

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Consolidated Gravity Drainage District No. 1
of Ward 3 of St. Landry Parish
Arnaudville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, a component unit of the St Landry Parish Government 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.

Auditor's 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 auditor's 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 governmental activities and the major fund of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, as of December 31, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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The Board of Commissioners
Consolidated Gravity Drainage District No. 1
of Ward 3 of St. Landry Parish
Arnaudville, Louisiana
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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 18-19 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.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits and other payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. This schedule 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 audits 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 standard generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 5, 2018, on our consideration of Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish's internal control over financial reporting and compliance.

The Board of Commissioners
Consolidated Gravity Drainage District No. 1
of Ward 3 of St. Landry Parish
Arnaudville, Louisiana
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Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated June 5, 2018 on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

John S Dawley & Co

Opelousas, Louisiana
June 5, 2018

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

GOVERNMENTAL ACTIVITIES

ASSETS

Cash in bank	\$ 3,084,989
Investments	505,833
Accrued interest receivable	594
Property taxes receivable, net	769,703
Capital assets, net	781,767
<u>Total assets</u>	<u>5,142,886</u>

LIABILITIES

Accounts payable	3,450
Salaries payable	2,240
Payroll tax payable	2,750
<u>Total liabilities</u>	<u>8,440</u>

NET POSITION

Net investment in capital assets	781,767
Unrestricted	4,352,679
<u>Total net position</u>	<u>5,134,446</u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

NET (EXPENSES) REVENUES AND
CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES

ACTIVITIES

Governmental Activities

General and Administrative	\$ (337,706)
<u>Total governmental activities</u>	<u>(337,706)</u>
General Revenues	
Property taxes	793,725
Miscellaneous	4,513
Interest income	3,109
<u>Total general revenues</u>	<u>801,347</u>
Change in net position	463,641
Net position - January 1, 2017	<u>4,670,805</u>
Net position - December 31, 2017	<u><u>5,134,446</u></u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2017

ASSETS

Cash	3,084,989
Investments	505,833
Accrued interest receivable	594
Property taxes receivable, net	<u>769,703</u>
<u>Total assets</u>	<u><u>4,361,119</u></u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 3,450
Salaries payable	2,240
Payroll tax payable	<u>2,750</u>
<u>Total liabilities</u>	<u>8,440</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenues - property taxes	<u>21,927</u>
<u>Total deferred inflows of resources</u>	<u>21,927</u>

FUND EQUITY

Fund balance	
Committed	12,000
Unassigned	<u>4,318,752</u>
<u>Total fund equity</u>	<u>4,330,752</u>
<u>Total liabilities and fund balance</u>	<u><u>4,361,119</u></u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

Total fund balance for the Governmental Fund at December 31, 2017		\$ 4,330,752
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.		21,927
Cost of capital assets at December 31, 2017	\$ 1,069,800	
Less: Accumulated depreciation as of December 31, 2017	<u>(288,033)</u>	<u>781,767</u>
Net position at December 31, 2017		<u><u>5,134,446</u></u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUES

Taxes	
Property taxes	\$ 796,375
Intergovernmental revenues	
State revenue sharing	7,134
Miscellaneous	4,503
Interest income	3,109
<u>Total revenues</u>	<u>811,121</u>

EXPENDITURES

Current	
General and administrative	
Bank service charge	120
Beaver trapping	1,400
Contract labor	1,965
Engineering assistance	1,000
Fuel and oil	42,509
Insurance	60,178
Labor	119,491
Legal publications	112
Miscellaneous	1,149
Office expense	3,500
Payroll tax	11,636
Per diem	11,703
Professional fees	7,340
Rent	3,600
Repairs and maintenance	13,165
Salaries - Secretary/Treasurer	5,700
Capital outlay	5,000
<u>Total expenditures</u>	<u>289,568</u>

EXCESS OF REVENUES OVER EXPENDITURES 521,553

FUND BALANCE, beginning of year 3,809,199

FUND BALANCE, end of year 4,330,752

The accompanying notes are an integral part of this statement.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Total net change in fund balance for the year ended December 31, 2017, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 521,553
Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	(9,774)
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 5,000
Depreciation expense for year ended December 31, 2017	<u>(53,138)</u> <u>(48,138)</u>
Total change in net position for the year ended December 31, 2017, per Statement of Activities	<u><u>463,641</u></u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, Arnaudville, Louisiana, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsection of this note.

The following is a summary of certain significant accounting policies and practices of the District.

