

# **Cadeville Water District**

*Component Unit Financial Statements  
For the Year Ended December 31, 2017*



**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**DECEMBER 31, 2017**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
Cadeville Water District  
West Monroe, Louisiana

We have audited the accompanying component unit financial statements of the business-type activities of the Cadeville Water District, a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Opinion**

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 Cadeville Water District, as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cadeville Water District's basic financial statements. The accompanying other financial information consisting of the schedule of compensation, benefits, and other payments to agency head on page 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2018, on our consideration of Cadeville Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cadeville Water District's internal control over financial reporting and compliance.

*Cameron, Hines & Company (APAC)*

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Cadeville Water District's (the District's) financial performance provides an overview of the District's financial activities for the year ended December 31, 2017. Please read it in conjunction with the District's financial statements.

**FINANCIAL HIGHLIGHTS**

For the year ended December 31, 2017, the District's overall changes in Net Position increased by \$260,452

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District operates as an enterprise fund and presents its financial statements using the accrual basis of accounting. As an enterprise fund, the District's basic financial statements include three components: *Government-Wide Financial Statements*, *Fund Financial Statements*, and *Notes to the Financial Statements*.

The *Statement of Net Position* includes all of the District's assets and liabilities, with the difference between the two reported as net position. Net positions are reported in three categories, Invested in Capital Assets, Restricted for Debt Service, and Unrestricted. The increases or decreases in the District's net positions are an indicator of whether its financial position is improving or deteriorating. The *Statement of Net Position* provides a basis for evaluating the capital structure of the District, and assessing its liquidity and financial flexibility.

The *Statement of Activities* shows how the District's net positions changed during the year. All of the current year's revenues and expenses were recorded when the underlying transaction occurs, regardless of the timing of related cash flows. The *Statement of Activities* measures the District's performance over the last year, and whether the District recovered its costs through fees and other revenues.

The *Statement of Cash Flows* provides information regarding the District's cash receipts and cash disbursements during the year. The statement reports cash activity in three categories, Cash Flows from Operations, Cash Flows from Capital and Related Financing Activities, and Cash Flows from Investing Activities. This statement accounts only for transactions that result in cash receipts and cash disbursements.

The *Notes to the Financial Statements* provide a description of the accounting policies used to prepare the financial statements and presents material disclosures required by accounting principles generally accepted in the United States of America that are not otherwise presented in the financial statements.

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NET POSITIONS**

For the years ended December 31, 2017 and 2016, net positions changed as follows:

	FYE 2017	FYE 2016
Beginning Net Positions	\$ 1,957,804	\$ 1,823,910
Increase in Net Positions	<u>260,452</u>	<u>133,894</u>
Ending Net Positions	<u>\$2,218,256</u>	<u>\$ 1,957,804</u>

**CHANGE IN NET POSITIONS**

The following schedule presents a summary of revenues and expenses for the fiscal year ended December 31, 2017, and the amount and percentage of increases and decreases in relation to the prior year.

	FYE 2017 Amount	Percent of Total	Amount Increase (Decrease) from 2016	Percent Increase (Decrease) from 2016
<i>Revenues:</i>				
Charges and Fees	\$ 688,561	99.80%	\$152,132	28.36%
Capital Contributions	-	-	-	-
Interest	1,322	0.20%	73	5.84%
Grants	-	0.00%	-	-
<b>Total Revenues</b>	<u>\$689,883</u>	<u>100.00%</u>	<u>\$152,205</u>	<u>28.31%</u>

The District's revenues increased this year due to an increase in monthly billing rates effective February 1, 2017.

	FYE 2016 Amount	Percent of Total	Amount Increase (Decrease) from 2015	Percent Increase (Decrease) from 2015
<i>Revenues:</i>				
Charges and Fees	\$ 536,429	99.77%	\$ (163)	(0.03%)
Capital Contributions	-	-	-	-
Interest	1,249	0.23%	447	55.74%
Grants	-	-	(184,385)	(100.00%)
<b>Total Revenues</b>	<u>\$ 537,678</u>	<u>100.00%</u>	<u>\$ (184,101)</u>	<u>(25.51%)</u>

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

The District's revenues decreased this year due to a large decrease in grant revenue.

