO. 7**  
**P. O. BOX 7606**  
**SHREVEPORT, LOUISIANA 71137-7606**

**Management's Discussion and Analysis**

Our discussion and analysis of the Caddo Parish Sewerage District No. 7's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the District's financial statements, which begin on page 7.

**FINANCIAL HIGHLIGHTS**

The District's net position increased by \$76,795 or 3%.

The District's total revenues were \$915,341 in 2021 compared to \$905,724 in 2020.

During the year ended December 31, 2021, the District had total operating expenses, excluding depreciation of \$541,781 compared to \$420,948 in 2020.

**USING THIS ANNUAL REPORT**

This annual report consists of three parts; management's discussion and analysis, the basic financial statements, and required supplemental information. The statement of net position provides long-term and short-term information about the District's financial status. The statements of revenue, expenses, and changes in net assets and statements of cash flows provide historical data on the District's business-like activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Caddo Parish Sewerage District No. 7 is a component unit of the Parish of Caddo, Louisiana because the Parish must approve all officials appointed to the District's Board of Commissioners. The accompanying financial statements present information only on the funds maintained by the District.

**FINANCIAL ANALYSIS OF THE DISTRICT**

**Net Position**

The following table summarizes the financial status of the District:

	2021	2020
Current and other assets	\$ 1,047,722	\$ 1,053,782
Capital assets	2,141,806	2,167,471
Total assets	<u>3,189,528</u>	<u>3,221,253</u>
Deferred outflows	36,271	53,607
Long-term debt outstanding	453,631	621,131
Other liabilities	188,432	128,787
Total liabilities	<u>642,063</u>	<u>749,918</u>
Investment in capital assets	1,561,091	1,546,340
Restricted	720,823	848,714
Unrestricted	319,823	129,888
Total net position	<u>\$ 2,601,737</u>	<u>\$ 2,524,942</u>

Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating. The above changes reflect no substantial change in the District's financial position.

#### **Changes in Net Position**

The following table summarizes the change in the District's net position:

	2021	2020
Revenues		
Fees and charges for service	\$ 915,341	\$ 905,724
Interest income	74	191
Total revenues	<u>915,415</u>	<u>905,915</u>
Expenses		
Sewer operations	541,781	420,948
Depreciation	249,805	245,289
Interest Expense	47,034	56,685
Total expenses	<u>838,620</u>	<u>722,922</u>
Change in net assets	<u>\$ 76,795</u>	<u>\$ 182,993</u>

**CAPITAL ASSETS**

At the end of 2021, the District has invested \$2,141,806 in capital assets, including land, sewer lines, treatment facilities, a vehicle and equipment. The amount represents a decrease of \$25,665 over last year.

**Capital Assets  
(Net of Depreciation)**

	2021	2020
Land	\$ 37,500	\$ 37,500
Sewer system	8,099,188	7,879,987
Machinery and equipment	321,254	316,315
Accumulated depreciation	(6,316,136)	(6,066,331)
Total	\$ 2,141,806	\$ 2,167,471

System net additions totaled \$224,140 and depreciation was \$249,805 for 2021.

System net additions totaled \$186,836 for 2021. Depreciation was \$245,289 for 2020.

**LONG-TERM DEBT**

At year end the District had debt as shown in the following table:

Outstanding Bonds Payable

	2021	2020
Loans payable - DEQ	\$ 36,131	\$ 36,131
Revenue bonds	417,500	585,000
	\$ 453,631	\$ 621,131

This financial report is designed to provide the constituents and taxpayers with a general overview of the finances for the funds maintained by the Caddo Sewerage District No. 7 and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's office at 4859 North Market, Suite 4, Shreveport, Louisiana 71107.



