

CANE RIVER WATERWAY COMMISSION

**FINANCIAL REPORT
JUNE 30, 2017**

Cane River Waterway Commission
 Financial Report
 June 30, 2017

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management’s Discussion and Analysis	-	1-4
Independent Auditor’s Report	-	5-7
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	A	10
Statement of Activities	B	11
Fund Financial Statements		
Balance Sheet-Governmental Funds	C	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	14
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	E	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	F	16
Notes to Financial Statements	-	18-26
Other Required Supplementary Information		
Budgetary Comparison Schedule-General Fund	G	28
Budgetary Comparison Schedule-Capital Projects Fund	H	29
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	I	30
Other Reports		
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	J	32-33
Schedule of Audit Results	K	34
Independent Accountant’s Report on Applying Statewide Agreed-Upon Procedures	L	35-46
Management’s Response to Exceptions to Statewide Agreed-Upon Procedures	M	47

CANE RIVER WATERWAY COMMISSION

1679 Highway 493
Natchitoches, LA 71457

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Cane River Waterway Commission's financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Cane River Waterway Commission's financial statements, which begin on page 10.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Commission uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental funds balance sheet and the governmental funds operating statement provide a reconciliation to assist in understanding the difference between these two views.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2017</u>	<u>2016</u>
ASSETS:		
Current Assets	\$ 6,980,660	\$ 9,299,006
Capital Assets, Net of Accumulated Depreciation	<u>4,989,493</u>	<u>3,008,877</u>
Total Assets	<u>\$11,970,153</u>	<u>\$12,307,883</u>
LIABILITIES:		
Payroll Liabilities	\$ 768	\$ 651
Accounts Payable	<u>161,690</u>	<u>31,767</u>
Total Liabilities	<u>\$ 162,458</u>	<u>\$ 32,418</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 4,989,493	\$ 3,008,877
Unrestricted	<u>6,818,202</u>	<u>9,266,588</u>
Total Net Position	<u>\$11,807,695</u>	<u>\$12,275,465</u>

Summary of Statement of Activities

	<u>2017</u>	<u>2016</u>
REVENUES:		
General Revenues-		
Taxes	\$1,299,522	\$1,874,429
Interest	4,139	3,878
Gain/Loss on Investments	4,351	(10,803)
Other	<u>10,835</u>	<u>2,917</u>
Total Revenues	<u>\$1,318,847</u>	<u>\$1,870,421</u>
EXPENSES:		
General Government	\$1,371,991	\$ 44,813
Public Safety	<u>414,624</u>	<u>263,048</u>
Total Expenses	<u>\$1,786,615</u>	<u>\$ 307,861</u>
Change in Net Position	<u>\$ (467,768)</u>	<u>\$1,562,560</u>

- The Commission's assets exceeded its liabilities by \$11,807,695 (net position) for the current year and \$12,275,465 for the prior year.
- For the year ended June 30, 2017, unrestricted net position of \$6,818,202 represents the portion available to maintain the Commission's obligation to both citizens and creditors. This is a decrease of \$2,448,386 from the prior year.

General Fund Budgetary Highlights

The actual revenues for the general fund were \$25,009 more than the budgeted amount for the year and actual expenditures were \$96,515 less than budgeted amounts.

Economic Factors and Next Year's Budget

The primary revenue source for the Commission is property taxes. This tax is not subject to changes in the economy, in the short-term. However, in the long-term, significant increases/decreases in the tax base would be evident. The General Fund budget for FY 2017/2018 should not change significantly over the prior year.

Contacting the Commission

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Commission at 1679 Highway 493, Natchitoches, LA 71457.

Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Cane River Waterway Commission
1679 Highway 493
Natchitoches, LA 71457

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major funds of the Cane River Waterway Commission (Commission) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission'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 and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of the Commission as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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 management's discussion and analysis 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 introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The budgetary comparison schedules and the schedule of compensation, benefits and other payments to agency head or chief executive officer, listed as other required supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and schedule of compensation, benefits and other payments to agency head or chief executive officer 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 budgetary comparison schedules, and schedule of compensation, benefits and other payments to agency head or chief executive officer 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 December 6, 2017, on our consideration of the Commission'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 Commission's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 6, 2017 on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Johnson, Thomas + Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

December 6, 2017
Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Cane River Waterway Commission
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 1,045,962
Investments	5,934,577
Revenue Receivable	<u>121</u>
Total Current Assets	\$ 6,980,660
Non-current Assets-	
Capital Assets (Net)	<u>4,989,493</u>
Total Assets	<u>\$11,970,153</u>
LIABILITIES:	
Payroll Liabilities	\$ 768
Accounts Payable	<u>161,690</u>
Total Liabilities	<u>\$ 162,458</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 4,989,493
Unrestricted	<u>6,818,202</u>
Total Net Position	<u>\$11,807,695</u>

See notes to financial statements.

