

**AVOYELLES WATER COMMISSION**  
Moreauville, Louisiana

Financial Report

Year Ended December 31, 2021

## TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report  | 1-3         |
| BASIC FINANCIAL STATEMENTS  |             |
| Proprietary Fund - Enterprise Fund  |             |
| Statement of net position   | 5           |
| Statement of revenues, expenses, and changes in net position  | 6           |
| Statement of cash flows   | 7-8         |
| Notes to basic financial statements   | 9-17        |
| INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS  |             |
| Independent Auditor's Report on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with <i>Government Auditing Standards</i> | 19-20       |
| Schedule of current and prior year audit findings and management's<br>corrective action plan  | 21-23       |

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA\*  
Of Counsel

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA – retired 2022

\* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Avoyelles Water Commission  
Moreauville, Louisiana

### Opinions

We have audited the accompanying financial statements of the business-type activities and the major fund of the Avoyelles Water Commission ("Commission"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission'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 and the major fund of the Avoyelles Water Commission, 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 *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 Commission, 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 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 Commission'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 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 Commission’s internal control, Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Commission’s ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 09, 2022, on our consideration of the Commission’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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's 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 Commission's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
May 09, 2022

## **BASIC FINANCIAL STATEMENTS**

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Net Position  
Proprietary Fund - Enterprise Fund  
December 31, 2021

**ASSETS**

|                                    |                   |
|------------------------------------|-------------------|
| Current assets:                    |                   |
| Cash and interest-bearing deposits | \$ 600,455        |
| Certificates of deposit            | 1,676,196         |
| Receivables, net                   | 125,655           |
| Prepaid items                      | <u>9,402</u>      |
| Total current assets               | <u>2,411,708</u>  |
| Noncurrent assets:                 |                   |
| Restricted assets -                |                   |
| Cash and interest-bearing deposits | 55,205            |
| Prepaid land lease                 | 25,152            |
| Capital assets                     |                   |
| Nondepreciable                     | 175,132           |
| Depreciable, net                   | <u>8,302,427</u>  |
| Total noncurrent assets            | <u>8,557,916</u>  |
| Total assets                       | <u>10,969,624</u> |

**LIABILITIES**

|                             |                  |
|-----------------------------|------------------|
| Current liabilities:        |                  |
| Accounts and other payables | 11,671           |
| Accrued liabilities         | 2,866            |
| Bonds payable               | 346,055          |
| Accrued interest payable    | <u>11,435</u>    |
| Total current liabilities   | 372,027          |
| Noncurrent liabilities:     |                  |
| Bonds payable               | <u>8,943,236</u> |
| Total liabilities           | <u>9,315,263</u> |

**NET POSITION**

|                             |                     |
|-----------------------------|---------------------|
| Restricted for debt service | 55,205              |
| Unrestricted                | <u>1,599,156</u>    |
| Total net position          | <u>\$ 1,654,361</u> |

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

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund - Enterprise Fund  
For the Year Ended December 31, 2021

|  |                     |
|--|---------------------|
| Operating revenues:                    |                     |
| Charges for services -                 |                     |
| Water sales and fees                   | <u>\$ 1,484,024</u> |
|  |                     |
| Operating expenses:                    |                     |
| Personnel costs                        | 95,871              |
| Payroll taxes                          | 7,499               |
| Legal and professional fees            | 11,747              |
| Fuel and oil                           | 4,372               |
| Contracting services                   | 21,402              |
| Depreciation                           | 547,687             |
| Insurance                              | 20,071              |
| Repairs and maintenance                | 37,114              |
| Rent and utilities                     | 151,458             |
| Supplies                               | 94,154              |
| Lease expense                          | 303                 |
| Other                                  | <u>13,193</u>       |
| Total operating expenses               | <u>1,004,871</u>    |
| Operating income                       | <u>479,153</u>      |
|  |                     |
| Nonoperating revenues (expenses):      |                     |
| Interest income                        | 32,563              |
| Interest expense                       | (259,063)           |
| Miscellaneous income                   | <u>11,180</u>       |
| Total nonoperating revenues (expenses) | <u>(215,320)</u>    |
| Change in net position                 | 263,833             |
| Net position, beginning                | <u>1,390,528</u>    |
| Net position, ending                   | <u>\$ 1,654,361</u> |