**CADDO SEWERAGE DISTRICT NO. 7**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2021 AND 2020**

**ASSETS:**

	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>		
Cash and cash equivalents	104,256	\$ 113,361
Accounts receivable - Note 4	73,114	72,570
Prepaid expenses	<u>21,077</u>	<u>19,137</u>
Total current assets	<u>198,447</u>	<u>205,068</u>
 <u>Noncurrent Assets</u>		
Restricted cash and cash equivalents		
Revenue sinking fund	292,532	271,285
Reserve sinking fund	345,930	344,824
Depreciation and contingency fund	58,187	57,313
Construction fund	24,714	54,545
Customer deposits and permits	127,912	120,747
Capital assets - Note 5	<u>2,141,806</u>	<u>2,167,471</u>
Total other assets	<u>2,991,081</u>	<u>3,016,185</u>
Total assets	<u>3,189,528</u>	<u>3,221,253</u>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>	 <u>36,271</u>	 <u>53,607</u>

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

**CADDO SEWERAGE DISTRICT NO. 7**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2021 AND 2020**

**LIABILITIES:**

	<b>2021</b>	<b>2020</b>
<u>Current Liabilities (Payable from current assets)</u>		
Accounts Payable	37,984	3,944
Total	37,984	3,944
<u>Current Liabilities (Payable from restricted assets)</u>		
Certificates of indebtedness payable	-	-
DOTD note payable	18,065	18,065
Customer deposits and permits held	127,912	119,019
Revenue bonds payable	162,500	167,500
Accrued interest payable	4,535	5,824
Total	313,012	310,408
Total current liabilities	350,996	314,352
<u>Noncurrent liabilities</u>		
Revenue bonds payable - Note 7	255,000	417,500
Certificates of indebtedness - Note 7	-	-
DOTD note payable - Note 7	18,066	18,066
Total long-term liabilities	273,066	435,566
Total liabilities	624,062	749,918
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>	-	-
<b><u>NET POSITION:</u></b>		
Invested in capital assets, net of related debt	1,561,091	1,546,340
Restricted		
Capital outlay	24,174	54,545
Debt retirement	696,649	794,169
Unrestricted	319,823	129,888
Total net position	\$ 2,601,737	\$ 2,524,942

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

**CADDO SEWERAGE DISTRICT NO. 7**  
**STATEMENTS OF REVENUE, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>OPERATING REVENUES</u></b>		
Fees and charges for services	\$ 915,341	\$ 905,724
<b><u>OPERATING EXPENSES</u></b>		
Personal services	190,674	189,881
Advertising, dues and subscriptions	1,680	450
Utilities	58,272	47,782
Communications	3,938	3,532
Rentals paid	10,300	9,000
Maintenance of property and equipment	202,302	109,074
Professional services	17,167	18,850
Insurance and surety bonds	24,879	25,042
Office expenses	11,792	8,707
Postage and delivery	6,612	7,283
Travel and education	13,703	-
Bad debts	462	1,347
Depreciation	249,805	245,289
Total operating expenses	791,586	666,237
Operating Income	123,755	239,487
<b><u>NON-OPERATING INCOME (EXPENSE)</u></b>		
Interest income	74	191
Interest and fiscal charges	(47,034)	(56,685)
Total non-operating revenue (expense)	(46,960)	(56,494)
Change in net position	76,795	182,993
<b>NET POSITION - BEGINNING OF YEAR</b>	2,524,942	2,341,949
<b>NET POSITION - END OF YEAR</b>	\$ 2,601,737	\$ 2,524,942

