

SEWERAGE DISTRICT NO. 1 OF THE
PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE
CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA

ANNUAL
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
 WITH SUPPLEMENTARY INFORMATION SCHEDULES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Sewerage District No. 1 of the Parish of Concordia
Ferriday, Louisiana

We have audited the accompanying financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Sewerage District No. 1 of the Parish of Concordia, a component unit of the Concordia Parish Police Jury, as of and for the years ended December 31, 2017 and 2016, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 business-type activities, the major fund, and the aggregate remaining fund information of the Sewerage District No. 1 of the Parish of Concordia as of December 31, 2017 and 2016, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5, the schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions on pages 19 and 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Insurance Coverage; Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head; and the Schedule of Compensation of Commissioners are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Insurance Coverage; Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head; and the Schedule of Compensation of Commissioners are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Insurance Coverage; Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head; and the Schedule of Compensation of Commissioners are 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 16, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

This report is intended for the information of the Members of the District, the Concordia Parish Police Jury, and the Legislative Auditor of the State of Louisiana 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 Legislative Auditor as a public document.

Silas Simmons, LLP

Natchez, Mississippi
April 16, 2018

SECTION I
REQUIRED SUPPLEMENTARY INFORMATION

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

INTRODUCTION

The management's discussion and analysis (MD&A) of the Sewerage District No. 1 of the Parish of Concordia's financial performance provides an overall narrative review of the District's financial activities for the years ended December 31, 2017 and 2016. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

The office of the Sewerage District No. 1 of the Parish of Concordia is located on Mack Moore Road near Ferriday, Louisiana, in Concordia Parish.

FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities by \$5,424,307 and \$5,826,053 at December 31, 2017 and 2016, respectively.
- Total expenses exceeded revenues by \$401,746 for 2017 and \$330,067 for 2016.
- The District had net capital assets of \$7,773,049 and \$8,136,976 at December 31, 2017 and 2016, respectively.
- The District had salaries, payroll taxes, and benefits of \$61,551 and \$62,960 in 2017 and 2016, respectively.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Sewerage District No. 1 of the Parish of Concordia's basic financial statements. The District's basic financial statements comprise two components: (1) fund financial statements, and (2) notes to the financial statements.

Fund financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the most recent fiscal year.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 9 through 18 of this report.

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

FUND FINANCIAL ANALYSIS

Net position for the periods ending December 31, 2017 and 2016

The following is a condensed statement of the Sewerage District No. 1 of the Parish of Concordia's net position as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Current assets	\$ 86,132	\$ 147,078
Restricted assets	248,889	265,650
Noncurrent assets - capital assets	<u>7,773,049</u>	<u>8,136,976</u>
Total assets	<u>\$ 8,108,070</u>	<u>\$ 8,549,704</u>
Deferred outflows of resources	<u>\$ 16,105</u>	<u>\$ 27,265</u>
Current liabilities - payable from restricted assets	\$ 137,729	\$ 125,456
Long-term liabilities	<u>2,559,833</u>	<u>2,621,771</u>
Total liabilities	<u>\$ 2,697,562</u>	<u>\$ 2,747,227</u>
Deferred inflows of resources	<u>\$ 2,306</u>	<u>\$ 3,689</u>
Net position		
Investment in capital assets, net of related debt	\$ 5,172,713	\$ 5,485,265
Restricted for debt service	183,239	205,950
Unrestricted	<u>68,355</u>	<u>134,838</u>
Total net position	<u>\$ 5,424,307</u>	<u>\$ 5,826,053</u>

The largest portion of the District's net position (\$5,172,713 or 96%) is its investment in capital assets such as equipment less related debt expended in the acquisition of those assets.

Another portion of the District's net position (\$183,239 or 3%) is restricted to paying long-term debt. The remaining balance of the net position (\$68,355 or 1%) may be used to pay current operating expenses and utility deposits.

The District has long-term debt of \$2,559,833, which was used to finance additions to the utility system. More information concerning this debt may be found on pages 13 through 15 of the notes to the financial statements. Total liabilities of \$2,697,562 are equal to 33% of the total assets of the District.

The following is a summary of the statement of activities for 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Revenues:		
Sewerage fees	\$ 529,173	\$ 579,105
Interest income	620	607
Total revenues and transfers	<u>\$ 529,793</u>	<u>\$ 579,712</u>
Expenses:		
Operating expenses	\$ 818,428	\$ 792,754
Interest expense	<u>113,111</u>	<u>117,025</u>
Total expenses	<u>\$ 931,539</u>	<u>\$ 909,779</u>
Change in net position	\$ (401,746)	\$ (330,067)
Net position - beginning	<u>5,826,053</u>	<u>6,156,120</u>
Net position - ending	<u>\$ 5,424,307</u>	<u>\$ 5,826,053</u>

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

CAPITAL ASSETS AND DEBT

As of December 31, 2017, the District had \$7,773,049 invested in capital assets net of accumulated depreciation of (\$6,203,990). During the year, there were additions of \$102,014 in capital assets.