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



AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Cash Flows  
Proprietary Fund - Enterprise Fund  
For the Year Ended December 31, 2021

|  |                     |
|--|---------------------|
| Cash flows from operating activities:  |                     |
| Receipts from customers  | \$ 1,478,071        |
| Payments to suppliers  | (350,038)           |
| Payments to employees  | <u>(103,211)</u>    |
| Net cash provided by operating activities                                      | <u>1,024,822</u>    |
|  |                     |
| Cash flows from capital and related financing activities:                      |                     |
| Purchases and construction of capital assets                                   | (41,006)            |
| Miscellaneous income   | 11,180              |
| Interest and fiscal charges paid on long-term debt                             | (269,738)           |
| Principal paid on long-term debt   | <u>(320,000)</u>    |
| Net cash used by capital and related financing activities                      | <u>(619,564)</u>    |
|  |                     |
| Cash flows from investing activities:  |                     |
| Interest received  | 32,563              |
| Proceeds from interest-bearing deposits with maturity in excess of ninety days | 1,143,658           |
| Purchase of interest-bearing deposits with maturity in excess of ninety days   | <u>(1,676,196)</u>  |
| Net cash used by investing activities  | <u>(499,975)</u>    |
|  |                     |
| Net decrease in cash and interest-bearing deposits                             | (94,717)            |
|  |                     |
| Cash and interest-bearing deposits, beginning of period                        | <u>750,377</u>      |
|  |                     |
| Cash and interest-bearing deposits, end of period                              | <u>\$ 655,660</u>   |
|  |                     |
| Reconciliation of operating income to net cash provided                        |                     |
| by operating activities:   |                     |
| Operating income   | \$ 479,153          |
| Adjustments to reconcile operating income to                                   |                     |
| net cash provided by operating activities -                                    |                     |
| Depreciation   | 547,687             |
| Changes in assets and liabilities:   |                     |
| Increase in accounts receivable  | (5,953)             |
| Decrease in prepaid expenses   | 302                 |
| Increase in accounts payables  | 3,474               |
| Increase in accrued liabilities  | <u>159</u>          |
| Net cash provided by operating activities                                      | <u>\$ 1,024,822</u> |

(continued)

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Statement of Cash Flows  
Proprietary Fund - Enterprise Fund  
For the Year Ended December 31, 2021

Reconciliation of cash and interest-bearing deposits per statement  
of cash flows to the statement of net position:

|   |                    |
|---|--------------------|
| Cash and interest-bearing deposits, beginning of period -     |                    |
| Cash and interest-bearing deposits - unrestricted             | \$ 695,230         |
| Cash and interest-bearing deposits - restricted               | <u>55,147</u>      |
| Total cash and interest-bearing deposits, beginning of period | <u>750,377</u>     |
| <br>  |                    |
| Cash and interest-bearing deposits, end of period -           |                    |
| Cash and interest-bearing deposits - unrestricted             | 600,455            |
| Cash and interest-bearing deposits - restricted               | <u>55,205</u>      |
| Total cash and interest-bearing deposits, end of period       | <u>655,660</u>     |
| <br>  |                    |
| Net change in cash and interest-bearing deposits              | <u>\$ (94,717)</u> |

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

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Avoyelles Water Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Commission 's accounting policies are described below.

A. Financial Reporting Entity

The Avoyelles Water Commission was created under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing potable drinking water to three municipalities and began operations in 2007. The Commission was created by an intergovernmental agreement formed between the Village of Moreauville, Avoyelles Ward Three Waterworks District, and the City of Marksville. The Commission is governed by a board of directors composed of three members. One member is appointed by each of the following governmental entities: The Village of Moreauville, Avoyelles Ward Three Waterworks District, and the City of Marksville. Each commissioner serves until replaced by the entity that he or she represents.