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

**CADDO SEWERAGE DISTRICT NO. 7**  
**STATEMENTS OF CASH FLOW**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities</u>		
Cash received from customers	\$ 915,885	\$ 908,070
Cash payments to suppliers for goods and services	<u>(510,408)</u>	<u>(426,877)</u>
Net cash provided by operating activities - Note 8	<u>405,477</u>	<u>481,193</u>
<u>Cash Flows from Non-Capital Financing Activities</u>		
Deposits received from customers	<u>8,893</u>	<u>5,335</u>
Net cash from non-capital financing activities	<u>8,893</u>	<u>5,335</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Principal paid on debt	(167,500)	(243,565)
Acquisition and construction of capital assets	(224,140)	(186,836)
Interest paid on debt	<u>(31,348)</u>	<u>(38,965)</u>
Net cash used for capital and related financing activities	<u>(422,988)</u>	<u>(469,366)</u>
<u>Cash Flows from Investing Activities</u>		
Interest income	<u>74</u>	<u>191</u>
Net increase (decrease) in cash and cash equivalents	<u>(8,544)</u>	<u>17,353</u>
Cash and cash equivalents at beginning of year, (including restricted amounts of (\$673,422))	<u>962,075</u>	<u>944,722</u>
Cash and cash equivalents at end of year, (including restricted amounts of (\$849,275))	<u>\$ 953,531</u>	<u>\$ 962,075</u>

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

**CADDO SEWERAGE DISTRICT NO. 7**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**INTRODUCTION**

1. Caddo Parish Sewerage District No. 7 (the District) was created by the Caddo Parish Commission and is a subdivision thereof. This report includes all funds controlled by Caddo Parish Sewerage District No. 7. The District is considered a component unit of the Caddo Parish Commission, and is included in the Commission's report.
2. The District was formed to construct and operate a sewerage collection and treatment system north of Shreveport, Louisiana.
3. The District's five Commissioners are appointed by the Caddo Parish Commission and compensated \$60 each per meeting attended.
4. The District is located north of Shreveport, Louisiana.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of Caddo Parish Sewerage District No. 7 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 14:514 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the AICPA Industry Audit Guide, *Audits of State and Local Governmental Units*.

**B. REPORTING ENTITY**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification section 2100, Caddo Parish Sewerage District No. 7 includes all funds that are within the oversight responsibility. The District is a component unit of the Caddo Parish Commission, the financial reporting entity. The Commission is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the District and do not provide information on the Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

### **C. FUND ACCOUNTING**

Caddo Parish Sewerage District No. 7 is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, net assets, revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis are recovered primarily through user charges.

### **D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources, measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned; and expenses are recognized at the time liabilities are incurred.

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services or goods in connection with principal ongoing operations. 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 non-operating revenues and expenses.

The District's reporting on enterprise fund activities is based on FASB Statements and interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

The Enterprise fund uses the following practices in recording certain revenues and expenses:

#### **Revenues**

Fees and charges for services are billed at the end of the month earned and are due by the 20th of the following month. This revenue is recorded as income in the month earned.

#### **Expenses**

Operating expenses are recorded when incurred. Interest expense is accrued at the end of each period and included as expense.

## **E. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The District considers time deposits and those investments with maturities of 90 days or less as cash equivalents. 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.

## **F. PREPAID ITEMS**

Items paid in the current year benefitting future periods are set up as assets.

## **G. RESTRICTED ASSETS**

Certain proceeds of the Enterprise Fund 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. In addition, other funds set aside for specific purposes are also classified as restricted. The District uses restricted resources to fund appropriations before using unrestricted resources.

## **H. CAPITAL ASSETS**

Fixed assets of the District are included on the balance sheet of the fund at cost. Interest costs incurred during construction are not capitalized. Constructed systems are being depreciated on a straight-line basis for 35 years. Existing systems purchased in 1985 for \$149,950 are being depreciated on a straight-line basis for 25 years. The District capitalizes all capital assets that are \$1,000 or greater.

## **I. DEFERRED FINANCE CHARGES**

In conjunction with refunding issues, refinancing costs were incurred. These costs are amortized on a straight-line basis over the term of the new bond issues. Included in interest expense for the years ended December 31, 2021 and 2020 amortization of these costs were \$18,065 each year.

## **J. COMPENSATED ABSENCES**

The District has adopted a leave policy as to vacation pay. The policy provides full-time employees to accumulate earned vacation. Employees must use their earned time or it is lost at the anniversary of their hire date. Earned vacation may be paid in cash upon termination of the employee. The policy also provides full-time employees sick/personal leave. Unused sick leave accumulates and may be carried forward indefinitely. The District does not pay for unused sick leave upon termination.