A. FINANCIAL REPORTING ENTITY

The Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish was established for the purpose of opening and maintaining all natural drains in the District, where drainage is accomplished using the natural force of gravity.

As the governing authority of the parish, for reporting purposes, the St. Landry Parish Government is the financial reporting entity for St. Landry Parish. The financial reporting entity consists of (a) the primary government (parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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 establish criteria for determining which component units should be considered part of the St. Landry Parish Government 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 parish government 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 parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.
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 parish government appoints the District's governing body, the District was determined to be a component unit of the St. Landry Parish Government, 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 parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION

Government-wide Financial Statements (GWFS). The Statement of Net Position and the Statement of Activities display information on all of the nonfiduciary activities of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, as a whole. They include all funds of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The accounts of the District are organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The funds of the District are classified into one category – governmental. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The District reports the following major governmental fund:

Governmental Fund

General Fund. The General Fund is the general operating fund of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish. It is used to account for all financial resources except those required to be accounted for in other funds.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. Their operating statements present *sources and uses of available spendable financial resources during a given period*. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements utilize an "economic resources" measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Louisiana are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Purchase of various operating supplies are regarded as expenditures at the time purchased. The costs of governmental fund-type inventories are recorded as expenditures when purchased and items on hand at year-end, if any, are not recorded as assets. Expenditures for insurance and similar services which extend over more than one accounting period are accounted for as expenditures of the period of acquisition.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

1. Net investment in capital assets - Consist of net capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consist of net position 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.
3. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

1. Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions for enabling legislation.
2. Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Commissioners – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
3. Assigned fund balance – This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
4. Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Equity Classifications (Continued)

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

D. BUDGETS AND BUDGETARY ACCOUNTING

The District is required by state law to adopt an annual budget for its General Fund. The budget is prepared on a modified accrual basis. The Board of Commissioners may authorize revisions requiring alteration of levels of expenditures. Operating appropriations lapse at year-end.

The operating budget was adopted at a meeting held on December 6, 2016. The final budget was adopted at a meeting held on December 5, 2017.

E. ENCUMBRANCES

Encumbrance accounting is not used by the Drainage District.

F. INVESTMENTS AND CASH

Investments are stated at cost or amortized cost, which approximates market.

Louisiana statutes authorize the District to invest in United States bonds, treasury notes or certificates of deposit in state and national banks, or any other federally insured investment.

G. FIXED ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether they are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to GASB No. 34, governments were not required to report general infrastructure assets. Although now required to capitalize infrastructure, the District, due to the nature of its operations, did not have infrastructure expenditures. Also, interest costs during construction are not capitalized.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment

5 - 25 years

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. PENSION PLANS

The Drainage District does not have a pension plan. The employees of the Drainage District participate in the Social Security Retirement System.

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

Property taxes and state revenue sharing receivable for the governmental fund types, which have been remitted within 60 days subsequent to the year-end, are considered measurable and available and recognized as revenues. All other property taxes and state revenue sharing are offset by deferred inflows of resources and, accordingly, have not been recorded as revenue.

2. CASH AND INVESTMENTS

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk, however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security 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 bank. 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. Deposits in the amount of \$1,991,982 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name.

Bank balances	<u>\$ 2,741,982</u>
Federal deposit insurance	\$ 750,000
Pledged securities	<u>1,991,982</u>
Total FDIC insurance and collateral	<u>2,741,982</u>

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

3. PROPERTY TAXES

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Property taxes are due on October 1 and become delinquent by January 1 of the following year. The St. Landry Parish Sheriff bills, collects, and distributes the property taxes for the District using the assessed values determined by the tax assessor of St. Landry Parish.

For the year ended December 31, 2017, a tax millage of 9.34 was assessed for maintenance. As per state requirements, each taxing district of the parish must remit a portion of total ad valorem taxes per the tax roll to the pension fund. This amount is determined by the legislative auditor each year. Since the Sheriff collects all taxes for the parish, the tax collected in the first month is reduced by the Sheriff for the pension fund amount owed and the remainder is remitted to the taxing district. Therefore, property taxes are shown net of pension fund distributions as follows:

	<u>Total Tax Per Roll</u>	<u>Pension Fund Requirements</u>	<u>Property Tax Receivable</u>
General Fund	\$ 812,200	\$ (25,230)	\$ 786,970

4. PROPERTY TAXES RECEIVABLE

An estimated allowance for uncollectible property tax has been set up based on prior years' experience. A breakdown of property taxes receivable as of December 31, 2017, is as follows:

	<u>Taxes Receivable</u>	<u>Estimated Uncollectible</u>	<u>Collections in December</u>	<u>Net Taxes Receivable</u>
General Fund	\$ 786,970	\$ (5,723)	\$ (11,544)	\$ 769,703

Governmental funds report deferred revenue in connection with receivables for revenues over 60 days that are not considered to be available to liquidate liabilities of the current period.