B. Basis of Presentation

Fund Financial Statements

The accounts of the Commission are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Commission.

Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Commission maintains only one fund and it is described below:

Proprietary Fund –

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary fund maintained by the Commission is the Enterprise Fund.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

Enterprise Fund –

The Enterprise Fund is used to report activities for which a fee is charged to external users. This fund accounts 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 will be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. 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.

Measurement Focus

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.

Basis of Accounting

The proprietary fund statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 “*Accounting and Financial Reporting for Nonexchange Transactions*”.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest- bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the Water Commission. For the purpose of proprietary fund statement of cash flows, “cash and interest-bearing deposits” include all demand and savings accounts, certificates of deposit and short-term investments with an original maturity of three months or less when purchased.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

Receivables

Receivables consist of all revenues earned at year-end but not yet received. Enterprise fund activities report customer's utility service receivables as its major receivable. This receivable is reported net of an allowance for doubtful accounts, if any.

At December 31, 2021, all accounts were considered collectible and therefore no allowance was established.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items.

Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at acquisition cost or estimated cost if acquisition is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Commission maintains a threshold level of \$1,000 for capitalizing 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Total interest expense incurred by the Commission during the year was \$259,063 none of which was capitalized.

Depreciation of all exhaustible capital assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives are as follows:

|                                   |             |
|-----------------------------------|-------------|
| Buildings and distribution system | 30-40 years |
| Equipment                         | 7-10 years  |

Compensated Absences

The Commission has no set policy for accumulated vacation, sick pay, or other benefits. The Commission currently employs four part-time individuals who do not accumulate any vacation or sick leave, therefore, at December 31, 2021, no liability exists for compensated absences.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

Long-term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities in the financial statements. The long-term debt consists primarily of bonds payable.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

Equity Classifications

In the proprietary fund, equity is classified as net position and displayed in three components as follows:

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

It is the Commission’s policy to use restricted amounts first when both restricted and unrestricted net position is available unless, prohibited by legal or contractual provisions.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

E. Revenues and Expenses

Operating and Nonoperating Revenues and Expenses

In the proprietary fund, operating revenues are those revenues produced as a result of producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

The principal operating revenues of the Commission's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Expenses

Expenses are classified by function for business-type activities and are further classified as operating and nonoperating.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects or revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Cash and interest-bearing deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in an event of the failure of a depository financial institution, the Commission's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

The Commission does not have a policy for custodial credit risk; however, 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 pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposits balance (bank balances) at December 31, 2021, and the related federal insurance and pledged securities:

|   |                    |
|---|--------------------|
| Bank balances   | <u>\$2,336,637</u> |
| Insured   | \$ 500,000         |
| Uninsured and collateral held by pledging bank not in the Commission's name | <u>1,836,637</u>   |
| Total   | <u>\$2,336,637</u> |

(3) Accounts Receivable

Receivables at December 31, 2021 in the amount of \$125,655 were charges for services. The entire amount is considered collectable.

(4) Restricted Assets

Restricted assets on December 31, 2021 consisted of cash and interest-bearing deposits totaling \$55,205 held in the Debt Service Fund account.

(5) Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

|  | Balance<br>Beginning | Additions     | Deletions | Balance<br>Ending |
|--|----------------------|---------------|-----------|-------------------|
| Capital assets not being depreciated:      |                      |               |           |                   |
| Land                                       | \$ 10,000            | \$ -          | \$ -      | \$ 10,000         |
| Right of ways                              | <u>165,132</u>       | <u>-</u>      | <u>-</u>  | <u>165,132</u>    |
| Total capital assets not being depreciated | <u>175,132</u>       | <u>-</u>      | <u>-</u>  | <u>175,132</u>    |
| Capital assets being depreciated:          |                      |               |           |                   |
| Buildings                                  | 49,990               | -             | -         | 49,990            |
| Equipment                                  | 474,889              | 41,006        | -         | 515,895           |
| Distribution system                        | <u>14,523,222</u>    | <u>-</u>      | <u>-</u>  | <u>14,523,222</u> |
| Total capital assets being depreciated     | <u>15,048,101</u>    | <u>41,006</u> | <u>-</u>  | <u>15,089,107</u> |



AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

|  | Balance<br>Beginning | Additions           | Deletions   | Balance<br>Ending   |
|--|----------------------|---------------------|-------------|---------------------|
| Less accumulated depreciation                  |                      |                     |             |                     |
| Buildings                                      | 6,730                | 1,494               | -           | 8,224               |
| Equipment                                      | 322,182              | 39,221              | -           | 361,403             |
| Distribution system                            | <u>5,910,081</u>     | <u>506,972</u>      | -           | <u>6,417,053</u>    |
| Total accumulated depreciation                 | <u>6,238,993</u>     | <u>547,687</u>      | -           | <u>6,786,680</u>    |
| Total capital assets being<br>depreciated, net | <u>8,809,108</u>     | <u>(506,681)</u>    | -           | <u>8,302,427</u>    |
| Capital assets, net                            | <u>\$ 8,984,240</u>  | <u>\$ (506,681)</u> | <u>\$ -</u> | <u>\$ 8,477,559</u> |

Depreciation expense was charged to business-type activities in the amount of \$547,687.

(6) Changes in Long-Term Debt

The following is a summary of debt transactions of the Commission for the year ended December 31, 2021:

|                    | Balance<br>Beginning | Additions   | Payments            | Balance<br>Ending   | Due Within<br>One Year |
|--------------------|----------------------|-------------|---------------------|---------------------|------------------------|
| Direct Placements: |                      |             |                     |                     |                        |
| Water Revenue      |                      |             |                     |                     |                        |
| Refunding Bonds,   |                      |             |                     |                     |                        |
| Series 2020        | <u>\$ 9,150,000</u>  | <u>\$ -</u> | <u>\$ (320,000)</u> | <u>\$ 8,830,000</u> | <u>\$ 330,000</u>      |
| Unamortized,       |                      |             |                     |                     |                        |
| Bond premium       | 491,237              | -           | (10,254)            | 480,983             | 16,055                 |
| Bond discount      | <u>(21,692)</u>      | -           | -                   | <u>(21,692)</u>     | -                      |
|                    | <u>\$ 9,619,545</u>  | <u>\$ -</u> | <u>\$ (330,254)</u> | <u>\$ 9,289,291</u> | <u>\$ 346,055</u>      |

The Water Revenue Refunding Bonds, Series 2020 issued in February 2020 are due in annual payments of \$ \$260,000 to \$530,000 through December 31, 2044, bearing annual interest at 2.63% to 3.00%, and are secured by water revenues. The bond agreement requires the Commission to maintain customer utility rates to provide net revenues equal to or greater than 115% of the principal and interest obligated to be paid in the current fiscal year. Failure to make punctual principal and interest payments, to perform or observe any other of the bond covenants, agreements, or conditions for a period of thirty (30) days after receiving written notice and/or filing a petition or otherwise seeking relief under any federal or state bankruptcy law or similar law are considered events of default. Upon the happening and continuance of an event of default bondholders are entitled to exercise all rights and powers for which provision is made under Louisiana law. However, under no circumstances may the payment of principal or interest of any of the bonds be accelerated under the bond agreement.

