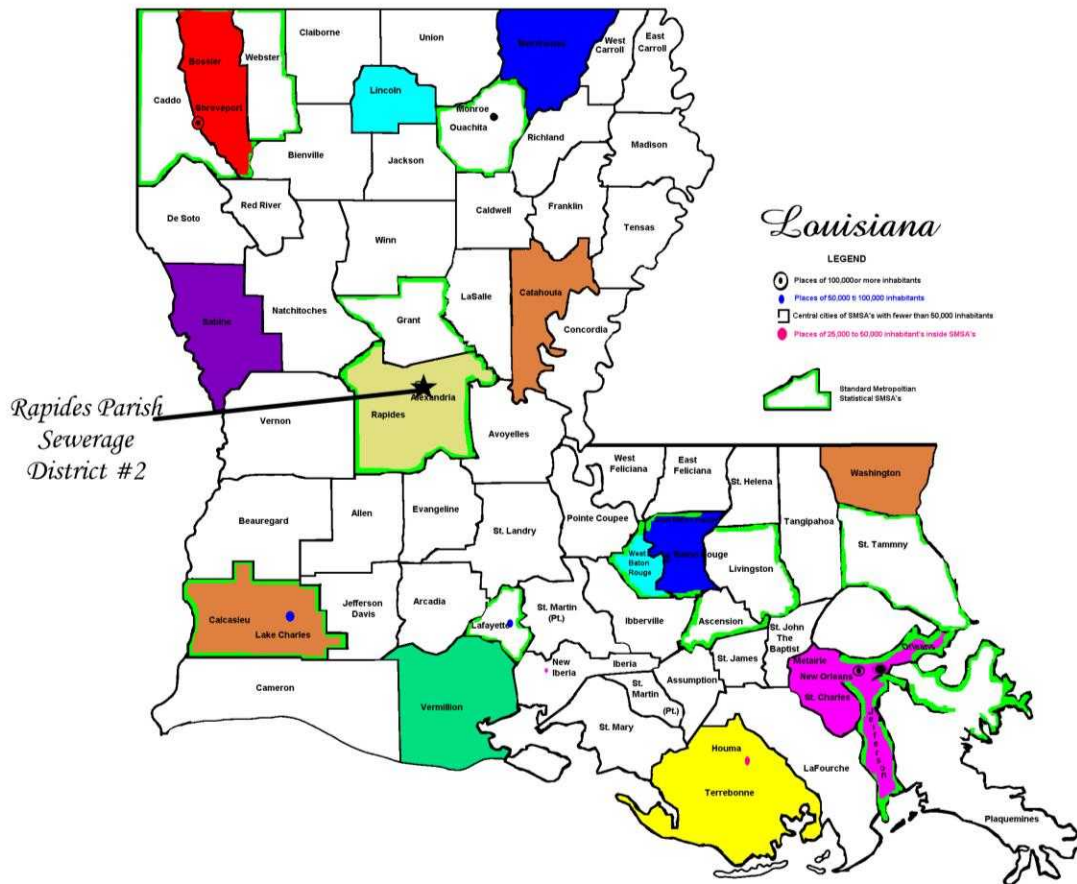


**RAPIDES PARISH SEWERAGE
DISTRICT NO. 2**

Basic Financial Statements

December 31, 2021

RAPIDES PARISH SEWERAGE DISTRICT #2 ALEXANDRIA, LOUISIANA



* The Rapides Parish Sewerage District was created by the Rapides Parish Police Jury, as authorized by Louisiana Revised Statute 33:381 to manage and operate sewerage systems within the District not served by municipal systems. The Sewerage District is administered by a board of three commissioners who are appointed by the Rapides Parish Police Jury.

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA**

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John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

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American Institute of
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INDEPENDENT AUDITOR'S REPORT

Rapides Parish Sewerage District No. 2
Alexandria, Louisiana

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Rapides Parish Sewerage District No. 2, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the housing authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Rapides Parish Sewerage District No. 2, as of December 31, 2021, and the respective changes in financial position, and, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Rapides Parish Sewerage District No. 2 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rapides Parish Sewerage District No. 2'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

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

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

- Exercise professional judgement 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 Rapides Parish Sewerage District No. 2 internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rapides Parish Sewerage District No. 2's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Rapides Parish Sewerage District No. 2's basic financial statements. The accompanying Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of the 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 our opinion, Schedule of Compensation Benefits and Other Payments to Agency Head or Chief 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 June 15, 2022, on our consideration of the Rapides Parish Sewerage District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rapides Parish Sewerage District No. 2's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana

June 15, 2022

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the District, we offer readers of the Rapides Parish Sewage District No. 2’s financial statements, this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the District’s audited financial statements.

