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WATERWORKS DISTRICT NO. 3 OF
ST. LANDRY PARISH
PORT BARRE, LOUISIANA
FINANCIAL REPORT
December 31, 2017

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAY 23 2018**

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VIGE, TUJAGUE  NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors,
Waterworks District No. 3
of St. Landry Parish,
State of Louisiana
Port Barre, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities Waterworks District No. 3 of St. Landry Parish, State of Louisiana, 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 component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 3 of St. Landry Parish, State of Louisiana, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Waterworks District No. 3 of St. Landry Parish, State of Louisiana, has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Waterworks District No. 3 of St. Landry Parish, State of Louisiana. The accompanying schedule of compensation, benefits, and other payments to agency head, as listed in the table of contents, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

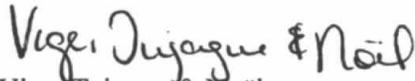
The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 record used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,

the schedule of compensation, benefits, and other payments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2018, on our consideration of the Waterworks District No. 3 of St. Landry Parish, State of Louisiana'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 Waterworks District No. 3 of St. Landry Parish, State of Louisiana's internal control over financial reporting and compliance.

The prior year comparative information has been derived from the Waterworks District No. 3 of St. Landry Parish, State of Louisiana's 2016 financial statements and, in our report dated May 18, 2017 we expressed unmodified opinions on the respective financial statements of the business-type activities.



Vige, Tujague & Noël
Eunice, Louisiana
April 30, 2018

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF NET POSITION
DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016

ASSETS

	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
Cash	\$ 422,902	\$ 391,931
Accounts Receivable	35,167	30,490
Other Receivables	3,299	-
Prepaid Insurance	4,358	4,458
Total Current Assets	<u>465,726</u>	<u>426,879</u>
<u>Restricted Assets - Cash</u>		
Reserve Account	33,740	28,387
Sinking Fund Account	14,610	13,498
Depreciation and Contingency Account	18,063	18,027
Asset Replacement Account	49,895	42,075
Total Restricted Assets	<u>116,308</u>	<u>101,987</u>
<u>Capital Assets</u>		
Equipment	178,978	163,308
Water Works System	3,699,047	3,699,047
	<u>3,878,025</u>	<u>3,862,355</u>
Less Accumulated Depreciation	(688,414)	(587,322)
Total Capital Assets	<u>3,189,611</u>	<u>3,275,033</u>
 TOTAL ASSETS	 <u>\$ 3,771,645</u>	 <u>\$ 3,803,899</u>

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF NET POSITION
DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016

LIABILITIES AND NET POSITION

	<u>2017</u>	<u>2016</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 18,930	\$ 20,606
Interest Payable	2,830	2,872
Current Portion of Long-term Debt	13,980	13,433
Total Current Liabilities	<u>35,740</u>	<u>36,911</u>
 <u>Current Liabilities Payable</u>		
<u>From Restricted Assets</u>		
Meter Deposits	<u>42,500</u>	<u>41,250</u>
 <u>Long-Term Liabilities</u>		
Notes Payable	<u>876,366</u>	<u>890,297</u>
Total Liabilities	<u>954,606</u>	<u>968,458</u>
 <u>Net Position</u>		
Investment in Capital Assets, Net of Related Debt	2,299,265	2,371,303
Restricted	116,308	101,987
Unrestricted	401,466	362,151
Total Net Position	<u>2,817,039</u>	<u>2,835,441</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 3,771,645</u>	 <u>\$ 3,803,899</u>

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
<u>Operating Revenues</u>		
Water Revenue	\$ 353,315	\$ 341,295
Connection Charges	19,925	16,010
Miscellaneous	1	-
Total Operating Revenues	<u>373,241</u>	<u>357,305</u>
<u>Operating Expenses</u>		
Advertising Expense	82	1,456
Payroll and Employee Benefits	19,963	20,549
Depreciation	101,093	100,203
Repairs and Maintenance	19,762	11,774
Utilities	4,811	4,618
Meter Reading	80,988	86,247
Water Purchases	104,386	112,302
Professional Fees	6,400	6,200
Insurance	6,253	6,114
Office Supplies	4,071	2,656
Rent Expense	2,400	2,468
Postage	3,446	3,282
Miscellaneous	3,191	5,774
Total Operating Expenses	<u>356,846</u>	<u>363,643</u>
Income (Loss) from Operations	<u>16,395</u>	<u>(6,338)</u>
<u>Non Operating Revenues (Expenses)</u>		
Interest Expense	(35,862)	(36,387)
Interest Earned	1,065	939
Total Non Operating Revenues (Expenses)	<u>(34,797)</u>	<u>(35,448)</u>
Change in net position	(18,402)	(41,786)
Net Position, Beginning	2,835,441	2,877,227
Net Position, Ending	<u>\$ 2,817,039</u>	<u>\$ 2,835,441</u>