The additions in 2017 included the following:

Plant improvements	<u>\$102,014</u>
Total	<u>\$102,014</u>

As of December 31, 2017, the District had outstanding bonded indebtedness of \$2,600,335. Principal and interest payments of \$166,198 are due to be paid during 2018. This debt consists of two different issues which are secured by a pledge of the sewer system and revenues from sewer fees. The debt is as follows:

Original balance of \$1,450,000 issued 2003 at 4 ¼% interest, due monthly at \$6,424	\$ 1,203,124
Original balance of \$1,646,000 issued 2004 at 4 ¾% interest, due monthly at \$7,423 including interest	<u>1,397,211</u>
Total indebtedness	<u>\$ 2,600,335</u>

MANAGEMENT COMMENTS AND PLANS

2017 finished the \$640,000 grant for upgrades in the airport area and the new treatment plant filter. With Dutch White, Jr. as Operator Supervisor and the addition of experienced Operator Frederick "Bobcat" White, Edward Atkins as Field Tech, and the continued support of Board President Eddie Nugent; the District continues to improve customer service. I, Debi T. Duncan, as manager, am pleased and excited to be a part of a dedicated and hard-working team to improve Concordia Parish. We are looking forward to acquiring a new grant for the Washington Heights Subdivision in 2018, and have saved for years to purchase a new work truck to serve the additional customers.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Debi T. Duncan, District Manager, at (318) 757-7507.

SECTION II
BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
Assets		
Current assets		
Cash	\$ 42,772	\$ 103,042
Accounts receivable	43,202	43,878
Accrued interest receivable	158	158
Total current assets	\$ 86,132	\$ 147,078
Restricted assets		
Debt reserve fund	\$ 129,845	\$ 122,701
Depreciation and contingency fund	53,394	83,249
Consumer deposits	65,650	59,700
Total restricted assets	\$ 248,889	\$ 265,650
Capital assets		
Property, plant, and equipment	\$ 13,977,039	\$ 13,875,025
Less accumulated depreciation	(6,203,990)	(5,738,049)
Total capital assets	\$ 7,773,049	\$ 8,136,976
Total assets	\$ 8,108,070	\$ 8,549,704
Deferred outflows of resources		
Deferred outflows - pensions	\$ 16,105	\$ 27,265
Liabilities		
Current liabilities		
Accounts payable	\$ 13,532	\$ 7,744
Accrued interest payable	3,245	3,245
Payroll taxes payable	2,249	1,800
Tenant deposits	65,650	59,700
Notes payable, current portion	53,053	52,967
Total current liabilities	\$ 137,729	\$ 125,456
Long-term liabilities		
Net pension liability	\$ 12,551	\$ 23,027
Notes payable, net of current portion	2,547,282	2,598,744
Total long-term liabilities	\$ 2,559,833	\$ 2,621,771
Total liabilities	\$ 2,697,562	\$ 2,747,227
Deferred inflows of resources		
Deferred inflows - pensions	\$ 2,306	\$ 3,689
Net position		
Invested in capital assets, net of related debt	\$ 5,172,713	\$ 5,485,265
Restricted for debt service	183,239	205,950
Unrestricted	68,355	134,838
Total net position	\$ 5,424,307	\$ 5,826,053

The accompanying notes are an integral part of these financial statements.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Operating revenues		
Charges for sales and services		
Sewerage fees	\$ 522,469	\$ 571,840
Penalty charges	6,704	7,265
Total revenues	\$ 529,173	\$ 579,105
Operating expenses		
Salaries and benefits	\$ 58,831	\$ 61,486
Operating expenses	120,593	107,562
Commissioners' fees	6,995	6,900
Payroll taxes	2,720	1,474
Collection fees	48,903	49,152
Professional fees	10,875	10,969
Utility expense	67,966	66,061
Insurance	35,604	29,190
Depreciation	465,941	459,960
Total operating expenses	\$ 818,428	\$ 792,754
Operating loss	\$ (289,255)	\$ (213,649)
Nonoperating revenues (expenses)		
Interest income	\$ 620	\$ 607
Interest expense	(113,111)	(117,025)
Total nonoperating revenues (expenses)	\$ (112,491)	\$ (116,418)
Change in net position	\$ (401,746)	\$ (330,067)
Net position, beginning of year	5,826,053	6,156,120
Net position, end of year	\$ 5,424,307	\$ 5,826,053