The Management’s Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,681,600 (*net position*).

The District had total revenue of \$643,319 in its enterprise fund, including interest income of \$3.

Expenses totaled \$520,865, including depreciation expense in the amount of \$63,623, which is a non-cash transaction.

The change in net position of the enterprise fund was \$122,454.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The District is a special-purpose entity engaged in business-type and governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, December 31, 2004, the District adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments*.

MD&A

Table 1
Balance Sheet (*Enterprise Fund*)

The following table represents a Comparative Balance Sheet as of December 31, 2021:

Assets	2020	2021	% Change
Current Assets	\$ 523,576	\$ 311,750	-40.5
Restricted Assets	-0-	105,500	100.0
Capital Assets, Net	3,087,101	3,659,745	18.5
Total Assets	<u>3,610,677</u>	<u>4,076,995</u>	12.9
Liabilities & Net Position			
Current Liabilities	123,762	124,395	0.5
Long-Term Liabilities	1,927,769	2,271,000	17.8
Total Liabilities	<u>2,051,531</u>	<u>2,395,395</u>	16.8
Net Position			
Net Investment in Capital Assets	1,046,332	1,274,745	21.8
Unrestricted	512,814	406,855	-20.7
Total Net Position	<u>1,559,146</u>	<u>1,681,600</u>	7.9
Total Liabilities & Net Position	<u>\$ 3,610,677</u>	<u>\$ 4,076,995</u>	12.9

Table 2
Changes in Net Position (*Enterprise Fund*)

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2021:

	2020	2021	% Change
Revenues			
Operating Revenues	\$ 628,210	\$ 643,316	2.4
Non-Operating Revenues	55	3	-94.6
Total Revenues	<u>628,265</u>	<u>643,319</u>	2.4
Expenses			
Operating Expenses	487,700	511,799	5.0
Non-Operating Expenses	1,618	9,066	460.3
Total Expenses	<u>489,318</u>	<u>520,865</u>	6.5
Increase (Decrease) in Net Position	138,947	122,454	-11.9
Beginning Net Position	<u>1,420,199</u>	<u>1,559,146</u>	9.8
Ending Net Position	<u>\$ 1,559,146</u>	<u>\$ 1,681,600</u>	7.9

MD&A

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At December 31, 2021, the District had \$3,659,745 invested in a broad range of capital assets, including the sewer system, leasehold improvements, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$572,644, or 19% from last year.

Capital Assets at Year-End

	<u>2020</u>	<u>2021</u>
Sewer System, Machinery & Equipment*	\$ 4,355,326	\$ 4,991,593
Accumulated Depreciation	(1,268,225)	(1,331,848)
Total Capital Assets, Net	<u>\$ 3,087,101</u>	<u>\$ 3,659,745</u>

*Land in the amount of \$29,000 and construction in progress in the amount of \$2,889,693 are not being depreciated.

Long Term Debt

The following is a summary of payable transactions of the Rapides Sewerage District No. 2 for the year ended December 31, 2021.

	<u>Sewer Revenue Bond</u>	<u>Total</u>
Beginning - Bonds & Notes Payable	\$ 2,040,769	\$ 2,040,769
Additions	444,231	444,231
Reductions	(100,000)	(100,000)
Ending - Bonds & Notes Payable	<u>\$ 2,385,000</u>	<u>\$ 2,385,000</u>

USING THIS ANNUAL REPORT

The District's annual report consists of financial statements that show information about the District's fund.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

MD&A

CONTACTING THE SEWER DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Rapides Parish Sewerage District No. 2's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Rapides Parish Sewerage District No. 2, 2826 Lee Street, Alexandria, Louisiana 71301, telephone number (318) 448-1332.

