

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1
Cameron, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2019

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CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Cameron Parish Water and Wastewater District No. 1 presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- * The District's assets exceeded its liabilities by \$4,875,235 (net position).
- * Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$1,652,355 includes property and equipment, net of accumulated depreciation.
 - (2) Net position - unrestricted of \$3,222,880 represents the portion available to maintain the District's continuing obligations to customers and creditors.
- * Total revenues of \$746,414 were less than total expenditures of \$766,651, which resulted in a current year deficit of \$20,237, compared to the prior year deficit of \$138,797.
- * Charges for services increased by \$249,202 or 49.2% after decreasing by \$4,393 or 1.7% last year.
- * The District continues to operate without the need for debt borrowings.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.

Management's Discussion and Analysis

Basic Financial Statements

These financial statements consist of two sections – Management's Discussion and Analysis (this section) and the basic financial statements, including the notes to the financial statements.

Continued

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Management's Discussion and Analysis – Continued

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

The Statement of Net Position presents all of the District's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference reported as net position. Net position may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

The notes provided additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole. The District's net position at fiscal year-end is \$4,875,235. The following table provides a summary of the District's net position:

	<u>2019</u>	<u>2018</u>
Current assets	\$ 3,644,816	\$ 3,497,153
Capital assets	1,652,355	1,743,031
Other assets	-	<u>11,662</u>
Total assets	<u>5,297,171</u>	<u>5,251,846</u>
Deferred outflows of resources	<u>112,161</u>	<u>30,139</u>
Total liabilities	<u>512,943</u>	<u>332,959</u>
Deferred outflows of resources	<u>21,154</u>	<u>53,554</u>
Net position:		
Net investment in capital assets	1,652,355	1,743,031
Net position - unrestricted	<u>3,222,880</u>	<u>3,152,441</u>
Total net position	<u>\$ 4,875,235</u>	<u>\$ 4,895,472</u>

Continued

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Management's Discussion and Analysis - Continued

Net position from revenues and expenses of the District decreased by \$20,237 for the year ended December 31, 2019.

	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 506,075	\$ 256,873
Operating expenses	<u>766,651</u>	<u>576,972</u>
Operating income (loss)	(260,576)	(320,099)
Non-operating revenues (expenses)	<u>240,339</u>	<u>181,302</u>
Net increase (decrease) in net assets	<u>\$ (20,237)</u>	<u>\$ (138,797)</u>

The District's operating revenues are derived primarily from fees for water and sewer services. The District's operating revenues are insufficient to cover operating expenses and must rely on ad valorem taxes to supplement income.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's net investment in capital assets as of December 31, 2019, was \$1,652,355. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2019</u>	<u>2018</u>
Nondepreciable assets – land	\$ 77,750	\$ 77,750
Depreciable assets:		
Buildings	92,829	92,829
Distribution System	5,201,182	5,201,182
Equipment	<u>266,435</u>	<u>257,308</u>
Total depreciable assets	5,560,446	5,551,319
Less accumulated depreciation	<u>3,985,841</u>	<u>3,886,038</u>
Book value-depreciable assets	<u>1,574,605</u>	<u>1,665,281</u>
Percentage depreciated	<u>72%</u>	<u>70%</u>
Book value-all assets	<u>\$ 1,652,355</u>	<u>\$ 1,743,031</u>

Continued

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Management's Discussion and Analysis - Continued

Debt

The District has no debt.

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is charges for revenue, the District's revenues are subject to changes in the economy.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's Office Manager, P.O. Box 960, Cameron, LA 70631.

INDEPENDENT AUDITORS' REPORT

December 22, 2020

Board of Commissioners
Cameron Parish Water and Wastewater District No. 1
Cameron, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Cameron Parish Water and Wastewater District No. 1, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Cameron Parish Water and Wastewater District No. 1's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Cameron Parish Water and Wastewater District No. 1 as of December 31, 2019, and the respective changes in financial position and the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress, schedule of employer's proportionate share of net pension liability and schedule of employer contributions on pages 3 through 6 and 33 through 35, respectively 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 the 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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 of the financial statements that collectively comprise the Cameron Parish Water and Wastewater District No. 1's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule 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 December 22, 2020, on our consideration of Cameron Parish Water and Wastewater District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cameron Parish Water and Wastewater District No. 1's internal control over financial reporting and compliance.