The accompanying notes are an integral part of these financial statements.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities		
Cash received from sewer fees	\$ 535,799	\$ 579,029
Cash paid to suppliers and employees	(346,949)	(331,625)
Net cash provided by operating activities	\$ 188,850	\$ 247,404
Cash flows from investing activities		
Purchase of fixed assets	\$ (102,014)	\$ (7,547)
Net cash used for investing activities	\$ (102,014)	\$ (7,547)
Cash flows from capital and related financing activities		
Principal paid on notes payable	\$ (51,376)	\$ (50,815)
Interest paid on notes payable	(113,111)	(117,025)
Interest income	620	607
Net cash used for financing activities	\$ (163,867)	\$ (167,233)
Net increase (decrease) in cash and cash equivalents	\$ (77,031)	\$ 72,624
Cash and cash equivalents - beginning of year	368,692	296,068
Cash and cash equivalents - end of year	\$ 291,661	\$ 368,692
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (289,255)	\$ (213,649)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	\$ 465,941	\$ 459,960
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	676	(676)
Increase (decrease) in accounts payable	5,089	2,440
Increase (decrease) in payroll taxes payable	449	(1,271)
Increase (decrease) in tenant deposits	5,950	600
Total adjustments	\$ 478,105	\$ 461,053
Net cash provided by operating activities	\$ 188,850	\$ 247,404

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

INTRODUCTION

1. The District was created by ordinance of the Concordia Parish Police Jury in 1976.
2. The purpose of the District is to provide sewerage and waste treatment services to the rural areas of eastern Concordia Parish.
3. The District is governed by five commissioners appointed by the Concordia Parish Police Jury. The commissioners serve at the will of the Police Jury. They were compensated at the rate of \$100 per meeting.
4. The District has approximately 1,174 customers.
5. The District has two full-time and hires part-time employees as needed.

GASB Statement 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Sewerage District No. 1 of the Parish of Concordia is considered a component unit of the Concordia Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Sewerage District No. 1 reports the following proprietary fund:

Sewer Fund

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Sewerage fees are the primary operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Sewerage District No. 1 of the Parish of Concordia's investment policy allow the entity to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible accounts are recorded as an allowance for bad debts when they are identified.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

F. Restricted Assets

The following lists restricted assets of the Sewerage District No. 1 of the Parish of Concordia:

	2017	2016
Debt reserve fund	\$ 129,845	\$ 122,701
Contingency and depreciation fund	53,394	83,249
Customer deposits	65,650	59,700
	<u>\$ 248,889</u>	<u>\$ 265,650</u>

These assets are of limited use as required by bond covenants. Customer deposits are restricted to customer activity.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets

Capital assets of the Sewerage District No. 1 of the Parish of Concordia are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation (if reported net on the balance sheet). Depreciation is computed using the straight-line method over the estimated useful lives of 30 years for sewerage system and equipment, 10 years for other assets.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

I. Net Position

In the statement of net position, the difference between a government's assets and liabilities is recorded as net position. The three components of net position are as follows:

Invested in Capital Assets, net of Related Debt - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets.

Restricted - This category represents net position restricted for a specific future use because their use is limited.

Unrestricted - This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

Deferred Outflows/Inflows of Resources

In the statement of net position this report will often report a separate section for deferred outflows and/or deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2017 and 2016, the Sewerage District No. 1 of the Parish of Concordia had cash and cash equivalents (book balances) totaling:

	<u>2017</u>	<u>2016</u>
Interest-bearing demand deposits	\$ 270,203	\$ 347,314
Time deposits	<u>21,458</u>	<u>21,378</u>
	<u>\$ 291,661</u>	<u>\$ 368,692</u>

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

At December 31, 2017, the District's total deposits with financial institutions (collected bank balances) were \$292,930. These deposits are secured from risk by \$250,000 of federal deposit insurance and \$123,093 of pledged securities held by the custodial bank.