Basic Financial Statements

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**Statement of Net Position
Proprietary Fund
December 31, 2021**

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 241,923
Investments	54,057
Receivables (Net of Allowances for Uncollectables)	15,770
TOTAL CURRENT ASSETS	311,750
NON-CURRENT ASSETS	
Restricted Cash	105,500
Capital Assets (Net of Accumulated Depreciation)	3,659,745
TOTAL NON-CURRENT ASSETS	3,765,245
TOTAL ASSETS	4,076,995
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	1,356
Accrued Wage/Payroll Taxes Payable	253
Unearned Revenue	8,786
Current Portion of Bonds Payable	114,000
TOTAL CURRENT LIABILITIES	124,395
NON-CURRENT LIABILITIES	
Bonds Payable	2,271,000
TOTAL NON-CURRENT LIABILITIES	2,271,000
TOTAL LIABILITIES	2,395,395
NET POSITION	
Net Investment in Capital Assets	1,274,745
Restricted	-0-
Unrestricted	406,855
TOTAL NET POSITION	\$ 1,681,600

The accompanying notes are an integral part of this statement.

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**Statement of Revenues, Expenses, & Changes in Net Position
Proprietary Fund
December 31, 2021**

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
OPERATING REVENUES	
Service Charge	\$ 642,634
Miscellaneous Revenue	682
TOTAL OPERATING REVENUES	643,316
OPERATING EXPENSES	
Salaries & Related Payroll Taxes	12,595
Bank Fees	10,074
Contract Labor	140,300
Dues, Subscriptions, and Permits	7,853
Equipment Rental	1,285
Insurance	2,119
Legal and Accounting	65,517
Office and Postage	9,333
Rental Expense	2,400
Repairs and Maintenance	141,334
Telephone	1,469
Utilities	49,671
Miscellaneous Expense	4,226
Depreciation	63,623
TOTAL OPERATING EXPENSES	511,799
OPERATING INCOME (LOSS)	131,517
NON-OPERATING REVENUES (EXPENSES)	
Interest Earnings	3
Interest Expense	(9,066)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(9,063)
CHANGE IN NET POSITION	122,454
TOTAL NET POSITION - BEGINNING	1,559,146
TOTAL NET POSITION - ENDING	\$ 1,681,600

The accompanying notes are an integral part of this statement.

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**Statement of Cash Flows
Year Ended December 31, 2021**

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers & Users	\$ 647,794
Receipts from Other Operating	682
Payments to Suppliers	(435,581)
Payments to Employees	(12,962)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	199,933
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(636,267)
Additions of Long-Term Debt	444,231
Interest Expense	(9,066)
Principal Payment on Long-Term Debt	(100,000)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	(301,102)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earnings	3
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(101,166)
CASH - BEGINNING OF YEAR	448,589
CASH - END OF YEAR	\$ 347,423
RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	241,923
Restricted Cash	105,500
TOTAL CASH & CASH EQUIVALENTS	\$ 347,423

The accompanying notes are an integral part of this statement.

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**Statement of Cash Flows
Year Ended December 31, 2021**

Reconciliation

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ <u>131,517</u>
Depreciation Expense	63,623
(Increase) Decrease in Accounts Receivable	5,160
Increase (Decrease) in Accounts Payable	-0-
Increase (Decrease) in Accrued Wage/Payroll Taxes Payable	<u>(367)</u>
TOTAL ADJUSTMENTS	<u>68,416</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>199,933</u>
 LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES	
Contributions of Capital Assets From Government	\$ <u>-0-</u>

The accompanying notes are an integral part of this statement.

**Notes to the Basic
Financial Statements**

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Sewerage District No. 2 of Rapides Parish, Louisiana, has been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are described below.

Rapides Parish Sewerage District No. 2 was created by the Rapides Parish Police Jury, as authorized by Louisiana Revised Statute 33:381 to manage and operate sewerage systems within the District not served by municipal systems. The Sewerage District is administered by a board of three commissioners who are appointed by the Rapides Parish Police Jury.

At December 31, 2021, the District had approximately 1,601 customers.

For financial reporting purposes the District is a component unit of the Rapides Parish Police Jury, the governing body of the parish. The accompanying financial statements present financial information only on the funds and account groups maintained by Rapides Parish Sewerage District No. 2 and do not present information on the Police Jury and the general government services provided by that governmental unit or any of its other component units.

A. FUND FINANCIAL STATEMENTS

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District has only one fund, an enterprise fund.

An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination or revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

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

The entity reports the following major proprietary funds:

- Sewer Fund – The Enterprise Fund is the municipality’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. Principal operating revenues are utility billings. 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.

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

The District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded in accounts receivable.

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their 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.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

D. DEPOSITS & INVESTMENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the district's investment policy allow the district to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the District are reported at fair value.