Cane River Waterway Commission
Statement of Activities
June 30, 2017

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u> <u>Revenues and Changes</u> <u>in Net Position</u> <u>Governmental Activities</u>
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities-				
General Government	\$1,371,991	\$0	\$0	\$ (1,371,991)
Public Safety	<u>414,624</u>	<u>0</u>	<u>0</u>	<u>(414,624)</u>
Total Governmental Activities	<u>\$1,786,615</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ (1,786,615)</u>
General Revenues:				
Taxes-				
Property Taxes				\$ 1,299,522
Miscellaneous-				
Interest				4,139
Gain on Investments				4,351
Other				<u>10,835</u>
Total General Revenues				\$ <u>1,318,847</u>
Change in Net Position				\$ (467,768)
Net Position June 30, 2016				<u>12,275,463</u>
Net Position June 30, 2017				<u>\$11,807,695</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

Cane River Waterway Commission
Balance Sheet-Governmental Funds
June 30, 2017

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Assets:			
Cash & Cash Equivalents	\$ 799,001	\$ 246,961	\$1,045,962
Investments	2,028,228	3,906,349	5,934,577
Revenue Receivable	<u>121</u>	<u>0</u>	<u>121</u>
Total Assets	<u>\$2,827,350</u>	<u>\$4,153,310</u>	<u>\$6,980,660</u>
Liabilities:			
Payroll Liabilities	\$ 768	\$ 0	\$ 768
Accounts Payable	<u>6,271</u>	<u>155,419</u>	<u>161,690</u>
Total Liabilities	<u>\$ 7,039</u>	<u>\$ 155,419</u>	<u>\$ 162,458</u>
Fund Balance:			
Committed	\$ 0	\$3,997,891	\$3,997,891
Unassigned	<u>2,820,311</u>	<u>0</u>	<u>2,820,311</u>
Total Fund Balance	<u>\$2,820,311</u>	<u>\$3,997,891</u>	<u>\$6,818,202</u>
Total Liabilities and Fund Balance	<u>\$2,827,350</u>	<u>\$4,153,310</u>	<u>\$6,980,660</u>

See notes to financial statements.

Cane River Waterway Commission
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2017

Total Fund Balance for the Governmental Funds
at June 30, 2017 \$ 6,818,202

Total Net Position reported for Governmental Activities
in the Statement of Net Position is different because:

Capital Assets used in Governmental Activities are not
financial resources and, therefore, are not reported in the
Governmental Funds Balance Sheet. Those assets consist of:

Construction in Progress	4,306,609
Land, Equipment, Buildings, and Boats	1,401,512
Less: Accumulated Depreciation	<u>(718,628)</u>

Total Net Position of Governmental Activities
at June 30, 2017 \$11,807,695

Cane River Waterway Commission
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Funds
Year Ended June 30, 2017