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable at December 31, 2017 and 2016, were as follows:

	<u>2017</u>	<u>2016</u>
Sewer billings	\$ 53,202	\$ 53,878
Less allowance for bad debts	<u>(10,000)</u>	<u>(10,000)</u>
Total accounts receivable	<u>\$ 43,202</u>	<u>\$ 43,878</u>

NOTE 4 - CAPITAL ASSETS

A summary of the Sewerage District No. 1 of the Parish of Concordia's capital assets at December 31, 2017, follows:

<u>Primary Government</u>	<u>Balance, Beginning</u>	<u>Increase (Decrease)</u>	<u>Decrease</u>	<u>Balance, Ending</u>
Capital assets not being depreciated				
Land	\$ 142,888	\$ -	\$ -	\$ 142,888
Capital assets being depreciated	\$ 13,732,137	\$ 102,014	\$ -	\$ 13,834,151
Less accumulated depreciation	<u>(5,738,049)</u>	<u>(465,941)</u>	<u>-</u>	<u>(6,203,990)</u>
Total depreciable capital assets, net	\$ 7,994,088	\$ (363,927)	\$ -	\$ 7,630,161
Total capital assets, net	<u>\$ 8,136,976</u>	<u>\$ (363,927)</u>	<u>\$ -</u>	<u>\$ 7,773,049</u>

Depreciation expense of \$465,941 for the year ended December 31, 2017, was charged to operating expense.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 4 - CAPITAL ASSETS (continued)

A summary of the Sewerage District No. 1 of the Parish of Concordia's capital assets at December 31, 2016, follows:

<u>Primary Government</u>	<u>Balance, Beginning</u>	<u>Increase (Decrease)</u>	<u>Decrease</u>	<u>Balance, Ending</u>
Capital assets not being depreciated				
Land	\$ 142,888	\$ -	\$ -	\$ 142,888
Capital assets being depreciated	\$ 13,724,590	\$ 7,547	\$ -	\$ 13,732,137
Less accumulated depreciation	(5,278,089)	(459,960)	-	(5,738,049)
Total depreciable capital assets, net	\$ 8,446,501	\$ (452,413)	\$ -	\$ 7,994,088
Total capital assets, net	\$ 8,589,389	\$ (452,413)	\$ -	\$ 8,136,976

Depreciation expense of \$459,960 for the year ended December 31, 2016, was charged to operating expense.

NOTE 5 - LONG-TERM LIABILITIES

The following is a summary of the notes payable for the year ended December 31, 2017:

	<u>Notes R-1 R-2, and R-3</u>	<u>Notes R-1 R-2 and R-2</u>	<u>Total</u>
Notes payable at January 1, 2017	\$ 1,226,947	\$ 1,424,764	\$ 2,651,711
Less principal paid	(23,823)	(27,553)	(51,376)
Add amounts borrowed	-	-	-
Notes payable at December 31, 2017	<u>\$ 1,203,124</u>	<u>\$ 1,397,211</u>	<u>\$ 2,600,335</u>

Long-term debt as of December 31, 2017 and 2016, was comprised of the following:

	<u>2017</u>	<u>2016</u>
Notes payable R-1, R-2, and R-3 - Phase I - Sewer Revenue Bonds due to the United States of America, Rural Development, issued August 21, 2003, in the original amount of \$1,450,000 at an interest rate of 4 ¼% due in monthly installments of \$6,423, including amortized principal and interest through August 21, 2043. These loans are secured by a pledge of revenues from the sale of sewer services by the District.	\$ 1,203,124	\$ 1,226,947

**SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 5 - LONG-TERM LIABILITIES (continued)

Notes payable R-1 and R-2 - Phase II - Sewer Revenue Bonds due to the United States of America, Rural Development, issued June 21, 2004, in the original amount of \$1,646,000 at an interest rate of 4 3/8% due in monthly installments of \$7,423, including amortized principal and interest through June 21, 2044. This loan is secured by pledge of revenues from the sale of sewer services by the District.	<u>1,397,211</u>	<u>1,424,764</u>
Total debt	\$ 2,600,335	\$ 2,651,711
Less current portion	<u>(53,053)</u>	<u>(52,967)</u>
Total long-term debt	<u>\$ 2,547,282</u>	<u>\$ 2,598,744</u>

The Sewerage District No. 1 of the Parish of Concordia's proprietary fund bonds are governed by bond indentures, the terms of which are summarized as follows:

Notes R-1, R-2, and R-3 - Phase I

1. Sewer Revenue Bond and Interest Sinking Fund (Sinking Fund)

The District shall transfer monthly, in advance on or before the 20th day of each month of each year, a sum equal to the total amount of principal and interest falling due on the next principal payment date for the bonds [except during the first year the bonds are outstanding, a monthly sum equal to one-twelfth (1/12th) of the interest falling due on the first payment date].