E. INVENTORIES

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

F. ACCOUNTS RECEIVABLE & ALLOWANCES FOR BAD DEBTS

Receivables consist of all revenues earned at year-end and not yet received. Business-type activities report customer's utility service receivables as the major receivable. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available.

The allowance method is used to recognize bad debts of accounts receivable. The allowance is determine based upon past history and the aging of accounts receivable as of year-end. The allowance for bad debts at December 31, 2021 is \$27,278.

G. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The district maintains a threshold level of \$1,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$-0-. Of this amount, \$-0- was included as part of the cost of capital assets under construction in connection with construction projects.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Sewer System	15-45 years
Equipment/Improvements	3-20 years

H. COMPENSATED ABSENCES

The only employees of the District are its Board of Commissioners and they do not receive any vacation, sick pay or any other benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

I. LONG-TERM OBLIGATIONS

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

2. CASH & INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At December 31, 2021, the District has cash and investments (bank balances) totaling \$591,071 as follows:

Demand deposits	\$ 537,014
Time deposits	54,057
Total	\$ 591,071

These deposits are stated at cost, which approximated 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.

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. 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.

Louisiana Revised Statute 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 Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity’s name.

Deposits

It is the district’s policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance.

The district’s deposits are categorized to give an indication of the level of risk assumed by the district at year end. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the district or by its agent in the district’s name.

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the district’s name.

Category 3 – Uncollateralized.

Description	Market Value
FDIC (<i>Category 1</i>)	\$ 500,000
Securities (<i>Category 2</i>)	272,433
Total	\$ 772,433

Deposits were fully secured at year end.

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of Rapides Parish Sewerage District No. 2. For the purpose of the proprietary fund Statement of Cash Flows, “Cash and Cash Equivalents” include all demand savings accounts and certificates of deposit under 90 days.

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

3. ACCOUNTS RECEIVABLES

The receivables of \$15,770 as of December 31, 2021, are as follows:

Accounts Receivable	\$	42,629
Accrued Interest Receivable		419
Allowance for Bad Debt		<u>(27,278)</u>
Total Receivables	\$	<u>15,770</u>

4. CHANGES IN FIXED ASSETS – PROPRIETARY FUNDS

A summary of proprietary fund type property, plant and equipment at December 31, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land*	\$ 29,000	\$ -0-	\$ -0-	\$ 29,000
Sewerage System	2,068,017	4,883	-0-	2,072,900
Construction in Progress*	2,258,309	631,384	-0-	2,889,693
Accumulated Depreciation	<u>(1,268,225)</u>	<u>(63,623)</u>	-0-	<u>(1,331,848)</u>
Total Capital Assets, Net	<u>\$ 3,087,101</u>	<u>\$ 572,644</u>	<u>\$ -0-</u>	<u>\$ 3,659,745</u>

*Land in the amount of \$29,000 and construction in progress in the amount of \$2,889,693 are not being depreciated.

5. ACCOUNTS PAYABLE

The payables of \$1,609 at December 31, 2021, were as follows:

Accounts Payable	\$	1,356
Accrued Wages/Payroll Taxes Payable		<u>253</u>
Total	\$	<u>1,609</u>

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

6. CHANGES IN LONG-TERM DEBT

The following is a summary of payable transactions of the Rapides Sewerage District No. 2 for the year ended December 31, 2021.

	<u>Sewer Revenue Bond</u>	<u>Total</u>
Beginning - Bonds & Notes Payable	\$ 2,040,769	\$ 2,040,769
Additions	444,231	444,231
Reductions	(100,000)	(100,000)
Ending - Bonds & Notes Payable	<u>\$ 2,385,000</u>	<u>\$ 2,385,000</u>

Notes payables at December 31, 2021, are comprised of the following individual issues:

2019 Sewer Revenue Bond

\$2,485,000 sewer revenue bonds dated June 21, 2019, with the first payment received in the amount of \$41,221.63, due in yearly installments through August 2035; at interest rate of 0.95%.