	Major Funds		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
REVENUES:			
Taxes-			
Ad Valorem Tax	\$1,299,522	\$ 0	\$ 1,299,522
Miscellaneous-			
Interest	4,139	0	4,139
Other	10,835	0	10,835
Loss on Investments	<u>4,351</u>	<u>0</u>	<u>4,351</u>
Total Revenues	<u>\$1,318,847</u>	<u>\$ 0</u>	<u>\$ 1,318,847</u>
EXPENDITURES:			
Current-			
General Government-			
Per diem	\$ 3,000	\$ 0	\$ 3,000
Office Expense	31,446	0	31,446
Legal/Accounting	13,880	0	13,880
Insurance	23,665	0	23,665
Cooperative Endeavor	<u>1,300,000</u>	<u>0</u>	<u>1,300,000</u>
Total General Government	<u>\$1,371,991</u>	<u>\$ 0</u>	<u>\$ 1,371,991</u>
Public Safety-			
Salary & Benefits	\$ 142,150	\$ 0	\$ 142,150
Aquatic Control	15,233	0	15,233
Operations	186,104	0	186,104
Testing	<u>8,099</u>	<u>0</u>	<u>8,099</u>
Total Public Safety	<u>\$ 351,586</u>	<u>\$ 0</u>	<u>\$ 351,586</u>
Capital Outlay-			
Water Source Project-CIP	\$ 0	\$ 2,008,655	\$ 2,008,655
Capital Expenditures	<u>34,999</u>	<u>0</u>	<u>34,999</u>
Total Capital Outlay	<u>\$ 34,999</u>	<u>\$ 2,008,655</u>	<u>\$ 2,043,654</u>
Total Expenditures	<u>\$1,758,576</u>	<u>\$ 2,008,655</u>	<u>\$ 3,767,231</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (439,729)	\$(2,008,655)	\$(2,448,384)
Fund Balance-Beginning of Year	<u>3,260,040</u>	<u>6,006,546</u>	<u>9,266,586</u>
Fund Balance-End of Year	<u>\$2,820,311</u>	<u>\$ 3,997,891</u>	<u>\$ 6,818,202</u>

See notes to financial statements.

Cane River Waterway Commission
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balance-governmental funds	\$(2,448,384)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report Capital Outlays and Capital Expenditures as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of Capital Assets recorded in the current period is	2,043,654
Depreciation expense on capital assets is reported in the government-wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	<u>(63,038)</u>
Total changes in Net Position at June 30, 2017, per Statement of Activities	<u>\$ (467,768)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2017

Introduction:

The Cane River Waterway District (District) and the Cane River Waterway Commission were created in 1982 by the State of Louisiana, under R.S. 34:3261-3262. The District is located entirely within the Parish of Natchitoches. The Commission was created for the purpose of establishing, operating and maintaining individually or in cooperation with the federal government and the state, the Cane River Waterway. Members of the Commission are appointed by the Governor of Louisiana.

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

The Commission, for financial purposes, includes all of the funds relevant to the operations of the Commission. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Cane River Waterway Commission.

The Division of Administration of the State of Louisiana has determined that the Cane River Waterway Commission is a primary government and not a component unit or agency of the state government for financial reporting purposes.

B. Basis of Presentation-

The Commission's statements are prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2017

C. Fund Accounting-

The accounts of the Commission are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Commission maintains two funds. They are both categorized as governmental funds. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or if its total assets, liabilities, revenues or expenditures are at least 10% of the corresponding total for all funds of that category or type. The Commission considers both of its governmental funds to be major.

The major funds of the Commission are described below:

Governmental Funds-

General Fund

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction/repair of major capital facilities and projects, other than those financed through another fund.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Commission as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2017

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Commission considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Assets, Liabilities, and Equity-

Cash and Cash Equivalents-

For purposes of the Statement of Net Position, cash and cash equivalents include all demand accounts, savings accounts, and certificates of deposit of the Commission.

Investments-

The Commission maintains investments accounts as authorized by the Louisiana Revised Statutes. Under state law, the Commission may invest in obligations of the U.S. Treasury and U.S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Commission maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

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

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2017

The range of useful lives by type of asset is as follows:

Furniture, computers	5 years
Radios	10 years
Buildings/Landings	40 years
Boats	7 years

Equity Classifications-

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

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

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2017

- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The Commission establishes, modifies/rescinds fund balance assignments by passage of a resolution.

The General Fund has an unassigned fund balance of \$2,820,311. The Commission would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Budget-

Prior to the beginning of each fiscal year, the Cane River Waterway Commission adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year.

G. Estimates-

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

2. Cash, Cash Equivalents and Investments:

Cash and Cash Equivalents-

At June 30, 2017, the Cane River Waterway Commission had the following cash and cash equivalents (book balances) totaling \$1,045,962.

Investments-

At June 30, 2017, the Commission had the following investments:

U.S. Government Securities	<u>\$5,934,577</u>
----------------------------	--------------------

Investment Valuation-

The U.S. government securities are stated at fair value based on market quotations.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2017

The cash and cash equivalents of the Commission are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits. 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Commission's name.