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 369,813	\$ 347,716
Payments to suppliers for goods and services	(240,666)	(136,950)
Payments to employees for services	<u>(19,963)</u>	<u>(18,388)</u>
Net cash provided (used) in operating activities	<u>109,185</u>	<u>192,378</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(15,670)	(21,811)
Principle paid on note	<u>(13,384)</u>	<u>(12,357)</u>
Net cash flows used by capital and related financing activities	<u>(29,054)</u>	<u>(34,168)</u>
Cash Flows From Investing Activities:		
Interest earned on operating funds	1,065	939
Interest paid on note payable	<u>(35,904)</u>	<u>(36,931)</u>
Net cash provided by investing activities	<u>(34,839)</u>	<u>(35,992)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	45,292	122,218
Cash and cash equivalents at beginning of year	<u>493,918</u>	<u>310,105</u>
Cash and cash equivalents at end of year	<u>\$ 539,210</u>	<u>\$ 432,323</u>

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ 16,395	\$ (6,338)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	101,093	100,203
(Increase) decrease in accounts receivable	(4,677)	(454)
(Increase) decrease in accounts receivable-other	(3,299)	28,620
(Increase) decrease in prepaid expenses	100	(323)
Increase (decrease) in accounts payable	(1,677)	5,802
Increase (decrease) in restricted water meter deposits	<u>1,250</u>	<u>950</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 109,185</u>	<u>\$ 128,460</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheets:		
Cash – beginning of period		
Cash- unrestricted	\$ 391,931	\$ 344,494
Cash- restricted	<u>101,987</u>	<u>87,643</u>
Total cash - beginning of period	<u>493,918</u>	<u>432,137</u>
Cash – end of period		
Cash- unrestricted	422,902	391,931
Cash- restricted	<u>116,308</u>	<u>101,987</u>
Total cash - end of period	<u>539,210</u>	<u>493,918</u>
Net increase (decrease)	<u>\$ 45,292</u>	<u>\$ 61,781</u>

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District was created by the St. Landry Parish Government as authorized by Louisiana Revised Statute 38:1751. The District is governed by a Board of Commissioners, which consists of five commissioners appointed by the St. Landry Parish Government.

The District was established for the purpose of providing safe drinking water for the residents of District No. 3 of St. Landry Parish.

A. BASIS OF PRESENTATION

The accompanying financial statements of the Waterworks District No. 3 of St. Landry Parish have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. If GASB is not applicable, FASB pronouncements will be utilized. The Water District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Water District is a business-type activity.

B. REPORTING ENTITY

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

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific 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.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The entity being reported on, Waterworks District No. 3 of St. Landry Parish is a component unit of the St. Landry Parish Government. The financial report includes all funds over which the District exercises oversight responsibility. This responsibility includes financial interdependency selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

C. FUND ACCOUNTING

The Waterworks District No. 3 of St. Landry Parish is organized and operated on a fund basis whereby a self-balancing set of accounts (proprietary fund type) is maintained that comprises its assets, liabilities, net position, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The Proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income, property taxes and interest income that are not a result of the direct operations of the activity. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

E. CASH AND SAVINGS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments purchased with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Under state law, the district may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost; all amounts are insured by the FDIC or collateralized by security agreements. At December 31, 2017, the District had cash in bank in the amount of \$560,503 and insurance and security pledges of \$553,592, resulting in a shortage of pledges in the amount of \$6,911.

F. PREPAID ITEMS

Payments made to insurance companies for insurance that will benefit future periods beyond December 31, 2017 are recorded as prepaid insurance.