	\$ 2,385,000
Total	<u>\$ 2,385,000</u>

The annual requirement to amortize all debt outstanding as of December 31, 2021, including interest payments are as follows:

<u>#1 DEQ Loan Dated June 2019</u>				
<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2022	\$ 114,000	\$ 10,574	\$ 11,749	\$ 136,323
2023	116,000	10,220	11,355	137,575
2024	117,000	9,698	10,775	137,473
2025	118,000	9,171	10,190	137,361
2026	119,000	8,640	9,600	137,240
2027 – 2031	612,000	35,075	38,970	686,045
2032 – 2036	641,000	21,038	25,375	687,413
2037 – 2041	529,000	6,282	6,980	542,262
Total	<u>\$ 2,366,000</u>	<u>\$ 112,698</u>	<u>\$ 124,994</u>	<u>\$ 2,603,692</u>

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

7. BOARD MEMBERS

The following is a list of board members for the year ended December 31, 2021:

		Term	Compensation
T. J. Speir Jr.	President	4 Years Expires October 12, 2022	\$4,800
John Miller	Secretary	4 Years Expires October 12, 2022	\$1,800
Calvin Malone	Board Member	4 Years Expires October 12, 2022	\$2,700
Jimmy Cockrell	Board Member	4 Years Expires October 12, 2022	\$2,400

Board members receive \$150 per meeting.

8. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. LITIGATION

The District had no outstanding judgments or pending litigations as of December 31, 2021.

10. RISK MANAGEMENT

The District is exposed to risks of loss in the areas of theft, torts, property hazards, general liability, errors and omissions, and natural causes. These risks are covered by commercial insurance coverage. All previous losses have not exceeded the insurance coverage.

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

11. RETIREMENT PLANS

The system does not offer its employees a retirement plan. All employees are in the social security system.

12. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date through, June 15, 2022, of the independent auditor's report for potential recognition or disclosure in the financial statements.

Other Supplemental Schedules

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2021**

Rapides Parish Sewerage District No. 2
T. J. Speir, Jr.-Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 4,800
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (List any other here)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.



Other Reports

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

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

Rapides Parish Sewerage District No. 2
Alexandria, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Rapides Parish Sewerage District No. 2, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Rapides Parish Sewerage District No. 2's basic financial statements, and have issued our report thereon dated June 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rapides Parish Sewerage District No. 2'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 the Rapides Parish Sewerage District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rapides Parish Sewerage District No. 2's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rapides Parish Sewerage District No. 2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

Jena, Louisiana
June 15, 2022

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended December 31, 2021**

We have audited the basic financial statements which collectively comprise the Rapides Parish Sewerage District No. 2 as of and for the year ended December 31, 2021, and have issued our report thereon dated June 15, 2022. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I Summary of Auditor's Results

Our audit of the financial statements as of December 31, 2021, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes Significant Deficiencies Yes

Compliance

Compliance Material to Financial Statements Yes

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes Other Conditions Yes

Type of Opinion on Compliance Unmodified Qualified
For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes

c. Identification Of Major Programs:

CFDA Number (s)	Name of Federal Program (or Cluster)
-----------------	--------------------------------------

Dollar threshold used to distinguish between Type A and Type B Programs: \$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended December 31, 2021**

Section II Financial Statement Findings

No items identified.

Section III Federal Awards Findings and Questioned Costs.

Not Applicable.

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

FINDINGS:

No items identified.

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

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MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the District's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No comments.

**RAPIDES PARISH SEWERAGE DISTRICT NO. 2
ALEXANDRIA, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Rapides Parish Sewerage District No. 2 has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended December 31, 2020.

PRIOR YEAR FINDINGS

No prior year findings.

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
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AGREED-UPON PROCEDURES REPORT

Rapides Parish Sewerage District No. 2

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of January 1- December 31, 2021

Rapides Parish Sewerage District No. 2
Alexandria, Louisiana

To the Rapides Parish Sewerage District No. 2 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Rapides Parish Sewerage District No. 2 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 period January 1, 2021 through December 31, 2021. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described 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 whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, (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.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (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.
 - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
 - l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Observations: The entity has a policy and procedures manual that addresses the above items except Sexual Harassment.

Exception: The entity does not have a policy and procedure that address sexual harassment.

Management's Response: The board will adopt a policy and procedure that addresses sexual harassment.

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.
 - b) For those entities reporting on the governmental accounting model, observe whether 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 public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - 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.

Observations:

A.) The board meets monthly.

B.) The minutes show that the board receives financial information including bills to be paid, beginning and ending cash balances, total revenue and expenses for the month.

C.) The entity does not have a negative equity balance in the prior year audit.

Bank Reconciliations

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);
 - 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

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Observations:

A.) Bank reconciliations included evidence that they were prepared within 2 months of the related statement close date.