	FYE 2017 Amount	Percent of Total	Amount Increase (Decrease) from 2016	Percent Increase (Decrease) from 2016
<i>Expenses:</i>				
Purchases of Services	\$132,555	30.86%	\$ (8,212)	(5.83%)
Materials and Supplies	123,939	28.86%	21,241	20.68%
Other	25,154	5.86%	1,551	6.57%
Utilities	48,205	11.23%	(3,289)	(6.39%)
Depreciation	83,729	19.50%	355	0.43%
Interest Expense	-	-	0	0%
Annual Clean Water Act	15,849	3.69%	14,001	757.63%
<b>Total</b>	<b>\$429,431</b>	<b>100.00%</b>	<b>\$25,647</b>	<b>6.97%</b>

The District's expenses increased due to an increase in maintenance expenses.

	FYE 2016 Amount	Percent of Total	Amount Increase (Decrease) from 2015	Percent Increase (Decrease) from 2015
<i>Expenses:</i>				
Purchases of Services	\$ 140,767	34.86%	\$ 2,834	2.06%
Materials and Supplies	102,698	25.43%	(5,413)	(5.01%)
Other	23,603	5.85%	1,489	6.73%
Utilities	51,494	12.75%	5,889	12.91%
Depreciation	83,374	20.65%	(631)	(0.75%)
Interest Expense	-	-	0	0%
Annual Clean Water Act	1,848	0.46%	(1,847)	(49.99%)
<b>Total</b>	<b>\$ 401,464</b>	<b>100.00%</b>	<b>\$2,321</b>	<b>(0.57%)</b>

The District's expenses stayed consistent to the year before for the prior year.

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**CAPITAL ASSETS**

At December 31, 2017, the District's capital assets totaled \$3,277,589 and the accumulated depreciation was \$1,768,823. There was \$482,552 in additions to capital assets for the year ended December 31, 2017

Cadeville Water District Capital Assets at December 31, 2017 and 2016:

	FYE 2017	FYE 2016
Land	\$31,750	\$ 31,750
Construction in Progress	470,047	0
Water Systems	2,774,166	2,761,661
Furniture & Fixtures	<u>1,626</u>	<u>1,626</u>
Total	3,277,589	2,795,037
Accumulated Depreciation	<u>(1,768,823)</u>	<u>(1,685,094)</u>
Net Capital Assets	<u>\$1,508,766</u>	<u>\$ 1,109,943</u>

**DEBT ADMINISTRATION**

At December 31, 2017, there is no debt for the water district. Note 6 to the Financial Statements provides more detailed information.

**CONTACTING THE DISTRICT'S MANAGEMENT**

The Financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact the Cadeville Water District, 613 Winnfield Road, West Monroe, LA 71292.

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**  
**DECEMBER 31, 2017**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 80,448
Water Revenue Bonds - Contingency Fund	584,053
Accounts Receivable, Net of Allowance for Uncollectibles (Note 3)	53,275
Total Current Assets	717,776

<b><u>Property, Plant and Equipment, Net (Note 4)</u></b>	<b>1,508,766</b>
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<b><u>TOTAL ASSETS</u></b>	<b>\$ 2,226,542</b>
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**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accounts Payable	\$ 6,940
Refundable Deposits	1,346
Total Current Liabilities	8,286

**NET POSITION**

Invested in Capital Assets, Net of Related Debt	1,508,766
Unrestricted	709,490
Total Net Position	2,218,256

<b><u>TOTAL LIABILITIES AND NET POSITION</u></b>	<b>\$ 2,226,542</b>
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The accompanying notes are an integral part of this financial statement.

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Operating Revenue</u>	
Charges and Fees	\$ 688,561
Grants	-
Total Operating Revenue	688,561
 <u>Operating Expenses</u>	
Purchases of Services	132,555
Materials and Supplies	123,939
Other	41,003
Utilities	48,205
Depreciation	83,729
Total Operating Expenses	429,431
 <u>Operating Income</u>	 259,130
 <u>Non-Operating Revenues (Expenses)</u>	
Interest Income	1,322
Interest Expense	-
Total Non-Operating Revenues (Expenses)	1,322
 <u>Changes in Net Position</u>	 260,452
 <u>Net Position - Beginning of the Year</u>	 1,957,804
  <u>NET POSITION - END OF THE YEAR</u>	  \$ 2,218,256