At June 30, 2017, the Commission had collected bank balances of \$1,047,513 which were fully protected by \$250,000 of federal depository insurance and pledged securities with a market value of \$4,282,664 held by the custodial bank in the name of the Commission.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, all investments of the Commission are in governmental-backed securities.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

3. Compensated Absences:

Employees cannot carry forward leave from year-to-year; therefore, there are no entries for compensated absences.

4. Pension Plan:

All of the Cane River Waterway Commission's employees participate in the Federal Social Security Program, and therefore GASB 68 is not applicable.

5. Lease Commitments:

The Waterway Commission entered into a 13-year lease with a private citizen in 1998 to lease land for a parking lot and a Commission owned boat launch. The lease was renewed in August 2012 for \$2,000 for an additional period of 10 years.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2017

6. Capital Assets:

Capital Asset balances and activity for the year ended June 30, 2017, are as follows:

<u>Activities</u>	<u>Balance</u> <u>07-01-16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06-30-17</u>
Capital Assets Not Depreciated:				
Construction in Progress	\$2,309,954	\$1,996,655	\$0	\$4,306,609
Land	151,500	12,000	0	163,500
Capital Assets Depreciated:				
Buildings/Boat Launches	1,109,745	0	0	1,109,745
Radios	5,283	0	0	5,283
Equipment	16,785	13,252	0	30,037
Boats/Motors	71,200	0	0	71,200
Vehicle	<u>0</u>	<u>21,747</u>	<u>0</u>	<u>21,747</u>
Total Capital Assets	<u>\$3,664,467</u>	<u>\$2,043,654</u>	<u>\$0</u>	<u>\$5,708,121</u>
Less, Accumulated Depreciation:				
Buildings/Boat Launches	\$ 577,115	\$ 54,872	\$0	\$ 631,987
Radios	5,283	0	0	5,283
Equipment	16,785	2,209	0	18,994
Boats/Motors	56,407	5,180	0	61,587
Vehicle	<u>0</u>	<u>777</u>	<u>0</u>	<u>777</u>
Total Accumulated Depreciation	<u>\$ 655,590</u>	<u>\$ 63,038</u>	<u>\$0</u>	<u>\$ 718,628</u>
Net Capital Assets	<u>\$3,008,877</u>	<u>\$1,980,616</u>	<u>\$0</u>	<u>\$4,989,493</u>

Depreciation expense of \$63,038 was charged to the public safety function.

7. Levied Taxes:

The Commission is empowered to levy property tax millages to finance its general operations. The Commission levies taxes on real and business property located within the boundaries of the Commission. Property taxes are levied by the Commission based on property values assessed by the Natchitoches Parish Assessor, and approved by the State of Louisiana Tax Commission.

The Natchitoches Parish Sheriff's Office bills and collects property taxes for the Commission. Collections are remitted to the Commission monthly.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2017

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2016. Total assessed value was \$416,202,196 in 2016. Louisiana law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$52,688,551 of the annual value in 2016. For the year ended June 30, 2017, the Commission had levied the following taxes:

General Corporate Purposes 4.0 mill

Property Tax Calendar

Assessment date	January 1
Levy date	June 30
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties & interest added	January 31
Lien date	January 31
Tax sale	May 15

Property tax revenue for the year ended June 30, 2017, were \$1,299,522 and \$1,874,429 for the year ended June 30, 2016.

The five largest taxpayers and their assessed valuation are as follows:

<u>Taxpayer</u>	<u>Assessed Value</u>
Acadian Gas Pipeline	\$ 55,385,890
International Paper Co.	30,750,300
Martco Limited Partners	14,081,560
Enlink-LIG	12,223,080
Tennessee Gas Pipeline	<u>11,766,900</u>
Total	<u>\$124,207,730</u>

8. Pending Litigation:

There were no civil suits seeking damages against the Commission outstanding at June 30, 2017.

9. Related Party Transactions:

There were no identified related party transactions for the year ended June 30, 2017.

10. Compensation Paid to Commissioners:

<u>Name</u>	<u>Amount</u>
Jim Rhodes	\$1,100
Margaret Vienne	550
Van Wiggins	650
Chad Methvin	350
Larry Paige	<u>350</u>
Total	<u>\$3,000</u>

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2017

11. Deferred Compensation Plan:

All of the employees of the Cane River Waterway Commission are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 100% of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees' paycheck and the Commission matches 4% of the employee contribution for each employee. The contributions are fully vested immediately and are remitted to a third-party administrator each pay period, where they are deposited to an account in the employee's name. The Cane River Waterway Commission does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. During the year ended June 30, 2017, the Commission's matching funds totaled \$6,316.