Thompson, Cassidy: Shillory

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Statement of Net Position

December 31, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash	\$ 154,222	\$ 71,660
Investments	3,318,671	3,239,562
Receivables		
Ad valorem taxes, net	145,176	170,524
Accounts, net	<u>26,747</u>	<u>15,407</u>
Total Current Assets	3,644,816	3,497,153
Property, plant and equipment		
Buildings	92,829	92,829
Distribution system	5,201,182	5,201,182
Furnitures, fixtures and equipment	<u>266,435</u>	<u>257,308</u>
	5,560,446	5,551,319
Less accumulated depreciation	<u>3,985,841</u>	<u>3,886,038</u>
	1,574,605	1,665,281
Land	<u>77,750</u>	<u>77,750</u>
	<u>1,652,355</u>	<u>1,743,031</u>
Other assets		
Net pension asset	<u>-</u>	<u>11,662</u>
TOTAL ASSETS	5,297,171	5,251,846
DEFERRED OUTFLOWS OF RESOURCES		
	<u>112,161</u>	<u>30,139</u>
LIABILITIES		
Current Liabilities		
Accounts payable	124,869	58,606
Accrued liabilities	<u>6,384</u>	<u>4,707</u>
Total Current Liabilities	131,253	63,313
Long-term Liability		
Net pension liability	72,416	-
Net OPEB Obligation	<u>309,274</u>	<u>269,646</u>
TOTAL LIABILITIES	512,943	332,959
DEFERRED INFLOWS OF RESOURCES		
	<u>21,154</u>	<u>53,554</u>
NET POSITION		
Net investment in capital assets	1,652,355	1,743,031
Net position - unrestricted	<u>3,222,880</u>	<u>3,152,441</u>
TOTAL NET POSITION	<u>\$ 4,875,235</u>	<u>\$ 4,895,472</u>

See accompanying notes.

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Statement of Revenues, Expenses
and Changes in Net Position

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services-water	\$ 339,555	\$ 144,238
Charges for services-sewer	87,907	79,183
Fees and installation charges	61,693	9,262
Miscellaneous revenue	<u>16,920</u>	<u>24,190</u>
TOTAL OPERATING REVENUES	506,075	256,873
OPERATING EXPENSES		
Advertising	794	919
Auto	14,998	13,717
Bank charges	2,157	1,889
Dues	150	504
Depreciation	99,803	99,770
Equipment rental	7,668	4,271
Insurance - general	10,879	9,115
Insurance - health	36,368	34,678
Insurance - health retirees	8,928	8,752
Licenses and permits	2,825	2,665
Maintenance	189,809	101,482
Miscellaneous	7,415	12,774
Office supplies	22,908	15,817
Per diem	2,640	2,700
Professional fees	15,459	9,097
Rent	11,777	11,524
Retirement - employees	14,052	13,319
Retirement - net pension liability	14,336	4,608
Salaries	153,138	140,843
Supplies	76,531	20,188
Taxes	3,226	3,139
Telephone	7,911	7,781
Travel	1,529	557
Utilities	<u>61,350</u>	<u>56,863</u>
TOTAL OPERATING EXPENSES	766,651	576,972
OPERATING INCOME (LOSS)	(260,576)	(320,099)

Continued

See accompanying notes.

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Statement of Revenues, Expenses
and Changes in Net Position- Continued

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	\$ 120,326	\$ 131,560
Interest	79,012	49,742
Gain on sale of fixed assets	41,001	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>240,339</u>	<u>181,302</u>
CHANGE IN NET POSITION	(20,237)	(138,797)
NET POSITION - BEGINNING	4,895,472	5,261,115
Prior period adjustment	-	(226,846)
NET POSITION - BEGINNING - RESTATED	<u>4,895,472</u>	<u>5,034,269</u>
NET POSITION - ENDING	<u>\$ 4,875,235</u>	<u>\$ 4,895,472</u>

See accompanying notes.

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Statement of Cash Flows

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers and others	\$ 494,735	\$ 259,098
Payments for supplies and services	(411,138)	(464,396)
Payments to employees	<u>(153,138)</u>	<u>(140,843)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	(69,541)	(346,141)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	<u>120,326</u>	<u>131,560</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	120,326	131,560
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of fixed assets	41,001	-
Purchase of fixed assets	<u>(9,127)</u>	<u>-</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	31,874	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(79,109)	(3,239,562)
Interest on investments	<u>79,012</u>	<u>49,742</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(97)</u>	<u>(3,189,820)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	82,562	(3,404,401)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>71,660</u>	<u>3,476,061</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 154,222</u>	<u>\$ 71,660</u>

Continued

See accompanying notes.