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

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Cash Flows from Operations</u>	
Receipts From Customers	\$ 673,563
Receipts From Grants	-
Payments to Provide Services	(317,956)
Payments for General and Administrative	(48,205)
Net Cash Provided by Operating Activities	<u>307,402</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Increase in Refundable Deposits	(21,075)
Interest paid on Long Term Debt	-
Bond Principal Payments	-
Net Cash Used by Capital and Related Financing Activities	<u>(21,075)</u>
 <u>Cash Flows from Investing Activities</u>	
Interest Received on Investments	1,322
Decrease in Construction in Progress	-
Purchase of Property, Plant and Equipment	(482,552)
Net Cash Used by Investing Activities	<u>(481,230)</u>
 <u>Net Decrease in Cash and Cash Equivalents</u>	 (194,903)
 <u>Cash and Cash Equivalents at Beginning of Year</u>	 <u>859,404</u>
 <u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	 <u>\$ 664,501</u>
 <u>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities</u>	
 <u>Cash Flows From Operating Activities</u>	
Operating Income	\$ 259,130
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:	
Depreciation	83,729
Increase in Accounts Receivable	(14,998)
Increase in Accounts Payable	(20,459)
Net Cash Provided by Operating Activities	<u>\$ 307,402</u>

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

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**INTRODUCTION**

The Cadeville Water District (the District) is a component unit of the Police Jury of Ouachita Parish. The waterworks district was created by Ordinance No. 7455 dated September 15, 1975. The waterworks district was created to provide water services within the District. The District is governed by a Board of five Commissioners. The Board of Commissioners has absolute control and authority over the waterworks in the District. The Commissioners meet at least once every sixty days, and they serve without remuneration.

The District services approximately 5,687 residents in Wards 6 and 7 of Ouachita Parish. The District has no employees. Service is provided by a water system consisting of 4 wells, 2 storage tanks, 2 standpipe towers, booster stations and about 110 miles of distribution system.

Note 1 - **Summary of Significant Accounting Policies**

The District complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

A. **BASIS OF PRESENTATION**

In June, 1999, the GASB unanimously approved statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include, a Management Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all Fund activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements.

B. **BASIC FINANCIAL STATEMENTS**

*Government - wide financial statements* - The statement of net assets and statement of activities display information about the reporting government as a whole.

C. **FUND ACCOUNTING**

The District’s only fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 - Summary of Significant Accounting Policies (continued)

**D. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita Parish. 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 Ouachita 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. These criteria include:

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 of its governing body, the Cadeville Water District was determined to be a component unit of the Ouachita 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 that governmental unit, or the other governmental units that comprise the financial reporting entity.

**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

*Measurement Focus* – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net positions, financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. All proprietary funds utilize the accrual basis of accounting.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 - Summary of Significant Accounting Policies (continued)

*Basis of Accounting* - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and like transactions are recognized when the exchange takes place. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and service. The District also recognizes as operating revenue the portion of tap fees intended to cover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. USE OF 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.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. For purposes of the statements of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. 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.

H. FIXED ASSETS

Fixed assets of the District are stated at cost and are included on the balance sheet of the fund. Interest costs incurred during construction are not capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 7-25 years.

I. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 - Summary of Significant Accounting Policies (continued)

J. FUND EQUITY

Equity is classified as net positions and displayed in three components:

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

Note 2 - Cash and Cash Equivalents

*Custodial Credit Risk – deposits.* The custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy to ensure there is no exposure to this risk is to require the financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2017.

The District has cash and cash equivalents (book balances) totaling \$664,501 at December 31, 2017 as follows:

Demand Deposits	\$ 80,448
Money Market Accounts	<u>584,053</u>
<b><u>TOTAL</u></b>	<b><u>\$ 664,501</u></b>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2017, are secured as follows:

Bank Balances	<u>\$ 657,799</u>
Federal Deposit Insurance	\$ 330,448
Pledged Securities (Uncollateralized)	<u>912,835</u>
<b><u>TOTAL</u></b>	<b><u>\$ 1,243,283</u></b>

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2 - Cash and Cash Equivalents (continued)

The accounts are managed by the District's fiscal agent and consist of securities issued or guaranteed by the U.S. government. Investments are in accordance with LRS 33:2955(A)(1)(e) and are not required to be covered by the pledge of securities owned by the fiscal agent bank.