5. CAPITAL ASSETS AND DEPRECIATION

Capital assets and depreciation activity as of and for the year ended December 31, 2017, for the District are as follows:

	<u>Balances 1/1/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances 12/31/2017</u>
Governmental activities				
Equipment	\$1,064,800	\$ 5,000	\$ -	\$1,069,800
<u>Totals at historical cost</u>	<u>1,064,800</u>	<u>5,000</u>	<u>-</u>	<u>1,069,800</u>
Less accumulated depreciation				
Equipment	(234,895)	(53,138)	-	(288,033)
<u>Total accumulated depreciation</u>	<u>(234,895)</u>	<u>(53,138)</u>	<u>-</u>	<u>(288,033)</u>
Governmental activities				
Capital assets, net	<u>829,905</u>	<u>(48,138)</u>	<u>-</u>	<u>781,767</u>

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

6. PER DIEM AND MILEAGE

Per diem and mileage paid to board members are summarized below:

<u>Board Members</u>	<u>2017</u>
Creighton Dugas	\$ 2,231
Donald Meche	2,419
Teddy Stelly	2,424
Kenneth Olivier	2,222
Keith Richard	<u>2,407</u>
Total	<u><u>11,703</u></u>

7. DEFICITS IN INDIVIDUAL FUND

The District did not have a deficit fund balance at December 31, 2017.

8. RESERVES OF FUND EQUITY

Per the board meeting held on April 3, 2003, the District shall hold in reserve \$12,000 of property tax revenue for a liability that may result from property taxes paid under protest.

9. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 5, 2018, which is the date the financial statements were available to be issued. As of June 5, 2018, there were no subsequent events noted.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The District does not provide any post-employment benefits to retirees and therefore is not required to report under GASB No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

11. FUND BALANCE CONSTRAINTS

The following is a summary of the fund balances of the District for the year ended December 31, 2017:

<u>General Fund</u>	
Committed	
Property taxes paid under protest	\$ 12,000
Unassigned	<u>4,318,752</u>
Total General Fund balance	<u><u>4,330,752</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
<u>REVENUES</u>				
Taxes				
Property taxes	\$ 1,000,000	\$ 790,000	\$ 796,375	\$ 6,375
Intergovernmental revenues				
State revenue sharing	12,400	10,696	7,134	(3,562)
Interest income	1,500	904	3,109	2,205
Miscellaneous	-	4,503	4,503	-
<u>Total revenues</u>	<u>1,013,900</u>	<u>806,103</u>	<u>811,121</u>	<u>5,018</u>
<u>EXPENDITURES</u>				
Current				
General and administrative				
Bank service charge	120	145	120	25
Beaver trapping	-	1,400	1,400	-
Contract labor	10,000	1,965	1,965	-
Engineering assistance	1,000	1,000	1,000	-
Fuel and oil	50,000	42,540	42,509	31
Insurance	70,100	60,178	60,178	-
Labor	150,000	119,272	119,491	(219)
Legal publications	200	-	112	(112)
Medicare	2,500	1,982	1,946	36
Miscellaneous	1,035	1,025	1,149	(124)
Office expense	2,535	3,500	3,500	-
Per diem	13,000	11,906	11,703	203
Professional fees	7,000	7,335	7,340	(5)
Rent	3,600	3,600	3,600	-
Repairs and maintenance	20,000	13,591	13,165	426
Salary - Secretary/Treasurer	5,700	5,700	5,700	-
Social security	10,000	8,477	8,322	155
Unemployment taxes	1,500	1,387	1,368	19
Capital outlay	50,000	5,000	5,000	-
<u>Total expenditures</u>	<u>398,290</u>	<u>290,003</u>	<u>289,568</u>	<u>435</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>615,610</u>	<u>516,100</u>	<u>521,553</u>	<u>5,453</u>

Continued on next page
See Independent Auditor's Report.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE - (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>GENERAL FUND</u>			<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ 615,610</u>	<u>\$ 516,100</u>	<u>\$ 521,553</u>	<u>\$ 5,453</u>
<u>FUND BALANCE</u> , beginning of year			<u>3,809,199</u>	
<u>FUND BALANCE</u> , end of year			<u>4,330,752</u>	

See Independent Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
DECEMBER 31, 2017

Agency Head Name: Kenneth Olivier, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits-insurance	0
Benefits-retirement	0
Benefits	0
Car allowance	0
Vehicle provided by government	0
Per diem	2,200
Reimbursements	0
Travel	22
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0

See Independent Auditor's Report.