#### **K. LONG-TERM LIABILITIES**

Long-term liabilities are reported in the statement of net position.

#### **L. USE OF ESTIMATES**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

#### **M. NET POSITION**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation reduced by the outstanding balance of any borrowing used for acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use of creditors, grantors or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### **N. BAD DEBTS**

An allowance for doubtful accounts is maintained for estimated uncollectible utility receivables.



## 2. CASH AND CASH EQUIVALENTS

At December 31, 2021 and 2020 the District had cash and cash equivalents (book balances) as follows:

	<u>2021</u>	<u>2020</u>
Non interest bearing demand deposits	\$ 370,193	\$ 233,882
Interest bearing demand deposits	583,113	727,968
Petty cash	<u>225</u>	<u>225</u>
Total	<u>\$ 953,531</u>	<u>\$ 962,075</u>

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 bank in a holding or custodial bank that is mutually acceptable to both parties.

Cash deposits are collateralized as follows at December 31:

	<u>2021</u>	<u>2020</u>
Fair market value of securities pledged (GASB Category 3)	\$ 459,000	\$ 426,000
Current FDIC coverage	<u>570,318</u>	<u>750,006</u>
Total collateral	1,029,318	1,176,006
Collected cash balances (Bank balances)	<u>940,925</u>	<u>965,862</u>
Collateralization (shortage) excess	<u>\$ 88,393</u>	<u>\$ 210,144</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

### 3. RECEIVABLES

Accounts receivable at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Accounts receivable - customers	\$ 95,387	\$ 94,381
Allowance for bad debts	<u>(22,273)</u>	<u>(21,811)</u>
Total accounts receivable	<u>\$ 73,114</u>	<u>\$ 72,570</u>

Provision is made for an estimate of uncollectible accounts with approved write-offs charged against that provision.

### 4. PENSION PLAN

The District has adopted a SIMPLE plan to benefit its employees. The plan calls for matching contributions up to 6% of gross pay in each calendar year to the SIMPLE IRA accounts of all eligible employees. Eligible employees include those that have worked for the District for six months. Covered wages were \$136,067 and \$139,250 for the years ended December 31, 2021 and 2020, respectively. Contributions to the plan were \$8,164 and \$8,355 for the years ended December 31, 2021 and 2020, respectively.

### 5. 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; job related illnesses or injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in insurance coverage from the past year.

## 6. CAPITAL ASSETS

The following is a summary of capital assets:

	1/1/2021 Beginning of Year	Additions	Transfers/ Retirements	12/31/2021 End of Year
Capital assets, non-depreciable				
Land	\$ 37,500	\$ -	\$ -	\$ 37,500
Construction in progress	-	-	-	-
Total capital assets, non-depreciable	37,500	-	-	37,500
Capital assets, depreciable				
Machinery and equipment	316,315	4,939	-	321,254
Sewer system	7,879,987	219,201	-	8,099,188
Total	8,196,302	224,140	-	8,420,442
Accumulated depreciation	6,066,331	249,805	-	6,316,136
Total capital assets being depreciated net	2,129,971	(25,665)	-	2,104,306
Total capital assets	<u>\$ 2,167,471</u>	<u>\$ (25,665)</u>	<u>\$ -</u>	<u>\$ 2,141,806</u>

## 7. LONG-TERM LIABILITIES

### Changes in Long-Term Debt:

The following is a summary of bond transactions of the District for the years ending December 31, 2021 and 2020:

	Revenue Bonds	
	2021	2020
Bonds payable - beginning of year	\$ 585,000	\$ 810,500
Less bonds retired	167,500	225,500
Refunding issue	-	-
Bonds payable - end of year	<u>417,500</u>	<u>585,000</u>

Notes and bonds payable at December 31, 2021 and 2020 are comprised of the following individual issues:

	2021	2020
Loans Payable - DOTD		
The Louisiana Department of Transportation and Development (DOTD) has advanced the District \$247,843 used to relocate sewerage lines. The loan does not have any stated repayment terms or interest rates. The relocation project was complete at December 31, 2012.	\$ 36,131	\$ 36,131

Revenue Bonds:

\$1,150,000 2002 sewer revenue refunding bonds due in annual installments of principal of \$57,500 plus interest totaling \$51,508 for 2006 and reducing thereafter; interest at 5.3%.	57,500	115,000
\$1,455,000 2009 sewer revenue refunding bonds due in annual installments of principal and interest of approximately \$133,000; average interest at 4.5%.	<u>360,000</u>	<u>470,000</u>
Total revenue bonds	<u>417,500</u>	<u>585,000</u>
Total all	<u>\$ 453,631</u>	<u>\$ 621,131</u>

In accordance with R.S. 39:562 the District is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At December 31, 2021, the statutory limit is approximately \$5,200,000, and outstanding bonded debt totals \$417,500.

The annual requirements to amortize all bond debt outstanding, including interest of \$37,666, at December 31, 2021 are as follows:

Year ending December 31	Principal	Interest
2021	\$ 208,631	\$ 20,091
2022	120,000	11,638
2023	125,000	5,937
2024	-	-
	\$ 453,631	\$ 37,666

**Rate covenant-debt service charge**

In accordance with the District's bond resolution authorizing the issuance of its refunding bonds, the District, through its Board of Commissioners, covenants to fix, establish and maintain such rates and collect such fees, rents or other charges for the services and facilities of the system, and all parts thereof, and to revise the same from time to time whenever necessary, and will always provide revenues in each year sufficient to pay the reasonable and necessary expenses of operating and maintaining the system in each year, the principal and interest maturing on the Bonds and the Parity Bonds in each year, all reserve or sinking funds or other payments required for each year by the Bond Resolution, and all other obligations or indebtedness payable out of the revenues of the system for such year, and which will provide revenues in each year after paying all reasonable and necessary expenses of operating and maintaining the system in such year, at least equal to 12% of the largest amount of principal and interest maturing in any future fiscal year on the Bonds and any Parity Bonds.

For the year ended December 31, 2021 and 2020 the District's coverage exceeded required amounts.

**Flow of funds; restrictions on use-sewer revenues**

Under the terms of the bond indentures on outstanding Sewer Revenue Bonds, all income revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Revenue is first deposited in Sewer Revenue Fund and shall first provide for the payment of the reasonable and necessary expenses of operating and maintaining the system.

Each month there will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/12 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall be set aside into a "Sewer Reserve Fund" an amount equal to 55% of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. This fund reached its maximum in 1999.

Such amounts may be used only for the payment of the maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a Depreciation and Contingency Fund in an amount equal to 5% of the principal and interest payments required during each fiscal year. Money in the fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as maintenance in operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

## 8. STATEMENT OF CASH FLOWS

Reconciliation of operating income to net cash provided by operating activities:

	<u>2021</u>	<u>2020</u>
Operating income	\$ 123,755	\$ 239,487
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	249,805	245,289
Change in assets and liabilities:		
Decrease (Increase) in accounts receivable	(544)	2,346
Increase in prepaid expenses	(1,940)	(972)
Increase (Decrease) in accounts payable	34,401	(4,957)
	<u>\$ 405,477</u>	<u>\$ 481,193</u>

## 9. RENT EXPENSE

The company rents the space it occupies under an operating lease agreement. The lease is due in monthly payments of \$750 - \$800 through March 2022. Lease expense for the year ended December 31, 2021 totaled \$10,300.

## 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 28, 2022, the date the financial statements were available to be issued, and determined no additional disclosures are warranted.