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

The annual requirements to amortize all debt outstanding at December 31, 2021 is as follows:

| Year ending,<br>December 31, | Direct Placement Debt |                   |                    |                     |                      |
|------------------------------|-----------------------|-------------------|--------------------|---------------------|----------------------|
|                              | Principal             | Premium           | Discount           | Interest            | Total                |
| 2022                         | \$ 330,000            | \$ 16,055         | \$ -               | \$ 260,138          | \$ 606,193           |
| 2023                         | 340,000               | 21,648            | -                  | 250,238             | 611,886              |
| 2024                         | 350,000               | 27,118            | -                  | 240,038             | 617,156              |
| 2025                         | 360,000               | 32,004            | -                  | 229,538             | 621,542              |
| 2026                         | 370,000               | 35,772            | -                  | 218,738             | 624,510              |
| 2027-2031                    | 2,025,000             | 168,861           | -                  | 920,290             | 3,114,151            |
| 2032-2036                    | 2,355,000             | 118,078           | -                  | 597,338             | 3,070,416            |
| 2037-2041                    | 1,925,000             | 61,447            | (8,676)            | 242,150             | 2,219,921            |
| 2042-2044                    | 775,000               | -                 | (13,016)           | 40,818              | 802,802              |
| Total                        | <u>\$ 8,830,000</u>   | <u>\$ 480,983</u> | <u>\$ (21,692)</u> | <u>\$ 2,999,286</u> | <u>\$ 12,288,577</u> |

(7) Flow of Funds: Restrictions of Use – Water Revenues

Revenues derived from water sales are partially pledged to retire the Water Revenue Refunding Bonds, Series 2020 (Bonds). The bond resolution adopted by the Commission requires the establishment and maintenance of the Series 2020 Debt Service Fund account. The moneys in the account are to be held separate and apart from all other funds of the Commission by the paying agent to pay promptly and fully the principal of and interest on the Bonds and any additional parity bonds issued hereafter.

On or before the fifth (5<sup>th</sup>) day of each month one sixth (1/6<sup>th</sup>) of the interest falling due on the next interest payment date as well as one twelfth (1/12<sup>th</sup>) of the principal falling due on the next principal payment date of the Bonds and any additional parity bonds, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due, shall be transferred to the debt service fund account.

(8) Compensation of Board Members

A detail of the compensation paid to commission officials for the year ended December 31, 2021 follows:

|                |                 |
|----------------|-----------------|
| President:     |                 |
| Penn Lemoine   | \$ 4,200        |
| Board Members: |                 |
| Albin Lemoine  | 180             |
| John Lemoine   | 660             |
| Joan Decuir    | <u>300</u>      |
|                | <u>\$ 5,340</u> |

AVOYELLES WATER COMMISSION  
Moreauville, Louisiana

Notes to Basic Financial Statements

The President is considered the agency head. The Commission did not pay any benefits on his behalf for the year ended December 31, 2021, except the amount disclosed above.

(9) Economic Dependency

The Commission sells potable water to one privately owned and three governmentally owned water utilities. Should the Commission lose any of these water utilities as customers, its ability to continue operating and servicing its outstanding debt could be threatened.

(10) Risk Management

The Commission is exposed to risks of loss in the areas of damage to and destruction of assets, injuries to employees and natural disasters. These risks of loss are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(11) Litigation

There is no litigation pending against the Commission at December 31, 2021.

**INTERNAL CONTROL, COMPLIANCE  
AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA\*  
Of Counsel

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA – retired 2022

\* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KSRCPAS.COM

## 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

The Board of Commissioners  
Avoyelles Water Commission  
Moreauville, 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 and major fund of the Avoyelles Water Commission (“Commission”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements and have issued our report thereon dated May 09, 2022.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

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

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

We identified certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management’s corrective action plan as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

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

As part of obtaining reasonable assurance about whether the Commission'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. 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*.

### **The Avoyelles Water Commission’s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Commission’s response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings and management’s corrective action plan. The Commission’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
May 09, 2022

AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2021

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2021-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2012

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The Commission's internal control over financial reporting includes policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receives annual training related to their job duties and we carefully review the financial statements, related notes, and all proposed adjustments. All questions are adequately addressed by our auditors which allows us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2021

2021-002 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Avoyelles Water Commission did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that Commission does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Commission concurs with the audit finding. Due to the size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are made to segregate duties where feasible. In an effort to establish more sound controls the Board of Commissioners monitors activity and account balances in all funds.