RELATED REPORTS

James L. Nicholson, Jr., CPA
 G. Kenneth Pavy, II, CPA
 Michael A. Roy, CPA
 Lisa Trouille Manuel, CPA
 Dana D. Quebedeaux, CPA



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

The Board of Commissioners
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
 Arnaudville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, 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 and have issued our report thereon dated June 5, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness, listed as item 2017-1.

The Board of Commissioners
Consolidated Gravity Drainage District No. 1
of Ward 3 of St. Landry Parish
Arnaudville, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

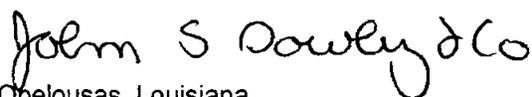
Consolidated Gravity Drainage District 1 of Ward 3 of St. Landry Parish's Response to Findings

The Consolidated Gravity Drainage District 1 of Ward 3 of St. Landry Parish's responses to the findings identified in our audit are 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.

This report is intended solely for the use of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, its Commissioners and the appropriate regulatory agency and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Opelousas, Louisiana
June 5, 2018

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish.
2. No significant deficiency and one material weakness relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
4. No management letter was issued for Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish as of and for the year ended December 31, 2017.
5. There was no single audit required under The Uniform Guidance.

B. 2017 FINDINGS- FINANCIAL STATEMENT AUDIT

Internal Control Material to the Financial Statements

2017-1 Inadequate Segregation of Accounting Functions

Condition: The Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish does not have individual segregation of accounting functions.

Criteria: Accounting duties should be performed by different individuals.

Cause: Due to the small number of accounting personnel, the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish did not have adequate segregation of functions within the accounting system.

Effect: Due to cost-benefit analysis, there was improper segregation of functions within the accounting system.

Recommendation: Based on the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Management Response: The District believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the District's operations.

C. FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARDS PROGRAM AUDIT

N/A

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2017

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2016-1 Inadequate Segregation of Accounting Functions - Unresolved

SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

2016-2 Sales of Surplus Movable Property - Resolved

SECTION III – MANAGEMENT LETTER

None

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
 Arnaudville, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish (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 Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity'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 entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
The District does not have any written policies and procedures that address the functions noted above.
 - 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 does not have any written policies and procedures that address the functions noted above.
 - c) **Disbursements**, including processing, reviewing, and approving
The District does not have any written policies and procedures that address the functions noted above.
 - d) **Receipts**, including receiving, recording, and preparing deposits
The District does not have any written policies and procedures that address the functions noted above.

To the Board of Commissioners
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
 Page 2

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

The District does not have any written policies and procedures that address the functions noted above.

- 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 does not have any written policies and procedures that address the functions noted above.

- 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 does not have credit cards, debit cards, fuel cards or P-cards.

- 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 does not have any written policies and procedures that address the functions noted above.

- 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 entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits

The District does not have any written policies and procedures that address the functions noted above.

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

The District does not have debt service.

Board (or Finance Committee, if applicable)

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.

Obtained and reviewed minutes of the board for the fiscal period noting the board met monthly.

- 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 entity's prior audit (GAAP-basis).

To the Board of Commissioners
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
 Page 3

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.

Obtained and reviewed the minutes of the board for the fiscal period noting that the minutes included budget-to-actual comparisons for the General Fund. Deficit spending was not noted during the fiscal period.

- 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.

Obtained and reviewed the minutes of the board for the fiscal period noting that there were approvals of contracts/disbursements for at least one meeting during the fiscal year.

Bank Reconciliations

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

We were provided with the list from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity'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. 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;

Obtained all bank statements and reconciliations for all months in the fiscal period, noting that reconciliations have been prepared for all months.

- 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

The bank reconciliations obtained did not contain evidence that management or a board member reviewed the bank reconciliations.

- 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 items outstanding for more than six months at 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.

Obtained a listing of cash collection locations and management's representation that the listing is complete.

To the Board of Commissioners
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
 Page 4

6. Using the listing provided by management, select all of the entity'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.