Note 3 - Accounts Receivable

At December 31, 2017, the District's accounts receivable consisted of the following:

Water Accounts Receivable	\$ 54,375
Less: Allowance for Doubtful Accounts	<u>(1,100)</u>
<b><u>TOTAL</u></b>	<b><u>\$53,275</u></b>

Note 4 - Property, Plant and Equipment

Capital asset activity for the year ended December 31, 2017 is as follows:

	<u>FYE 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>FYE 2017</u>
<b>Non-Depreciable Assets:</b>				
Land	\$ 31,750	\$ -	\$ -	\$ 31,750
Construction in Progress	-	470,047	-	470,047
<b>Depreciable Assets:</b>				
Water System	2,761,661	12,505	-	2,774,166
Furniture & Fixtures	1,626	-	-	1,626
<b>Totals at Historical Cost:</b>	<u>\$ 2,795,037</u>	<u>\$ 482,552</u>	<u>\$ -</u>	<u>\$ 3,277,589</u>
	<u>FYE 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>FYE 2016</u>
<b>Less Accumulated Depreciation:</b>				
Water System	\$(1,683,468)	\$ (83,729)	\$ -	\$(1,767,197)
Furniture & Fixtures	(1,626)	-	-	(1,626)
<b>Total Accumulated Depreciation:</b>	<u>(1,685,094)</u>	<u>(83,729)</u>	<u>-</u>	<u>(1,768,823)</u>
<b>Capital Assets, Net:</b>	<u>\$ 1,109,943</u>	<u>\$ 398,823</u>	<u>\$ -</u>	<u>\$ 1,508,766</u>

Depreciation expense was \$83,729 in 2017.

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 5 - Capital Contributions

During 2017, there were no new memberships added to contributed capital. All new memberships are accounted for in the water fees revenue account.

Note 6 - Long-Term Liabilities

The District made an early pay-off on its bond for Well #4 with funds from the Reserve Fund in 2012. As of December 31, 2017, there are no long-term liabilities for the District.

Note 7 - Purchases of Services

Cadeville Water District pays a company to provide management services. These services include all management duties and day to day operations of the system. For the 2017 year, Cadeville Water District paid \$132,555 for these management services.

Note 8 - Subsequent Events

Subsequent events have been evaluated through February 22, 2018, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

# CAMERON, HINES & COMPANY

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**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**

To The Board of Commissioners  
Cadeville Water District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the component unit financial statements of the business-type activities of Cadeville Water District, a component unit of Ouachita Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Cadeville Water District's basic financial statements, and have issued our report thereon dated February 22, 2018.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, or material weaknesses and thereof, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. This significant deficiency is listed as 2017-1.

### **Compliance and Other Matters**

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

Cadeville Water District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Cadeville Water 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 result 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.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
February 22, 2018

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

To The Board of Commissioners  
Cadeville Water District

We have audited the component unit financial statements of the business-type activities of the Cadeville Water District as of and for the year ended December 31, 2017, and have issued our report thereon dated February 22, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2017, resulted in an unmodified opinion.

Section I - Summary of Auditors' Results

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

Internal Control

Material Weakness Identified  Yes  No  
Significant Deficiencies not considered to be  
Material Weaknesses  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

B. Federal Awards: **NONE**

Material Weakness Identified  Yes  No  
Significant Deficiencies not considered to be  
Material Weaknesses  Yes  No

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unmodified  Modified   
Disclaimer  Adverse

Are their findings required to be reported in accordance with Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F? **N/A**

C. Identification of Major Programs: **N/A**

Name of Federal Program (or cluster) **N/A**  
CFDA Number(s) **N/A**

Dollar threshold used to distinguish between Type A and Type B Programs. **N/A**

Is the auditee a "low-risk" auditee, as defined by Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F? **N/A**

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Section II - Financial Statement Findings

2017-1 Segregation of Duties

Condition:

Cadeville Water District has too few personnel involved in the accounting system to have adequate segregation of duties for internal control.

Criteria:

Effective internal controls require that there be segregation of duties within the accounting function in order to reduce the risk of both errors and inappropriate actions.

Cause:

The District has a small staff size that does not allow for proper segregation of duties.

Potential Effect:

The District does not have proper segregation of duties and is at a greater risk for not preventing or identifying errors and inappropriate actions once they have occurred.

Recommendation:

It was recommended the Board continue to be involved with oversight of the accounting function.

Response:

The Board will continue to be involved with oversight of the accounting function.

Section III - Federal Award Findings and Questioned Costs – N/A

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Section I - Internal Control and Compliance Material to the Financial Statements

2016-1 Segregation of Duties

Condition:

During the audit, it was noted that the same person handles incoming checks, prepares deposit slips, has general ledger access, and receives bank statements.

Recommendation:

It was recommended the Board continue to be involved with oversight of the accounting function.

Action Taken:

The District believes that it is not cost beneficial to hire more staff to help with these functions. The Board will continue to be involved with daily oversight.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter was issued.