G. RESTRICTED ASSETS

Certain proprietary fund assets are legally restricted for the payment of notes as well as for the maintaining of reserve accounts, as required by the debt agreement. All reservation requirements have been met as of December 31, 2017.

H. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$101,093 for the year ended December 31, 2017. The cost of maintenance and repairs is charged to operations as incurred. Major renewals, betterments, and additions are capitalized.

Interest costs during construction periods are capitalized. When capital assets are retired or disposed of, the cost of the asset and accumulated depreciation is eliminated from the accounts and the resulting gain or loss from such disposition is credited or charged to income, except that the gain or loss on assets traded in for new equipment is applied as an adjustment to the cost of the asset acquired. The capitalization limit is \$500. The estimated useful lives of these assets are as follows:

Equipment	10-20 years
Water Works System	40 years

I. ALLOWANCE FOR DOUBTFUL ACCOUNTS

No allowance for doubtful accounts has been established because management believes all accounts receivable will be collected.

J. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

K. NET POSITION

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net positions are classified in the following three components:

Invested in capital assets, net of related debt- This component of net position consists of 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The district’s policy is first to apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Note 2: ACCOUNTS RECEIVABLE

Accounts receivable for water services at December 31, 2017 was as follows:

Accounts receivable	\$ 3,376
Unbilled service revenue	<u>31,791</u>
	<u>\$ 35,167</u>

Note 3: OTHER RECEIVABLES

Other receivables consist of the following:

Accounts Receivable - Bihm Construction, Inc.	
Meter Read Overcharge	<u>\$ 3,299</u>

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 4: LONG TERM DEBT

The District has a note payable to the USDA, dated March 2, 2010. The note is payable over a forty year period, at a rate of 4.00% interest, with the final payment due on February 2, 2050. Estimated debt service requirements to maturity are as follows:

<u>Balance</u> <u>1/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2017</u>
\$ 903,730	\$ -	\$ 13,384	\$ 890,346

<u>Year Ending</u> <u>December 31,</u>	<u>Principle</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2018	\$ 13,980	\$ 35,308	\$ 49,288
2019	14,550	34,738	49,288
2020	15,143	34,145	49,288
2021	15,760	33,528	49,288
2022	16,402	32,886	49,288
2023-2027	92,594	153,846	246,440
2028-2032	113,057	133,383	246,440
2033-2037	138,042	108,398	246,440
2038-2042	168,549	77,891	246,440
2043-2047	207,089	39,351	246,440
2048-2050	95,180	4,043	99,223
	<u>\$ 890,346</u>	<u>\$ 687,517</u>	<u>\$ 1,577,863</u>

Balance	\$ 890,346
Less Current Maturities	<u>(13,980)</u>
Net Long Term Debt	<u>\$ 876,366</u>

In accordance with the loan agreement with the USDA, the District is required to make certain monthly deposits into specific reserve bank accounts. The District must fund monthly a debt service reserve fund equal to 10% of the monthly payment over the life of the loan or until one annual installment has accumulated. This reserve is required to establish an emergency fund for maintenance and repairs and debt payment, if necessary. Ten percent of the loan installment is equal to \$441 per month. The District should also deposit \$4,108 each month into the sinking fund account for payment of the monthly note. An operation and maintenance reserve account should be funded in the amount of \$1,187 per month, until an amount of \$17,222 is achieved. In addition, the District must fund a depreciation reserve for short-lived assets by depositing a sum of \$644 monthly in addition to that required for the debt service reserve.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 5: COMPENSATION OF BOARD OF COMMISSIONERS

The following is a list of board members at December 31, 2017. All board members serve without pay. No term limit has been imposed.

Charles Daniels, President
 Harry Marks, Secretary
 James Solar
 Ricky Broussard
 Julie Fourier

Note 6: CAPITAL ASSETS

The changes in capital assets for the year-end December 31, 2017 are as follows:

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Capital Assets:				
Equipment	\$ 3,798,493	\$ 15,670	\$ -	\$ 3,814,163
Water Works System	63,862	-	-	63,862
Total Capital Assets	<u>3,862,355</u>	<u>15,670</u>	<u>-</u>	<u>3,878,025</u>
Less Accumulated				
Depreciation				
Equipment	26,556	8,617	-	35,173
Water Works System	560,765	92,476	-	653,241
Total Accumulated				
Depreciation	<u>587,321</u>	<u>101,093</u>	<u>-</u>	<u>688,414</u>
Total Capital Assets, Net	<u>\$ 3,275,034</u>	<u>\$ (85,423)</u>	<u>\$ -</u>	<u>\$ 3,189,611</u>

Note 7: LITIGATION AND CLAIMS

At December 31, 2017, the district had no impending litigation.