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.

The person responsible for collecting cash makes the deposits, records the transactions and reconciles the bank statements. The person is bonded. There are no cash registers or drawers.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity 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.

Obtained written documentation; however, there is no formal process for reconciling cash collections to the general ledger by revenue source. The person collecting cash does reconcile the bank statements and record all general ledger transactions monthly.

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

There were a total of two deposits tested, of which both were made within two days of cash collection. All deposits tested were completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) 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 is no written procedure to determine completeness of all collections.

To the Board of Commissioners
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
 Page 5

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

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.

Obtained the general ledger and sorted for disbursements. We also obtained management's representation that the general ledger population is complete.

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 entity 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.

The District does not use a requisition/purchase or electronic system. All purchases were made by authorized personnel.

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

Invoices are approved by a person who does initiate the purchase and there was documentation of approval on the invoices. All invoices are approved by the board at the monthly meetings.

- 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.

The District does not use a requisition/purchase or electronic system. There was documentation approval on the invoices.

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 entity's purchasing/disbursement system.

The District does not have any written policies and procedures that address the functions noted above.

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.

One person with signatory authority, who can make the final authorization for disbursements, also has the responsibility for initiating or recording purchases.

To the Board of Commissioners
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
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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.

Checks are handwritten; require a dual signature and one person that has signatory authority does have access to the checks.

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.

A signature stamp or signature machine is not used. Checks are not signed until written and approved by the board.

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.

The District does not have credit cards, debit cards, fuel cards or p-cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity 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.

The District does not have credit cards, debit cards, fuel cards or p-cards.

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

The District does not have credit cards, debit cards, fuel cards or p-cards.

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.

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

The District does not have credit cards, debit cards, fuel cards or p-cards.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity'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.

The District does not have credit cards, debit cards, fuel cards or p-cards.

- c) For each transaction, compare the entity'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.

The District does not have credit cards, debit cards, fuel cards or p-cards.

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.

Compiled the listing of travel reimbursements from the general ledger. Management represented that the listing was complete.

- 18. Obtain the entity'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.

The District does not have any written policies or procedures related to travel and expense reimbursements. The per diem and mileage rates did not exceed the GSA rates.

- 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 entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No documentation for mileage reimbursements. The reimbursements were paid at the GSA rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

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- Documentation of the business/public purpose.
No exceptions noted.
 - Other documentation as may be required by written policy.
No exceptions noted.
- c) Compare the entity'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.
No exceptions noted.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
Each expense was reviewed and approved in the monthly meeting minutes.

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.
The District did not enter into any contracts during the fiscal year.
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.
The District did not enter into any contracts during the fiscal year.
 - 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 entity 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 entity solicited quotes as a best practice.*The District did not enter into any contracts during the fiscal year.*
 - 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.
The District did not enter into any contracts during the fiscal year.

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- 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.

The District did not enter into any contracts during the fiscal year.

- 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).

The District did not enter into any contracts during the fiscal year.

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:

Obtained a list of employees from the secretary/treasurer and management's representation that the list is complete.

- 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.

No exceptions noted.

- a) 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.

No changes were made to rates/salaries.

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 entity 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.)

All daily attendance and leave was documented on employee's time sheets.

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

There is written documentation that supervisors approved in writing the attendance and leave.

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

There is written documentation that the District maintains leave records.

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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.

No employees were terminated during the fiscal year.

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.

We noted no exceptions with regards to payroll taxes. The organization does not participate in any retirement plans.

Ethics (excluding nonprofits)

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 entity maintained documentation to demonstrate that required ethics training was completed.

Management has provided documentation demonstrating that only one of the Board of Commissioners has completed the required ethics training. None of the employees of the District receive ethics training.

27. Inquire of management whether any alleged ethics violations were reported to the entity 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 entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no alleged ethics violations during the fiscal year.

Debt Service (excluding nonprofits)

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

The District did not issue any debt during the current fiscal year.

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

This section is not applicable to the District.

30. If the entity 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.

This section is not applicable to the District.

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Other

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

There were no misappropriations of public funds or assets per management.

32. Observe and report whether the entity 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.

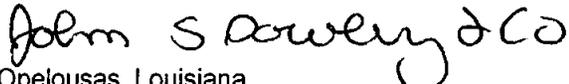
The required notice is posted on the premises. The District does not have a website.

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

No exceptions were noted.

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.


Opelousas, Louisiana

June 5, 2018