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Statement of Cash Flows - Continued

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (260,576)	\$ (320,099)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	99,803	99,770
(Increase) decrease in		
Accounts receivable	(11,340)	2,225
Ad valorem taxes receivable	25,348	(23,796)
Deferred outflows	(82,022)	17,837
Increase (decrease) in		
Accounts payable	66,263	(85,650)
Accrued liabilities	1,677	281
Net pension liability	84,078	(45,603)
Net OPEB obligation	39,628	(38,656)
Deferred inflows	(32,400)	47,550
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (69,541)</u>	<u>\$ (346,141)</u>

See accompanying notes.

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cameron Parish Water and Wastewater District No. 1 was created by the Cameron Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the Cameron areas of the Parish. The District is governed by a board of commissioners composed of five members.

1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish Water and Wastewater District No. 1. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

Continued

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

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

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

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

3. Cash and investments

Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2019, the District has \$154,437 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

Continued

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

State statutes authorize the District to invest in Louisiana Asset Management Pool (LAMP), U.S. Treasury notes and bonds, U.S. agency securities, and other governmental debt obligations with limited exceptions as noted in LA-R.S. 33.2955. Investments in time certificates of deposits can be placed with state banks, national banks or federal credit unions as permitted in state statute. Corporate bonds can purchased with from companies incorporated in the United States, with a Standards and Poor's credit rating of AA- and have a maturity date of 5 years or less.

As of December 31, 2019, the District had its assets in money market instruments, certificates of deposits, U.S. Treasury notes, U.S. agency securities and municipal bonds held in custody by financial institutions. The below schedule identifies the investments by type:

Type of Debt Investment	Fair Value	Maturity			Credit Rating (Standards and Poor's)
		Less than 1 Year	1 to 5 Years	6 to 10 Years	
Investments at fair value					
U.S. Treasury Bills	\$ 2,580,164	\$ 2,580,164	\$ -	\$ -	AA+
Subtotal	\$ 2,580,164	\$ 2,580,164	\$ -	\$ -	
Investments measured at the net asset value (NAV)					
External Investment Pool	\$ 738,507	\$ 738,507	\$ -	\$ -	AAAm
Subtotal	\$ 738,507	\$ 738,507	\$ -	\$ -	
Total Investments	\$ 3,318,671	\$ 3,318,671	\$ -	\$ -	

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of December 31, 2019:

Level 1 inputs – U.S. Treasury Bills totaling \$2,580,164.

Interest Rate Risk: The District's policy on investments states that safety of principal is the foremost objective, followed by liquidity and yield. Each investment transaction shall seek to first insure that capital losses are avoided no matter the sources.

Continued

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Credit Rate Risk: The District's has investments in an external investment pool \$738,507 that is rated AAAm by Standard & Poor's. Its policy states that investment decisions should not incur unreasonable risks in order to obtain current investment income and requires the overall quality rating to be no lower than AA- as measured by Standard & Poor's or the equivalent rating (Aa3) by Moody's Investor Service.

Concentration of Credit Risk: The District's investment portfolio had concentration of credit risk on December 31, 2019 due to the holdings of securities issued by the following U.S. Treasury Bills that are both permitted by Statute and by the District's Investment Policy. The District's investment portfolio consisted of 78% in U.S. Treasury Bills and 22% in money market investments in LAMP.

Custodial Credit Risk-Investments: For an investment, this is the risk that, in the event of the failure of the counter party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy addresses custodial credit risk for investments by requiring that they must be held by national banks, state-chartered banks or a national or state trust company in the name of the Town.

The \$738,507 in money market investments is invested in LAMP. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955. LAMP is a governmental investment pool that reports at fair value. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAm by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Continued

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.

4. Accounts Receivable

The District utilizes the allowance method to recognize doubtful accounts. The allowance for doubtful accounts at December 31, 2019 was \$19,983.

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

5. Compensated Absences

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

Vacation – 5-25 days per year depending on length of service

Sick Leave – 12-18 days per year, depending on length of service

The District's recognition and measurement criteria for compensated absences follow:

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

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

Continued

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

At December 31, 2019, the District had an accrual for compensated absences of \$6,196.

6. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents.

7. Net Position

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

- a. Net investment in capital assets – Consist 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 use either by (1) external groups such as creditors, grantors, contributors, laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Continued

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

When an expenditure is incurred for the purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District the committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

8. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Subsequent Events

Management has evaluated subsequent events through December 22, 2020. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our citizens, employees and local industries all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

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

10. Comparative Data

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

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2019, taxes of 7.40 mills were levied on property with taxable assessed valuations totaling \$20,447,540.