Note 8: CONCENTRATION OF RISK

The Water System serves customers in and around District 3 of St. Landry Parish, Louisiana.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 9: ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Note 10: EVALUATION OF SUBSEQUENT EVENTS

The Water System has evaluated subsequent events through April 30, 2018, the date which the financial statements were available to be issued.

Note 11: BUDGET

The Water System is not required by the State of Louisiana to present a budget.

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A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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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

Board of Directors,
Waterworks District No. 3
of St. Landry Parish,
State of Louisiana
Port Barre, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Waterworks District No. 3 of St. Landry Parish, State of Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Waterworks District No. 3 of St. Landry Parish, State of Louisiana's basic financial statements and have issued our report thereon dated April 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waterworks District No. 3 of St. Landry Parish, State of Louisiana'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 Waterworks District No. 3 of St. Landry Parish, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterworks District No. 3 of St. Landry Parish, State of Louisiana's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2017-001 that we consider to be a significant deficiency.

Compliance and Other Matters

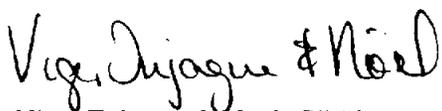
As part of obtaining reasonable assurance about whether Waterworks District No. 3 of St. Landry Parish, State of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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.

Waterworks District No. 3 of St. Landry Parish, State of Louisiana's Response to Findings

Waterworks District No. 3 of St. Landry Parish, State of Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Waterworks District No. 3 of St. Landry Parish, State of Louisiana'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.



Vige, Tujague & Noël, CPA's
April 30, 2018

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED December 31, 2017

We have audited the financial statements of Waterworks District No. 3 of St. Landry Parish as of and for the year ended December 31, 2017, and have issued our report thereon dated April 30, 2018. We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2017, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

None

Section II. Financial Statement Findings

#2017-001 - Segregation of Duties

Condition: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Criteria: Segregation of duties is required in all areas of the financial cycle.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the District is unable to implement a segregated system of internal control.

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

Views of Responsible Officials and Planned Corrective Action: Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the District that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED December 31, 2017

Section III. Federal Award Findings and Questioned Costs

This section is not applicable for the year ended December 31, 2017.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED December 31, 2017

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

#2016-001 - Segregation of Duties

Condition: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Criteria: Segregation of duties is required in all areas of the financial cycle.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the District is unable to implement a segregated system of internal control.

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

Recommendation and response: Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the District that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

Status: This finding is repeated.

#2016-002 - Donation

Condition: A donation was made to Pinecrest Developmental Center, in the amount of \$300, in memory of a former board member upon his death.

Criteria: Article 7, Section 14 of the Louisiana Constitution of 1974 provides that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Cause: The Waterworks District donated \$300 to Pinecrest Developmental Center, in lieu of flowers upon the death of a former board member.

Effect: The Waterworks District is in violation of Article 7, Section 14 of the LA Constitution which expressly prohibits the use of public funds for donations.

Views of Responsible Officials and Planned Corrective Action: Management was unaware that this donation is not an allowable expenditure. The Waterworks District will not make donations in the future.

Status: This finding is cleared.

Section II. Internal Control and Compliance Material to Federal Awards

None

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF INSURANCE
YEAR ENDED December 31, 2017

Property and General Liability Arch Insurance Company	09/13/17 – 09/13/18	\$4,000,000 limit
Employee Theft/Surety Bond Dupre Carriere Godchaux	12/14/17 – 12/14/18	\$200,000 limit

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF METERS AND RATES AND ACCOUNTS RECEIVABLE
YEAR ENDED December 31, 2017

Accounts Receivables are Aged as follows:

0 - 30 days	\$ 31,791
31 - 60 days	3,376
Over 60 days	-
	<u>\$ 35,167</u>

The District's monthly water rates at December 31, 2017 were as follows:

Residential/Commercial - \$26.25 for the first 2,500 gallons
\$4.00 for each 1,000 gallons thereafter

As of December 31, 2017, District had 825 customers. 819 are residential customers and 6 are commercial customers.