**CADEVILLE WATER DISTRICT**  
**A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY**  
**SCHEDULE OF COMPENSATION, BENEFITS,**  
**AND OTHER PAYMENTS TO AGENCY HEAD**  
**DECEMBER 31, 2017**

The Cadeville Water District does not have an agency head that receives any compensation. Please see Note 8 of the Notes to the Financial Statements for further detail.

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Cadeville Water District and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Cadeville Water District (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. Obtain 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
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts***, including receiving, recording, and preparing deposits
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Findings:** Twenty-eight exceptions noted where the policies of the District did not meet the requirements set by the procedures listed above. This is due to the District not having written policies or procedures.

***Board (or Finance Committee, if applicable)***

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- 2. Obtain and review the board/committee minutes for the fiscal period, 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.
  - 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 period reflect that the board is monitoring the plan.
  - 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 period.

**Findings:** One exception noted where the District does not reference budget to actual comparisons in the Board meetings.

### ***Bank Reconciliations***

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

**Findings:** We obtained the listing and management's representation.

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 period and report whether:
  - a) Bank reconciliations have been prepared;
  - 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
  - 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.

**Findings:** One exception noted where bank reconciliations had not been prepared for each bank account for all months. Two exceptions were noted where there was no evidence that a member of management or a board member has reviewed each reconciliation. One exception noted where there was no documentation reflecting that the District had researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

### ***Collections***

---

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

**Findings:** We obtained the listing and management's representation.

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

**Findings:** One exception noted where the person who collects the cash is also responsible for depositing the cash in the bank. One exception noted where each cash collection location did not have written documentation describing the formal process to reconcile the collections to the accounting records. One exception noted where the highest week of cash collections were not deposited within one business day of the collection.

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.

**Findings:** One exception noted where each cash collection location did not have written documentation of the process used to verify completeness of collections for the period. One exception noted where the person who collects the funds also determines the completeness of collections.

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

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

**Findings:** We obtained the general ledger and management's representation.

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

**Findings:** No exceptions noted.

10. Using entity 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.

**Findings:** No exceptions noted.

11. Using entity 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.

**Findings:** No exceptions noted.

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 entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**Findings:** No exceptions noted.

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.

**Findings:** The District does not use a signature stamp or machine. This step is not applicable.

#### 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.

**Findings:** The District does not have any active cards. This section is not applicable.

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

**Findings:** The District does not have any active cards. This section is not applicable.

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)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- 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.
- 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.

**Findings:** The District does not have any active cards. This section is not applicable.

### ***Travel and Expense Reimbursement***

---

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

**Findings:** We obtained the general ledger and the District's travel and related expense reimbursements. We obtained management's representation.

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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**Findings:** No exceptions noted.

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.
- 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.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- 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.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Findings:** One exception noted where expenses were approved for reimbursement by the same person who received the reimbursement.

### ***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.

**Findings:** We obtained the general ledger and sorted and filtered to locate any contracts in effect during the fiscal period. We obtained management's representation.

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

**Findings:** No exceptions noted.

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

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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:
  - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**Findings:** The District has no employees. All workers are paid on a contract basis. This test is not applicable.
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.)
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

- 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.

**Findings:** The District has no employees. All workers are paid on a contract basis. This test is not applicable.

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.

**Findings:** The District has no employees. All workers are paid on a contract basis. This test is not applicable.

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.

**Findings:** The District has no employees. All workers are paid on a contract basis. This test is not applicable.

### ***Ethics (excluding nonprofits)***

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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.

**Findings:** One exception was noted where an appointed official did not obtain the required ethics training.

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.

**Findings:** We noted that no alleged ethics violations were reported to the District during the fiscal period.

***Debt Service (excluding nonprofits)***

---

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

**Findings:** The District did not issue debt during the fiscal period. This step is not applicable.

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.

**Findings:** The District has no outstanding debt during the fiscal period. This step is not applicable.

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.

**Findings:** We noted that the District does not have tax millages relating to debt service.

***Other***

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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.

**Findings:** One exception noted where the District did not report a misappropriation of public funds to the legislative auditor or the district attorney of the parish in which the District is domiciled. The District did file a report with the local Sheriff's office.

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.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Findings:** One exception noted where the notice was not posted at the District's premises.

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

**Findings:** We did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

***Management's Response***

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We concur with the results of the procedures and are working diligently to improve controls.

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

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

*Cameron Hines & Company (APAC)*

West Monroe, Louisiana  
February 22, 2018