Total taxes levied were \$ 151,312

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C – PROPERTY, PLANT AND EQUIPMENT

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

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	9-40 years
Distribution system	40-50 years
Furniture, fixtures and equipment	5-10 years

A summary of changes in fixed assets for the year ended December 31, 2019 are as follows:

	Fixed Assets			End of Year
	Beginning of Year	Additions	Deletions	
Buildings	\$ 92,829	\$ -	\$ -	\$ 92,829
Distribution system	5,201,182	-	-	5,201,182
Equipment and furniture	257,308	9,127	-	266,435
Land	<u>77,750</u>	-	-	<u>77,750</u>
	5,629,069	<u>\$ 9,127</u>	<u>\$ -</u>	5,638,196
Less accumulated depreciation	<u>3,886,038</u>			<u>3,985,841</u>
TOTALS	<u>\$ 1,743,031</u>			<u>\$ 1,652,355</u>

Depreciation expense was \$99,803 for the year ended December 31, 2019.

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE D - RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the District's full-time employees. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District's participation in these systems are provided below.

Parochial Employees' Retirement System

The System is composed of two district plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week and not participating in another public funded retirement system. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees hired prior to January 1, 2007 can retire at any age with 30 or more years of creditable service, age 55 with 25 years of creditable service, age 60 with 10 years of creditable service, or age 65 with 7 years of creditable service. Employees hired after January 1, 2007 can retire at age 55 with 30 or more years of creditable service, age 62 with 10 years of creditable service, or age 67 with 7 years of creditable service. Retirees are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 11.5% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2019 totaled \$14,052.

At December 31, 2019, the District reported a liability of \$72,416 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the District's proportion was .0163159%.

For the year ended December 31, 2019, the District recognized pension expense of \$14,336 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$162. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 4,412
Difference between expected and actual assumption	18,106	-
Difference between expected and actual investment	34,666	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	5	914
Contributions subsequent to the measurement date	<u>14,052</u>	<u>-</u>
Total	<u>\$ 66,829</u>	<u>\$ 5,326</u>

\$14,052 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Amount</u>
2020	\$ 16,348
2021	8,772
2022	7,180
2023	15,151
2024	-
Thereafter	-

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

Actuarial methods and assumption. The total pension liability in the December 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.50% (Net of investment expense)
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A – 4.75%
Cost of Living Adjustments	The present values of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet amortized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Healthy retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scales for disabled annuitants.

The discount rate used to measure the total pension liability was 6.50% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations and projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018.

Best estimates of arithmetic real rates of return for major asset class included in the System's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real assets	2%	0.11%
Total	100%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

multiplied by 130% for males and 125% for females, each with full generation projection using the MP2018 scale.

Sensitivity to changes in discount rate. The following presents the net pension liability of the District calculated using the discount rate of 6.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.50% or one percentage point higher 7.50% than the current rate.

	Changes in Discount Rate		
	Plan A		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset)	\$ 153,792	\$ 72,416	\$ 4,393

NOTE E - PER DIEM

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

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

Tammy Peshoff	\$ 240
Darlene Higgins	60
Hans Petersen	480
Christine Mooney	420
Crystal Alexander	180
Darlene Higgins	600
Fred Sanders	660
	<u>\$ 2,640</u>

NOTE F - RISK MANAGEMENT

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

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE G – LAND LEASE

On January 1, 1982, the District leased 7 acres for sewer pond use for a period of 40 years. The District agreed to care for and maintain the grounds and improvements of the leased premises and to use the leased premises specifically for such activities as related to matters of the District in the area served by the lease. The initial lease was for \$3,555 per year, to increase each year by the CPI. For the year ended December 31, 2019, lease expense was \$11,777.

NOTE H – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan description – Cameron Water provides certain continuing health care and life insurance benefits for its retired employees. Cameron Water’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by Cameron Water. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with Cameron Water. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit.

Benefits Provided – Medical and life insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: Employees are covered by the Parochial Employees’ Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. A level \$20,000 amount of insurance coverage while active is continued after retirement.

Employees covered by benefit terms – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	3
	<hr/>
	7
	<hr/>

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE H – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS -
CONTINUED

Total OPEB Liability

Cameron Water's total OPEB liability of \$309,274 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	3.44% annually (Beginning of Year to Determine ADC)
	4.10%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2019.