Meters: ¾ inch

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF BOARD OF COMMISSIONERS
YEAR ENDED December 31, 2017

<u>Members</u>	<u>Address/Telephone</u>
Charles Daniels, President	P.O. Box 221 Port Barre, LA 70577 337-303-0222
Harry Marks	1396 Hwy 742 Opelousas, LA 70570 337-658-9128
James Solar	160 Maple Street Port Barre, LA 70577 337-945-7971
Ricky Broussard	119 Magnolia Street Port Barre, LA 70577 337-308-4545
Julie Fourrier	P.O. Box 1210 Port Barre, LA 70577 225-572-2959

Board members serve without pay for unlimited terms.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED December 31, 2017

Agency Head Name: Charles Daniels
Service Period: 12 months

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0

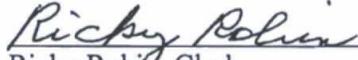
Vige, Tujague & Noel, CPA's
P.O. Box 1006
Eunice, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the District's Audited Financial Statements as of December 31, 2017.

2017-001 Segregation of Duties

Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits achieved does not justify the additional personnel it would require to establish an adequate segregation.



Ricky Robin, Clerk

WATERWORKS DISTRICT NO. 3 OF
ST. LANDRY PARISH
PORT BARRE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES REPORT
YEAR ENDED DECEMBER 31, 2017

VIGE, TUJAGUE  NOEL
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Management and Board of Commissioners of the Waterworks District No. 3 of St. Landry Parish, State of Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Waterworks District No. 3 of St. Landry Parish, State of Louisiana 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 Waterworks District No. 3 of St. Landry Parish, State of Louisiana'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 entity does not have written policies and procedures addressing budgeting.

- 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 entity does not have written policies and procedures addressing purchasing.

- c) **Disbursements**, including processing, reviewing, and approving

The entity does not have written policies and procedures addressing disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

The entity does not have written policies and procedures addressing receipts of revenue.

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

The entity does not have written policies and procedures addressing payroll.

- 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 entity does not have written policies and procedures addressing contracting.

- 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 entity does not have any credit cards, debit cards or fuel 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 entity does not have written policies and procedures addressing travel and expense reimbursement.

- 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 entity does not have written policies and procedures addressing ethics.

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

The entity does not have written policies and procedures addressing 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 managing board for the fiscal period noting that 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).

The entities only fund is an enterprise fund. Enterprise funds are not required to be budgeted under the Local Government Budget Act; therefore, management does not prepare a budget.

- 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.

Management does not prepare a budget.

- 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 managing board for the fiscal period noting that non-budgetary financial information was referenced.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management 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.

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 bank statements and reconciliations for all months in the fiscal period for all selected accounts 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 prepared for all accounts examined did not have evidence of management review; however, reconciliations are prepared by a fee accountant.

- 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.

Obtained bank statements and reconciliations for all months in the fiscal period and there are no items that have been outstanding for more than 6 months.

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.

- 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). 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.

Written documentation was obtained and addresses the functions note above; however, the person responsible for collecting cash is also responsible for depositing the cash and recording the related transaction. There is only one employee, therefore, a cash drawer is not shared. The fee accountant prepares all monthly bank reconciliations.

- 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.

Written documentation was obtained and addresses the functions noted above; however, this process is not performed by a person independent of the cash collections process on a daily basis. A fee accountant prepares the monthly bank reconciliations.

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.

Collection documentation was obtained and deposits are usually made within one day of collection. However, in the week selected, there was one deposit made within 2 days of collection and another made within 3 days of collection.

- 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.

Daily cash collections are completely supported by collection 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.

The entity does not have written policies and procedures addressing completeness of all collections; however, the clerk reconciles receipts to the daily cash blotter and utility billing reports. The person who collects cash also determines completeness. A fee accountant prepares monthly bank reconciliations using the daily cash blotters.