AVOYELLES WATER COMMISSION

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2021

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2020-001 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2021-001.

2020-002 Inadequate Segregation of Functions

CONDITION: The Avoyelles Water Commission did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2021-002.

**Avoyelles Water Commission**  
Moreauville, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period January 1, 2021 through December 31, 2021

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA\*  
Of Counsel

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA – retired 2022

\* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRPCAS.COM

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

To the Board of Commissioners of the  
Avoyelles Water Commission, Louisiana and the  
Louisiana Legislative Auditor

We have performed the procedures enumerated below 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.

The Avoyelles Water Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period 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 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. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
  - 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<sup>1</sup>**, 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.

**We preformed the procedures and discussed the results with management.**

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

***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:

---

<sup>1</sup> The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

- 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 that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations included 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 that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 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.
  - 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 verifies the reconciliation.
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.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected 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 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).
  - e) Trace 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).

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

#### ***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.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

- b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using 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)<sup>2</sup>. 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 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.

### ***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)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - 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).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

---

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

---

<sup>2</sup> For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.



- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law<sup>3</sup> (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

---

16. Obtain a listing of employees and officials<sup>4</sup> 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.
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<sup>5</sup> 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 that supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
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 employee or officials' cumulate 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.

---

<sup>3</sup> If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

<sup>4</sup> "Officials" would include those elected, as well as board members who are appointed.

<sup>5</sup> "Officials" would include those elected, as well as board members who are appointed.

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.

### ***Ethics***

---

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - 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.

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

### ***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.
24. Observe that the entity has posted on its premises<sup>6</sup> and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.<sup>7</sup>

---

<sup>6</sup> Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

<sup>7</sup> This notice is available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline).

## ***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.

**We preformed the procedures 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 that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe that 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).
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 that 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.

## **Findings:**

---

No exceptions were found as a result of applying procedures listed above except:

### **Written Policies:**

The Avoyelles Water Commission does not have written policies and procedures addressing sexual harassment.

The Avoyelles Water Commission's written payroll policies do not address the approval process for employee's rate of pay or approval and maintenance of pay rate schedules.

The Avoyelles Water Commission's written credit cards policies do not address how credit cards are to be controlled.

The Avoyelles Water Commission's written debt service policies do not address debt issuance approval.

### **Bank Reconciliations:**

The bank reconciliation examined did not include evidence of management researching reconciling items outstanding more than 12 months from the statement closing date.

### **Collections:**

The employee responsible for collecting cash is also responsible for preparing the deposit slip, depositing cash in the bank, recording deposits in the general ledger, and reconciling the bank statement.

The Avoyelles Water Commission does not issue pre-numbered receipts for collections.

### **Non-Payroll Disbursements:**

The Avoyelles Water Commission does not have a policy in place which prohibits the employee responsible for processing payments from adding/modifying vendor files in the disbursements system.

The Avoyelles Water Commission does not have a policy in place which prohibits the employee responsible for processing payments from placing payments in the mail.

Disbursement documentation selected for testing does not include evidence of segregation of duties.

**Credit/ Debit/ Fuel Cards:**

Credit card statements selected for testing do not include evidence that all supporting documentation for purchases were reviewed and approved by a member of management or a board member.

For all transactions tested, an original itemized receipt could not be located.

For all transactions tested, written documentation of the business/ public purpose was not present.

**Travel and Expense Reimbursement:**

The travel reimbursement rate used was not established by the State of Louisiana or the U.S. General Services Administration.

**Fraud Notice:**

The entity did not have the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted on its premises.

**Sexual Harassment:**

The entity did not prepare an annual sexual harassment report for the current fiscal period dated before February 1<sup>st</sup>.

**Management’s Response:**

---

We were engaged by Avoyelles Water Commission to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Avoyelles Water Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
May 09 , 2022