2. Sewer Revenue Bond Reserve Fund (Reserve Fund)

The District shall transfer monthly, in advance on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the amount to be paid into the sinking fund, to continue until such time as there has been accumulated in the reserve fund a sum equal to the highest combined principal and interest falling in any year on the bonds payable.

3. Sewer Depreciation and Contingency Fund (Contingency Fund)

The District shall transfer monthly, in advance on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the amount to be paid into the sinking fund, to continue until such time as there has been accumulated in the reserve fund a sum equal to the highest combined principal and interest due in any year on the bonds payable, then the monthly payments into the contingency fund shall increase by an amount equal to 5% of the amount being paid into the sinking fund.

The District is in compliance with each of these covenants.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 5 - LONG-TERM LIABILITIES (continued)

The annual requirements to amortize notes payable as of December 31, 2017, including interest payments, are as follows:

	Principal	Interest	Total Payment
2018	\$ 53,053	\$ 113,145	\$ 166,198
2019	57,732	108,466	166,198
2020	60,267	105,931	166,198
2021	62,926	103,272	166,198
2022	65,696	100,502	166,198
2023-2027	374,481	456,509	830,990
2028-2032	464,479	366,511	830,990
2033-2037	576,125	254,866	830,991
2038-2042	714,608	116,382	830,990
2043-2045	170,968	4,181	179,149
Totals	<u>\$ 2,600,335</u>	<u>\$ 1,729,765</u>	<u>\$ 4,330,100</u>

NOTE 6 - PENSION PLAN

Plan Description. Substantially all employees of the Sewerage District No. 1 of the Parish of Concordia are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Parish funds and all elected Parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplementary plan only before January 1, 1980, the benefit is equal to 1% of final-average salary plus \$24 for each year of supplementary-plan-only service earned before January 1, 1980.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14610, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Funding Policy. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each Parish. These tax dollars are divided between Plan A and Plan B based proportionally on the salaries of the active members of each Plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sewerage District No. 1 of the Parish of Concordia's contributions to the System under Plan A for the years ending December 31, 2017 and 2016, were \$3,939 and \$1,035, respectively, equal to the required contributions for each year.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 7 - PLAN DESCRIPTION AND BENEFITS

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the District reported a liability of \$12,551 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2016, the District's proportion was .006094 percent.

For the year ended December 31, 2017, the District recognized pension expense of \$7,455, less net amortization of deferred amounts from changes in proportion, \$14. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,196
Changes of assumptions	2,383	-
Net difference between projected and actual earnings on pension plan investments	9,740	-
Changes in proportion and differences between District contributions and proportionate share of contributions	43	110
District contributions subsequent to the measurement date	<u>3,939</u>	<u>-</u>
Total	<u>\$ 16,105</u>	<u>\$ 2,306</u>

\$3,939 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$ 3,677
2019	3,918
2020	2,528
2021	<u>(262)</u>
Total	<u>\$ 9,861</u>

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 7 - PLAN DESCRIPTION AND BENEFITS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	December 31, 2016
Actuarial cost method	Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	7.00%, net of investment expense, including inflation
Expected Remaining Service Lives	4 years
Projected Salary Increase	5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	RP-2000 Sex Distinct Table was selected for active employees. RP-2000 Healthy Annuitant Sex Distinct Table was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

The long-term expected real rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66%. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real Assets	2%	0.12%
Totals	100%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 7 - PLAN DESCRIPTION AND BENEFITS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

	Changes in Discount Rate 2016		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
	Net Pension Liability	\$ 37,544	\$ 12,551

SECTION III
REQUIRED SUPPLEMENTAL SCHEDULES

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

LOUISIANA PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	.006094%	.008748%	.009170%
District's proportionate share of the net pension liability (asset)	\$ 12,551	\$ 23,027	\$ 2,507
District's covered-employee payroll	\$ 36,138	\$ 32,834	\$ 50,157
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.73%	70.13%	5.00%
Plan fiduciary net position as a percentage of the total pension liability	94.15%	92.23%	99.15%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

LOUISIANA PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,939	\$ 4,698	\$ 4,761
Contributions in relation to the contractually required contribution	<u>(3,939)</u>	<u>(4,698)</u>	<u>(4,761)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 30,480	\$ 36,138	\$ 32,834
Contributions as a percentage of covered-employee payroll	12.92%	13.00%	14.50%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

**SECTION IV
OTHER SUPPLEMENTARY INFORMATION**

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA

SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF INSURANCE COVERAGE

FOR THE YEAR ENDED DECEMBER 31, 2017

Below is a listing of insurance policies in force as of December 31, 2017:

	<u>Policy Type</u>	<u>Number</u>	<u>Company</u>	<u>Coverage</u>	<u>Expiration</u>
1.	Workers' Comp. (LA) employer's liability Each accident Disease/each employee Disease/policy limit	M710134	CCMSI	\$1,000,000 \$1,000,000 \$1,000,000	12/31/2017
2.	Property insurance	3127R869	Travelers Indemnity	Blanket Coverage	07/31/2018
3.	General liability General aggregate Personal/advertising Each occurrence Damages to rental premises (each occurrence)	11N17540	Travelers Indemnity	\$3,000,000 \$1,000,000 \$1,000,000 \$1,000,000	07/31/2018
4.	Crime/directors/officers Employee theft Wrongful acts	11N17540	Travelers Indemnity	\$200,000 \$1,000,000	07/31/2018
5.	Business auto Combined single limit	9157P83A	Travelers Indemnity	\$1,000,000	07/31/2018

See Independent Auditor's Report.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA

SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2017

Agency Head Name: Debi T. Duncan, Manager

Salary	\$	18,620
Benefits - insurance		<u>7,611</u>
Total	\$	<u>26,231</u>

See Independent Auditor's Report.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA

SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF COMPENSATION OF COMMISSIONERS

FOR THE YEAR ENDED DECEMBER 31, 2017

The Commissioners of the Sewerage District No. 1 of the Parish of Concordia consists of five members and their compensation is as follows:

Mr. Charles Turner	\$	1,335
Mr. Eddie Nugent		1,435
Mr. Richard Crews		1,335
Mr. William Rayborn		1,470
Mr. Cornell Lewis		<u>1,420</u>
Total	\$	<u>6,995</u>

See Independent Auditor's Report.

SECTION V
OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS



SILAS SIMMONS LLP

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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 THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Sewerage District No. 1 of the Parish of Concordia
Ferriday, 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, the major fund, and the aggregate remaining fund information of the Sewerage District No. 1 of the Parish of Concordia, a component unit of the Concordia Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Sewerage District No. 1 of the Parish of Concordia's basic financial statements, and have issued our report thereon dated April 16, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sewerage District No. 1 of the Parish of Concordia'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 Sewerage District No. 1 of the Parish of Concordia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sewerage District No. 1 of the Parish of Concordia'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. 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.

Compliance and Other Matters

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

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 for the information and use of management, members of the Police Jury, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Silas Simmons, LLP

Natchez, Mississippi
April 16, 2018

**SECTION VI
SCHEDULE OF FINDINGS**

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|----------------------------------------------------------------------------------------------|-------------|
| 1. Type of auditor's report issued on the financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 3. Material noncompliance relating to the financial statements? | No |

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
 FERRIDAY, LOUISIANA
 STATUS OF PRIOR AUDIT FINDINGS
 FOR THE YEAR ENDED DECEMBER 31, 2017

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
------------------	-------------------------------------------------	------------------------	-------------------------------------------------------	--------------------------------------------------------------------

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

No current or prior year findings.

Section II - Internal Control and Compliance Material to Federal Awards:

None

Section III - Management Letter:

None

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)
FERRIDAY, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Reference No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
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Section I - Internal Control and Compliance Material to the Financial Statements:

None

Section II - Internal Control and Compliance Material to Federal Awards:

None

Section III - Management Letter:

None

SECTION VII
AGREED-UPON PROCEDURES REPORT



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

To the Sewerage District No. 1 of the Parish of Concordia and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Sewerage District No. 1 of the Parish of Concordia (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The District's management is responsible for those control and compliance 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 included in the attachment following this report.

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 control and compliance 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 control and compliance 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.

Silas Simmons, LLP

Natchez, Mississippi
April 16, 2018

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
 FOR THE YEAR ENDED DECEMBER 31, 2017

Written Policies and Procedures

1. Procedures: 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.
 - b) *Purchasing*, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) *Disbursements*, including processing, reviewing, and approving.
 - d) *Receipts*, including receiving, recording, and preparing deposits.
 - e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
 - h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
 - j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: We reviewed the written policies and procedures for the related functions listed above in the procedures. Through our review, we were able to determine that the entity has appropriate written policies and procedures for the related topics with the exception of the budgeting, purchasing, disbursements, payroll/personnel, contracting, and credit cards and other cards. The District does not have a policy for debt service because it follows the covenants the USDA has placed on it.

No exceptions were noted during the above procedures for travel and expense reimbursement and ethics.

Board (or Finance Committee, if applicable)

2. Procedures: Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - c) Report whether the minutes referenced or included nonbudgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Findings: We obtained a copy of the District's minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the board's enabling legislation, charter, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly budget-to-actual comparisons and nonbudgetary information for at least one meeting during the fiscal period.