Changes in the Total OPEB Liability

Balance at December 31, 2018	\$ 269,646
Changes for the year:	
Service cost	3,924
Interest	11,136
Differences between expected and actual experience	7,140
Changes in assumptions	40,221
Benefit payments and net transfers	(22,793)
Net changes	39,628
Balance at December 31, 2019	\$ 309,274

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE H – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS -
CONTINUED

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of Cameron Water, as well as what Cameron Water's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current discount rate:

	1.0% Decrease (1.74%)	Current Discount Rate (2.74%)	1.0% Increase (3.74%)
Total OPEB liability	\$ 344,882	\$ 309,274	\$ 278,999

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of Cameron Water, as well as what Cameron Water's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 286,438	\$ 309,274	\$ 335,578

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB

For the year ended December 31, 2019, Cameron Water recognized OPEB expense of \$17,742. At December 31, 2019, Cameron Water reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,462	\$ -
Changes in assumptions	36,869	(15,828)
Total	\$ 45,332	\$ (15,828)

Continued

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

NOTE H – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS -
CONTINUED

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:	Amount
2020	2,682
2021	2,682
2022	2,682
2023	2,682
2024	2,682
Thereafter	16,093

NOTE I – TAX ABATEMENTS

Louisiana's State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millages in force at the time. The future value of this exempt property could be subject to significant fluctuation from today's value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Cameron Parish Police Jury and directly affect the Districts' ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the District's financial statements to record a receivable. As of December 31, 2019 \$600,216,570 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$4,441,603 in ad valorem taxes.

REQUIRED SUPPLEMENTAL INFORMATION

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Schedule of Changes in Net OPEB Liability and Related Ratios

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 3,924	\$ 4,406
Interest	11,136	10,159
Changes of benefit terms		-
Differences between expected and actual experience	7,140	2,266
Changes of assumptions	40,221	(18,706)
Benefit payments	<u>(22,793)</u>	<u>(21,605)</u>
Net change in total OPEB Liability	39,628	(23,480)
Total OPEB liability - beginning	<u>269,646</u>	<u>293,126</u>
Total OPEB liability - ending (a)	<u>\$ 309,274</u>	<u>\$ 269,646</u>
Covered-employee payroll	\$ 127,473	\$ 123,760
Net OPEB liability as a percentage of covered-employee payroll	242.62%	217.88%
Notes to Schedule:		
<i>Benefit Changes.</i>	None	None
<i>Changes of Assumption.</i>	2.74%	4.10%

This schedule is intended to show information for 10-years. Additional years will be displayed as they become available.

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Schedule of Employer's Proportionate Share of Net Pension Liability

Year Ended December 31, 2019

Parochial Employees' Retirement System of Louisiana

	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Employer's portion of the net pension liability (asset)	0.01632%	0.01571%	0.01648%	0.02087%	0.21197%
Employer's proportionate share of the net pension liability (asset)	\$ 72,416	\$ (11,662)	\$ 33,941	\$ 54,948	\$ 5,795
Employer's covered payroll	\$ 151,461	\$ 140,563	\$ 141,256	\$ 183,458	\$ 181,156
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.81%	-8.30%	24.03%	29.95%	3.20%
Plan fiduciary net position as a percentage of the total pension liability	88.86%	101.98%	94.15%	92.23%	99.14%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*The amounts presented have a measurement date of December 31, 2018.

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

Schedule of Employer Contributions

Year Ended December 31, 2019

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochical Employees' Retirement System of Louisiana					
2015	\$ 23,697	\$ 23,697	\$ -	\$ 181,156	13.1%
2016	\$ 21,650	\$ 21,650	\$ -	\$ 183,458	11.8%
2017	\$ 15,192	\$ 15,192	\$ -	\$ 141,256	10.8%
2018	\$ 13,319	\$ 13,319	\$ -	\$ 140,563	9.5%
2019	\$ 14,052	\$ 14,052	\$ -	\$ 151,461	9.3%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER INFORMATION

CAMERON PARISH WATER AND WASTEWATER DISTRICT NO. 1

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

Year Ended December 31, 2019

Chief Executive Officer: Christine Mooney, Board President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	420
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

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

December 22, 2020

Board of Commissioners
Cameron Water and Wastewater District No. 1
Cameron, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cameron Water and Wastewater District No. 1, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Cameron Water and Wastewater District No. 1's basic financial statements, and have issued our report thereon dated December 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cameron Water and Wastewater District No. 1'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 Cameron Water and Wastewater District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Cameron Water and Wastewater District No. 1'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 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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cameron Water and Wastewater District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Cameron Water and Wastewater District No. 1's Response to Findings