12. Subsequent Events:

Management has evaluated events through December 6, 2017, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Cane River Waterway Commission
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Taxes-				
Ad Valorem Tax	\$ 1,332,547	\$ 1,284,106	\$1,299,522	\$ 15,416
Miscellaneous-				
Interest	2,500	4,178	4,139	(39)
Gain/Loss on Investments	25,000	5,000	4,351	(649)
Other	<u>2,000</u>	<u>554</u>	<u>10,835</u>	<u>10,281</u>
Total Revenues	<u>\$ 1,362,047</u>	<u>\$ 1,293,838</u>	<u>\$1,318,847</u>	<u>\$ 25,009</u>
EXPENDITURES:				
Current-				
General Government-				
Per diem	\$ 4,100	\$ 3,311	\$ 3,000	\$ 311
Office/Advertising/Utility	14,000	16,304	31,446	(15,142)
Legal/Accounting	14,000	14,150	13,880	270
Insurance	25,000	23,646	23,665	(19)
Cooperative Agreement	<u>2,550,000</u>	<u>1,312,500</u>	<u>1,300,000</u>	<u>12,500</u>
Total General Government	<u>\$ 2,607,100</u>	<u>\$1,369,911</u>	<u>\$1,371,991</u>	<u>\$ (2,080)</u>
Public Safety-				
Testing	\$ 21,000	\$ 8,099	\$ 8,099	\$ 0
Operations	150,500	76,387	186,104	(109,717)
Aquatic Control	400,000	253,900	15,233	238,667
Salaries/Benefits	127,250	146,794	142,150	4,644
Capital Expenditures	<u>0</u>	<u></u>	<u>34,999</u>	<u>(34,999)</u>
Total Public Safety	<u>\$ 698,750</u>	<u>\$ 485,180</u>	<u>\$ 386,585</u>	<u>\$ 98,595</u>
Total Expenditures	<u>\$ 3,305,850</u>	<u>\$1,855,091</u>	<u>\$1,758,576</u>	<u>\$ 96,515</u>
Deficiency of Revenues over Expenditures	\$(1,943,803)	\$ (561,253)	\$ (439,729)	\$ 121,524
Fund Balance-Beginning of Year	<u>3,260,040</u>	<u>3,260,040</u>	<u>3,260,040</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 1,316,237</u>	<u>\$2,698,787</u>	<u>\$2,820,311</u>	<u>\$ 121,524</u>

See independent auditor's report and notes to financial statements.

Cane River Waterway Commission
Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Total</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
EXPENDITURES:						
Capital Outlay	<u>4,610,000</u>	<u>1,824,691</u>	<u>2,008,655</u>	<u>(155,419)</u>	<u>1,853,236</u>	<u>(28,545)</u>
Deficiency of Revenues over Expenditures	\$(4,610,000)	\$(1,824,691)	\$(2,008,655)	\$(155,419)	\$(1,853,236)	\$(28,545)
Fund Balance-Beginning of Year	<u>6,006,546</u>	<u>6,006,546</u>	<u>6,006,546</u>	<u>0</u>	<u>6,006,546</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 1,396,546</u>	<u>\$ 4,181,855</u>	<u>\$ 3,997,891</u>	<u>\$(155,419)</u>	<u>\$ 4,153,310</u>	<u>\$(28,545)</u>

Cane River Waterway Commission
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2017

Agency Head Name: Jim Rhodes, Chairman

<u>Purpose</u>	<u>Rhodes</u>
Salary	\$ 0
Benefits-Insurance	0
Benefits-Retirement	0
Deferred Compensation	0
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per Diem	1,100
Reimbursements	0
Travel	83
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$1,183</u>

See independent auditor's report and notes to financial statements.

OTHER REPORTS

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

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

To the Board of Commissioners
Cane River Waterway Commission
1679 Highway 493
Natchitoches, LA 71457

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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major funds as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Cane River Waterway Commission's (Commission) basic financial statements and have issued our report thereon dated December 6, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas + Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

December 6, 2017
Natchitoches, Louisiana

Cane River Waterway Commission
Schedule of Audit Results
Year Ended June 30, 2017

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Cane River Waterway Commission as of and for the year ended June 30, 2017.
2. The audit did not disclose any significant deficiencies in internal control.
3. The audit did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None noted.