CADDO PARISH SEWERAGE DISTRICT NO. 7  
SCHEDULE OF COMPENSATION PAID TO COMMISSIONERS  
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

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	<u>2021</u>	<u>2020</u>
Jo Ann Witkowski	\$ 960	\$ 720
Calvin Millender	930	720
Bob Bass	780	660
Kenny Fedd	840	720
Kerry Liles	<u>660</u>	<u>600</u>
Total	<u>\$ 4,170</u>	<u>\$ 3,420</u>



**CADDO PARISH SEWERAGE DISTRICT NO. 7**  
**SCHEDULE OF COMPENSATION, REIMBURSEMENTS AND OTHER**  
**PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Agency Head, Chairwoman, Jo Ann Witkowski		
Per Diem	<u>\$ 960</u>	<u>\$ 720</u>
Reimbursements	<u>\$ -</u>	<u>\$ -</u>

**CADDO PARISH SEWERAGE DISTRICT NO. 7**

**CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**FINDING 2020-#1**

The segregation of duties is inadequate to provide effective internal control.

**STATUS:** Unresolved.



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

Board of Commissioners  
Caddo Parish Sewerage District No. 7  
Shreveport, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Caddo Parish Sewerage District No. 7 as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated June 28, 2022.

## Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Caddo Sewerage District No. 7's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 District's financial statements will not be prevented, or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings as Finding #2021-1, that I consider to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo Parish Sewerage District No. 7's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as Finding #2021-2.

### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statutes, it is issued by the Legislative Auditor as a public document.



Certified Public Accountant

June 28, 2022

CADDO PARISH SEWERAGE DISTRICT NO. 7

SCHEDULE OF FINDINGS

YEAR ENDED DECEMBER 31, 2021

**Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. One significant deficiency in internal control over financial reporting, which is a material weakness, was disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.

**Finding # 2021-1**

**Criteria:**

Effective internal control requires the segregation of duties.

**Condition:**

Employees perform interrelated duties.

**Cause:**

The condition is due to economic and space limitations.

**Effect:**

Unknown.

**Recommendation:**

Whether or not it would be cost effective to correct a condition is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all conditions reported under accounting standards generally accepted in the United States of America. In this case, both management and the auditor do not believe that correcting the condition described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary.

**Management's Response and Corrective Action Plan:**

We agree with the finding. We will segregate duties as allowed by space and economic limitations.

**CADDO PARISH SEWERAGE DISTRICT NO. 7**

**SCHEDULE OF FINDINGS (CONTINUED)**

**YEAR ENDED DECEMBER 31, 2021**

**Finding # 2021-2**

**Criteria:**

The District owes the Louisiana Department of Transportation and Development (DOTD) \$36,310 on an advance used to make improvements to the sewer system. This advance requires an annual payment of 5% of gross income or 10% of the outstanding balance.

**Condition:**

For the year ended December 31, 2021, the District did not make the required annual payment on the advance.

**Cause:**

The District was not invoiced by DOTD for the year ended December 31, 2021.

**Effect:**

The District is not in compliance with the terms of the DOTD advance.

**Recommendation:**

I recommend the District comply with the terms of the DOTD advance.

**Management's Response and Corrective Action Plan:**

We agree with the finding. Subsequent to year end, the DOTD advance was paid in full.



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

To the Board of Commissioners  
Caddo Parish Sewerage District No. 7  
Shreveport, Louisiana

I 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 January 1, 2021 through December 31, 2021. Management of Caddo Parish Sewerage District No. 7 (the District) is responsible for those C/C areas identified in the SAUPS.