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

C.) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Exception: Bank reconciliations did not 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).

Management's Response: Bank reconciliations will include this documentation.

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).

Observations: The entity has one collections site, the office.

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 responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Observations:

A.) No employees are responsible for cash collections.

B.) No employees are responsible for collecting cash and making deposits.

C.) No employees are responsible for collecting cash and positing collection entries to ledgers.

D.) No employees are responsible for reconciling cash collections to ledgers.

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

Observations: No employees have access to cash. The entity uses an accounting firm to handle all cash collections, which is covered by a bond.

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.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

Observations:

A.) Prenumbered receipts are not used, but payments made are reconciled with payment coupons sent in.

B.) Traced reconciled payments and payment coupons to deposit slip.

C.) Traced the deposit slip to the actual deposit per the bank statement.

D.) Deposits were made within one business day of receipt at the collection location.

E.) Traced the actual deposit per the bank statement to the general ledger.

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).

Observations: We obtained a listing of the locations (the office) and management's representation the list is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[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.]

Observations:

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

B.) At least two individuals are involved in processing and approving payments to vendors.

C.) The individual responsible for processing payments is not prohibited from adding vendors to the vendor listing.

D.) The individual responsible for signing checks does not mail the payment or give the signed check to and individual to mail who is not responsible for processing payments.

Exceptions: The individual responsible for processing payments is not prohibited from adding vendors to the vendor listing. The individual responsible for signing checks does not mail the payment or give the signed check to and individual to mail who is not responsible for processing payments.

Management's Response: Due to the size of the entity, this is not possible.

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

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

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Observations:

A.) Documentation indicates deliverables included on the invoice were received by the entity.

B.) The disbursement documentation did not include evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exception: The disbursement documentation did not include evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management's Response: Due to the size of the entity, this is not possible.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

Observations: Management represented no bank/debit/credit cards.

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

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

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

Observations: No bank/debit/credit cards.

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

documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Observations: No bank/debit/credit cards.

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 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).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Observations: The entity had no travel related expenses during the fiscal period.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Observations:

- A.) The contracts were not required to be bid.**
- B.) The contracts were approved by the governing board.**
- C.) One contract was amended and the terms agreed upon in the board minutes matched the actual payments.**
- D.) The supporting invoices agreed to the contract terms, and the invoice and related payments agreed to the terms and conditions of the contract.**

Payroll and Personnel

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

Observations: Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Only employees are board members which agreed upon salary is \$150 per board meeting.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (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.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Observations:

- A.) Board only paid for attendance at board meeting. Board minutes document attendance.**
- B.) Board only employees.**
- C.) No accrued leave.**
- D.) We observed that the board members pay agrees to the authorized rate.**

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

Observations: There were no terminations during the year.

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 required deadlines.

Observations: We obtained 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 required deadlines.

Ethics

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

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

Observations:

- A.) **The entity did not have one hour of ethics training during the fiscal period.**
- B.) **No changes to ethics policy.**

Exemption: Board members did not complete one hour of ethics training during the fiscal period.

Managements response: Board members will complete one hour of ethics training.

Debt Service

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

Observations: No bond/notes and other debt instruments issued during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Observations: Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected 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).

Fraud Notice

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.

Observations: Management represented that there were no misappropriations of public funds or assets during the fiscal period.

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

Observations: The entity has the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

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

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

Observations:

- A.) We performed the procedure and discussed the results with management.
- B.) We performed the procedure and discussed the results with management.
- C.) We performed the procedure and discussed the results with management.

Sexual Harassment

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.

Observations: The employees of the entity have not taken sexual harassment training.

Exception: The employees of the entity have not taken sexual harassment training.

Management’s Response: Employees will complete the required training.

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).

Observations: The entity does not have its sexual harassment policy and complaint procedures posted on the entity’s premises.

Exception: The entity does not have its sexual harassment policy and complaint procedures posted on the entity’s premises.

Management’s Response: The entity will adopt and post its sexual harassment policy and compliant procedures on the premises.

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

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

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Observations: The entity did not have an annual sexual harassment report for the current fiscal period. The entity had no sexual harassment complaints during the year.

Exception: The entity did not have an annual sexual harassment report for the current fiscal period.

Management's Response: The entity will prepare the annual report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

The Vercher Group

Jena, Louisiana
June 15, 2022