Cameron Water and Wastewater District No. 1's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Shagren, Casiday & Guillory

CAMERON WATER AND WASTEWATER DISTRICT NO. 1

Schedule of Findings and Responses

Year Ended December 31, 2019

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses(es) identified? yes no
- Control deficiencies identified that are
not considered to be material weakness(es)? yes none reported
- Noncompliance material to financial
statements noted? yes no

II – Financial Statement Findings

Finding #2019-001:

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management Response/Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review bank reconciliations on a monthly basis.

III – Federal Award Findings and Questioned Costs

- N/A

Continued

CAMERON WATER AND WASTEWATER DISTRICT NO. 1

Schedule of Findings and Responses - Continued

Year Ended December 31, 2019

IV – Prior Year Audit Findings

- Finding #2018-001:

Proper segregation of duties for effective internal controls is not in place.

Corrective Actions Taken: None, a repeat finding in 2019.

INDEPENDENT AUDITORS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

December 22, 2020

Board of Commissioners
Cameron Parish Water and Wastewater District No. 1
Cameron, Louisiana

We have performed the procedures included enumerated below, which were agreed to by Cameron Parish Water and Wastewater District No. 1 and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP's) for the year ended December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUP's.

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 the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
The District's policies and procedures manual addresses this area.
 - b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
The District's policies and procedures manual addresses this area.
 - c) *Disbursements*, including processing, reviewing, and approving.
The District's policies and procedures manual addresses this area.
 - d) *Receipts*, including receiving, recording, and preparing deposits.
The District's policies and procedures manual addresses this area.

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

The District's policies and procedures manual addresses this area.

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

The District's policies and procedures manual addresses this area.

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

The District's policies and procedures manual addresses this area.

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

The District's policies and procedures manual addresses this area.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The District's policies and procedures manual addresses this area.

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

The District's policies and procedures manual addresses this area.

- k) *Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The District's policies and procedures manual addresses this area.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board minutes for the fiscal year, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the District's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal year reflect that the board is monitoring the plan.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal year.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

Bank Reconciliations

- 3. Obtain a listing of District bank accounts from management and management's representation that the listing is complete.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- 4. Using the listing provided by management, select all of the District's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal year and report whether:

- a) Bank reconciliations have been prepared;

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

6. Using the listing provided by management, select all of the District's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the District has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using District collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the District has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of District disbursements from management or, alternately, obtain the general ledger and sort/filter for District disbursements. Obtain management's representation that the listing or general ledger population is complete.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the District had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

10. Using District documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the District's purchasing/disbursement system.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

11. Using District documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review District documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

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

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

There were no exceptions in the prior year. This section was not required to be tested in 2019.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the District has less than 10 cards) that were used during the fiscal year, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.]

There were no exceptions in the prior year. This section was not required to be tested in 2019.

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

There were no exceptions in the prior year. This section was not required to be tested in 2019.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

There were no exceptions in the prior year. This section was not required to be tested in 2019.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

c) For each transaction, compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal year or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

18. Obtain the District's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the District does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- c) Compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the District complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- If no, obtain supporting contract documentation and report whether the District solicited quotes as a best practice.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

There were no exceptions in the prior year. This section was not required to be tested in 2019.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- a) Review compensation paid to each employee during the fiscal year and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- b) Review changes made to hourly pay rates/salaries during the fiscal year and report whether those changes were approved in writing and in accordance with written policy.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the District had less than 25 employees during the fiscal period), and:

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

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- c) Report whether there is written documentation that the District maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and

obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

Ethics

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the District maintained documentation to demonstrate that required ethics training was completed.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

27. Inquire of management whether any alleged ethics violations were reported to the District during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the District’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

Debt Service

28. If debt was issued during the fiscal year, obtain supporting documentation from the District, and report whether State Bond Commission approval was obtained.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

29. If the District had outstanding debt during the fiscal period, obtain supporting documentation from the District and report whether the District made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

30. If the District had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

Other

31. Inquire of management whether the District had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the District reported the misappropriation to the legislative auditor and the District attorney of the parish in which the District is domiciled.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

32. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

There were no exceptions in the prior year. This section was not required to be tested in 2019.

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 SAUP's. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our 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 SAUP's, 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.

Dragon, Cassidy: Shilley