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.

Listing of disbursements and management's representation that the listing is complete was obtained.

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.

Examined supporting documentation for each of the 25 disbursements selected and found that purchases are not initiated using a requisition or purchase order system. The clerk initiates purchases and all expenses are approved by the board at monthly meetings. The signatures of two board members are required on all checks.

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

Examined supporting documentation for each of the 25 disbursements selected and found that purchases are not initiated using a requisition or purchase order system. The clerk initiates purchases and all expenses are approved by the board at monthly meetings. The signatures of two board members are required on all checks.

- 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.

Examined supporting documentation for each of the 25 disbursements and found all payments processed included an invoice/receiving report with proper approval by the board at the monthly meeting.

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 entity does not have written policies and procedures addressing the functions noted above. The person responsible for processing payments can also add vendors.

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.

The entity does not have written policies and procedures addressing the functions noted above. The persons with signatory authority do not have responsibility for initiating and recording purchases.

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.

Inquiry and observation noted no exceptions. The persons with signatory authority do not have system access to print 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.

No signature stamp or signature machine is utilized.

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 entity does not have any active credit cards, debit cards or fuel cards. Management represented that this is accurate.

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.

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.

Not applicable.

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

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)
Not applicable.
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
Not applicable.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
Not applicable.

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.

Not applicable.

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.

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.

There were no travel and related expense reimbursements during the fiscal period. Management represented that this is accurate.

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 entity has no written policies related to travel and expense reimbursements.

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.

Not applicable.

- 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.]

Not applicable.

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

Not applicable.

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

Not applicable.

- 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.

Not applicable.

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

Not applicable.

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.

A listing of all contracts in effect during the fiscal period and management's representation that the listing is complete was obtained.

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.

No exceptions noted.

- 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)

Not applicable.

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

Not applicable.

- 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 contract for the purchase of water from the Town of Port Barre was amended to increase the water rate from \$2.64 per 1,000 gallons to \$2.79 per 1,000 gallons. The original purchase agreement terms 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.

No noncompliance noted.

- 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).

Proper approval noted.

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:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained. The District clerk, the only personnel, is employed by the Town of Port Barre, who is responsible for all payroll related functions. The District reimburses the Town for one half of all payroll related expenses during the fiscal year.

- 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.

All payroll records are maintained by the Town of Port Barre, who is responsible for all payroll related functions.

- 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.

There were no changes made to hourly pay rates/salaries during the fiscal period.

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 payroll records are maintained by the Town of Port Barre, who is responsible for all payroll related functions.

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

All payroll records are maintained by the Town of Port Barre, who is responsible for all payroll related functions.

- 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.

All payroll records are maintained by the Town of Port Barre, who is responsible for all payroll related functions.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two

largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no terminations during the fiscal period.

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.

All payroll records are maintained by the Town of Port Barre, who is responsible for all payroll related functions.

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 was unable to provide documentation to demonstrate that required ethics training was completed by the clerk and board members.

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 allegations 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.

There was no debt issued during the fiscal period.

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.

Documentation was obtained to support compliance with debt covenants requiring scheduled debt service payments and debt reserves.

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.

Not applicable.

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.

Management has asserted that the entity did not have any misappropriation of public funds or assets.

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.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required notice was posted on the entity'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.

No exceptions 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.

Vige, Tujague & Noel
Eunice, Louisiana
April 30, 2018

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH, STATE OF LOUISIANA

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

Management Response to Item:

- | | |
|---|--|
| 1a, 1b, 1c, 1d, 1e, 1f, 1g,
1h, 1i, 1j | The entity is in the process of compiling a cumulative collection of policies and procedures to be adopted at a board meeting. |
| 2b | The entity will prepare a budget for the enterprise fund and present monthly budget-to-actual comparisons at the board meetings. |
| 4b, | A member of the board will initial the reconciliations to provide evidence of review. |
| 6a, 6b, 7, 9a, 9b, 9c
10, 23b | Efforts will be made to segregate duties in these areas as much as possible with the limited number of employees involved. |
| 6c | The entity will deposit all collections within one day in the future. |
| 26 | The clerk and board members will complete the required ethics training and maintain documentation to demonstrate compliance. |


Charles Daniels, President