During the above procedures, we noted that financials were not mentioned in the minutes for two months and that the financial report was not ready in another month.

Bank Reconciliations

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

Findings: We prepared a list of bank accounts from the list management gave for bank confirmations.

No exceptions were noted during the above procedures.

4. Procedures: 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 five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
- a) Bank reconciliations have been prepared,
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation, and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Findings: We randomly selected three of the entity's nine bank accounts and obtained the related bank statements and reconciliations for all months in the fiscal period. We reviewed the bank reconciliations to report whether they were prepared, included evidence that management or a board member had reviewed each statement, and included documentation that management has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

During our review of the bank reconciliations, we noted no evidence of review by a member of management on the reconciliations. During the review, we noted no items that had been outstanding for more than six months, as of the fiscal period end, and that all bank accounts had been reconciled.

Collections

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

Findings: We reviewed a listing of cash/check/money order collection locations and management's representation to determine that the listing is complete. The District does not have cash collection locations. The Manager picks up checks from other districts and then deposits them in the bank.

No exceptions were noted during the above procedures.

6. Procedures: 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 five 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.
- 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.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period.
- d) 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.
- e) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Findings: We performed testing for the process discussed in procedure 5. During testing, we obtained written documentation verifying whether the Manager had no responsibilities for depositing cash in the bank, recording related transactions, or reconciling bank statements.

We obtained written documentation to determine whether the entity has a formal process to reconcile collections to the general ledger and subsidiary ledgers by a person that was not responsible for cash collections at the location. We selected the highest week of collections from the general ledger and traced collections to the deposit date on the bank statement to determine that the deposits were made within one day of collection. We also used deposit slips to verify that check collections were completely supported by documents.

No exceptions were noted during the above procedures.

7. Procedures: 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.

Findings: We reviewed written documentation to determine that the entity has a process specifically defined to determine completeness of collections for each revenue source by a person who is not responsible for collections.

During our review of the above procedure, we noted that there is not written documentation to determine that the entity has a process but the manager was able to communicate how the process is performed.

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

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

Findings: We reviewed a management listing of entity disbursements from the general ledger and obtained management's representation that the listing was complete.

No exceptions were noted during the above procedures.

9. Procedures: Using the disbursement population from procedure 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.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Findings: We obtained and reviewed documentation to determine that the board approves all disbursements. There is no electronic system in place for the group but they utilize paper purchase orders. We determined that the board approves purchases before payment was processed and reviews invoices the month after with a check listing.

No exceptions were noted during the above procedures.

10. Procedures: 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.

Findings: We reviewed entity documentation to determine whether the party responsible for processing payment is prohibited from adding vendors to the entity's purchasing/disbursement system.

During our review of disbursements, we noted that the Manager discusses it with the Operations Supervisor and brings it before the board before adding a new vendor.

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

Findings: We inquired of management regarding their practices in initiating and approving disbursements for the entity to determine that the board approves all purchases and does not initiate any purchases.

There was no formal policy noted in the policies or any other entity documentation but the manager was able to communicate the policy.

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

Findings: We observed that the unused checks are locked in a filing cabinet by the Manager. She does not have signatory authority.

No exceptions were noted during the above procedures.

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

Findings: We inquired of management to determine whether a signature stamp or signature machine was used. The entity does not use signature stamps.

No exceptions were noted during the above procedures.

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

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

Findings: We inquired of management and received a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards. We also received representation from management that the listing was complete.

No exceptions were noted during the above procedures.

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

Findings: We obtained the combined monthly statement for the cards used by the entity and the individual statements for each credit card and selected the month with the largest dollar activity for each statement. We reviewed the statement to determine whether there was evidence that it was reviewed and approved, in writing, by someone other than the authorized card holder. We also reviewed the statement to determine whether finance charges and/or late fees were assessed on the statement.

During testing, we noted physical evidence that the Manager reviews the credit card statements and is an authorized user on one of accounts, but did not notice evidence by another person.

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

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the 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.
- 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 nonbusiness purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Findings: Using the combined monthly statement from procedure 15, we obtained supporting documentation for all transactions to determine whether there was an original itemized receipt, documentation of the business/public purpose, and other required written documentation. We reviewed the monthly statement to compare the transaction's detail to the Louisiana Public Bid Law. We also compared the entity's documentation of business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution.

No exceptions were noted during the above procedures.

Travel and Expense Reimbursement

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

Findings: We inquired of management to obtain records of all travel and related expense reimbursements by person during the fiscal period.