The Board of Commissioners of Caddo Parish Sewerage District No. 7 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 the LLA's SAUPS for the fiscal period January 1, 2021 through December 31, 2021. 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 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 entity has written policies and procedures that adequately address this function.**

- 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 Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

**The entity has written policies and procedures that adequately address this function.**

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

**The entity has written policies and procedures that adequately address this function.**

- 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 entity has written policies and procedures that adequately address this function.**

- e) *Payroll/Personnel*, including (1) payroll processing, (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 entity has written policies and procedures that adequately address this function.**

- 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 entity has written policies and procedures that adequately address this function.**

- 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 entity has written policies and procedures that adequately address this function.**

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

**The entity has written policies and procedures that adequately address this function.**

- i) *Ethics*, including (1) the prohibition 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 entity has written policies and procedures that adequately address this function.**



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

**The entity has written policies and procedures that adequately address this function.**

- 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 a network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**The entity has written policies and procedures that adequately address this function.**

- 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 entity has written policies and procedures that adequately address this function.**

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

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or 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.

**No exceptions were noted as a result of this procedure.**

- 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. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to the public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

**No exceptions were noted as a result of this procedure.**

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

balance in the general fund.

**No exceptions were noted as a result of this procedure.**

### ***Bank Reconciliations***

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3. Obtain a listing of entity 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 or electronically logged);

**No exceptions were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

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.

**No exceptions were noted as a result of this procedure.**

### ***Collections (excluding electronic funds transfers)***

---

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

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing 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.

**No exceptions were noted as a result of this procedure.**

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

**No exceptions were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

- 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 were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

- 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 were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

***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).

**All payments are processed through off-site CPA.**

- 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.

**No exceptions were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

- 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.

**No exceptions were noted as a result of this procedure.**

- 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

**No exceptions were noted as a result of this procedure.**

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 itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

**No exceptions were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

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

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11. Obtain from management a listing of all credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**A list of all credit, debit, fuel and other cards was obtained with management's assertion that the list 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 on monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was received and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

**No exceptions were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions

subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioners 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.

**No exceptions were noted as a result of this procedure.**

#### ***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, observe that 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 were noted as a result of this procedure.**

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 were noted as a result of this procedure.**

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 were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

#### ***Contracts***

---

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

(or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- 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.

**No exceptions were noted as a result of this procedure.**

- 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).

**No exceptions were noted as a result of this procedure.**

- 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).

**No exceptions were noted as a result of this procedure.**

- 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.

**No exceptions were noted as a result of this procedure.**

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

---

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

**This procedure was performed and no exceptions were noted.**

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 that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). [Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

**No exceptions were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

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

**No exceptions were noted as a result of this procedure.**

- 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 policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or official's personnel files, and agree the termination payment to entity policy.

**No exceptions were noted as a result of this procedure.**

- 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, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed by the required deadlines.

**No exceptions were noted as a result of this procedure.**

### ***Ethics***

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

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

**No exceptions were noted as a result of this procedure.**

- b) Observe that 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.



**No exceptions were noted as a result of this procedure.**

***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 that State Bond Commission approval was obtained for each debt instrument issued.

**No exceptions were noted as a result of this procedure.**

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 were noted as a result of this procedure.**

***Fraud Notice***

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23. Obtain a listing of misappropriation 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 to the district attorney of the parish in which the entity is domiciled.

**No exceptions were noted as a result of this procedure.**

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.

**No exceptions were noted as a result of this procedure.**

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

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25. Perform the following procedures, **verbally discuss the results with management, and report, "I 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.

**I performed the procedures and discussed the results with management.**

- 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.

**I performed the procedures and discussed the results with management.**

- 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.

**I performed the procedures and discussed the results with management.**

### ***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 were noted as a result of this procedure.**

- 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).

**No exceptions were noted as a result of this procedure.**

- 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.;

**No exceptions were noted as a result of this procedure.**

- b) Number of sexual harassment complaints received by the agency;

**No exceptions were noted as a result of this procedure.**

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

**No exceptions were noted as a result of this procedure.**

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

**No exceptions were noted as a result of this procedure.**

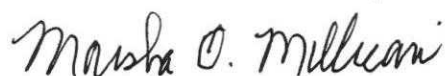
- e) Amount of time it took to resolve each complaint.

**No exceptions were noted as a result of this procedure.**

I was engaged by the District to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

This 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.



Certified Public Accountant  
June 28, 2022