No exceptions were noted during the above procedures.

18. Procedures: 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.

Findings: We obtained the entity's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration, or to have the employee use the company truck.

No exceptions were noted during the above procedures.

19. Procedures: Using the listing or general ledger from procedure 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 (procedure 18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating.)
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- c) Compare the 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.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: The District had no travel and expense reimbursements for the fiscal year.

No exceptions were noted during the above procedures.

Contracts

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

Findings: We obtained a list of contracts and management's representation that the list is complete.

No exceptions were noted during the above procedure.

21. Procedures: 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:

1. Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
2. 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.
3. 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.
4. 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.
5. Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Findings: The District had two contracts and we reviewed the contracts to determine whether they support the service arrangement and amount paid. The two contracts are not subject to the Louisiana Public Bid Law due to overlapping of service areas with other districts. We also reviewed the contract and related documentation to determine if the contract was amended and whether or not the largest payment complied with the terms and conditions of the contract. We also reviewed contract documentation and board minutes whether there was documentation of board approval.

During our testing, we noted that the District has not been receiving invoices for one of the contracts and is making payments based on the terms of the contract.

Payroll and Personnel

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

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

Findings: We obtained a listing of employees with their related salaries and selected the District's two employees to determine if compensation paid to them was in compliance with the terms of their employment contract. We also checked for any changes made to hourly pay rates/salaries during the fiscal period. Both employees received a raise during the fiscal year, given by the board.

No exceptions were noted during the above procedures.

23. Procedures: 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.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Findings: We selected the two employees to determine if each selected employee documented their daily attendance and leave, whether there was written documentation that supervisors approved the attendance and leave of the selected employees/officials, and whether there is written documentation that the entity maintained written leave record on the selected employees.

No exceptions were noted during the above procedures.

24. Procedures: Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Findings: We inquired with management as to whether any employees/officials were terminated during the fiscal period. The District did not terminate any employees.

No exceptions were noted during the above procedures.

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

Findings: We inquired with management as to whether the entity participates in retirement plans. We reviewed remittances and cancelled checks to verify payroll taxes were remitted timely to appropriate agencies.

No exceptions were noted during the above procedures.

Ethics (excluding nonprofits)

26. Procedures: Using the selected employees/officials from procedure 22, under "Payroll and Personnel", obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Findings: We obtained the personnel files on the two employees selected in procedure 22 from management to determine whether ethics training/compliance documentation was completed.

During our testing, we noted that one employee did not complete the ethics training during the year due to time constraints.

27. Procedures: 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.

Findings: We inquired with management whether any alleged ethics violations were reported to the entity during the fiscal year.

No exceptions were noted during the above procedures.

Debt Service (excluding nonprofits)

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

Findings: The District did not issue new debt.

No exceptions were noted during the above procedures.

29. Procedures: 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 covenants.

Findings: The District is in compliance with its debt covenants.

No exceptions were noted during the above procedures.

30. Procedures: 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 had been paid off.

Findings: The entity did not have tax millages related to debt service. Therefore, this procedure was not applicable.

No exceptions were noted during the above procedures.

Other

31. Procedures: 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.

Findings: We inquired with management whether the entity had any misappropriations of public funds or assets. Per management, the entity was not aware of any appropriations.

No exceptions were noted during the above procedures.

32. Procedures: 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.

Findings: We observed whether the entity had posted, on its premises and website, the notice required by R.S. 24:53:1. The notice required by R.S. 24:523:1 was posted in the lobby of each location for both employees and customers to see.

No exceptions were noted during the above procedures.

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

Findings: We did not observe or otherwise identify any exceptions regarding management's representations.

No exceptions were noted during the above procedures.

SEWERAGE DISTRICT NO. 1 OF THE PARISH OF CONCORDIA
 SCHEDULE OF EXCEPTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Reference No.</u>	<u>Description of Exception</u>
Procedure 1	The entity did not have written policies for budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, and credit cards; but management was able to verbally communicate.
Procedure 2b	Financials were not reviewed during two months of the fiscal year.
Procedure 4b	Bank reconciliations did not include evidence that a member of management or board member reviewed each reconciliation.
Procedure 7	The entity did not have a written procedure for the reconciliation of collections, but management was able to verbally communicate.
Procedure 15a	The authorized credit card user also reviewed and approved the monthly statements.
Procedure 21c	The entity has not been receiving invoices for one of the contracts and is making payments based on the terms of the contract.
Procedure 26	One employee did not complete the ethics training during the year due to time constraints.

Management Response

Management plans to address the above findings during fiscal year 2018.