III. PRIOR YEAR FINDING

None noted.

Johnson, Thomas & Cunningham

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

To the Board of Commissioners
Cane River Waterway Commission
1679 Highway 493
Natchitoches, LA 71457

We have performed the procedures enumerated below, which were specified and agreed to by the Board of Commissioners of the Cane River Waterway Commission. (the "Commission") to assist the Commission in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended June 30, 2017. We are required to perform each procedure and report the results, including any exceptions. The Commission is responsible for internal controls and compliance with laws and regulations relative to the SAUPs and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accounts and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Commission. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are enumerated below.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or noted that the entity does not have any written policies and procedures), as applicable:

- ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and address the functions noted above.

- ***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.

Written policies and procedures were obtained and address the functions noted above, except the policy did not outline procedures for who initiates purchases, adding vendors to the vendor list, nor the preparation/approval process of purchase orders.

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

Written policies and procedures were obtained and address the functions noted above.

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

There are no written policies and procedures for receipts.

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

There are no written policies and procedures for payroll/personnel.

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

Written policies and procedures were obtained and address the functions noted above.

- **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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- **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.

Written policies and procedures were obtained and address the functions noted above.

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

This section is not applicable to the Commission.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- 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.

We obtained the Commission's board minutes for the year, noting the board met in accordance with their policies, without exception.

- 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).

Budget-to-actual financial statements are presented at each board meeting.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

There is no formal/written plan to eliminate deficit spending.

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

We noted the minutes included non-budgetary financial information in each meeting (i.e., approval of contracts and disbursements).

Bank Reconciliations

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

We were provided with the listing by management.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- Bank reconciliations have been prepared;

For the one bank account identified, we obtained bank statements and reconciliations for all months in the fiscal period, noting that reconciliations were prepared for all months, without exception.

- 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

No exceptions noted.

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

There were no reconciling items that had been outstanding for more than 6 months.

Collections

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

Management represented that there was only one collection location.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

- 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.

Management provided the documentation for the one identified location. The person responsible for collecting cash is not bonded, and is also responsible for depositing the cash in the bank, recording the related transaction, and reconciling the related bank account. There is only one cash drawer at this location.

- 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.

No written documentation of formal cash reconciliation process.

- Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exceptions noted.

- 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.

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

No exceptions noted.

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

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

The listing of disbursements was obtained from the check register. We obtained management's representation that the disbursement population was complete.

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

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

The Commission does not use a requisition or purchase order system.

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

The Commission does not use a requisition or purchase order system.

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

All payments are supported by an approved invoice.

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

The manual disbursement system does not restrict the adding of vendors.

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

One individual has signatory authority and has responsibility for initiating and recording purchases.

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

Unused checks are maintained in a locked location. The person with signatory authority does have access to the unused checks.

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

Not applicable – no signature stamp or signature machine is used.

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

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

Management represented that there is only one active credit card, maintained in the possession of the office manager.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

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

- Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions noted.

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

No finance charges or fees were noted.

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

- For each transaction, we report whether the transaction is supported by:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- For each transaction, we compared 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.

We noted no exceptions in the selected transactions.

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

We noted no exceptions in the selected transactions.

Travel and Expense Reimbursement

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

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

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

Policies were obtained. No amounts listed exceed GSA rates.

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

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

No exceptions were noted.

- 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.]

We were provided with an itemized receipt for each of the selected transactions, without exception.

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

No exceptions noted.

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

We noted all required documentation was provided with each of the selected transactions, without exception.

- 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.

We noted no exceptions in the selected transactions.

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

No exceptions noted.

Contracts

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

Management provided the requested listing and representation.

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

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

No exceptions noted on the five contract vendors selected.

- 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.

No noncompliance noted.

- 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.

We noted no amendments to the contracts selected.

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

No exceptions noted.

- 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).

No exceptions noted.

Payroll and Personnel

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

- 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.

Only two employees identified; no exceptions noted.

- 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.

No changes were made to pay rates during the fiscal period.

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

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

Only two employees identified; no exceptions noted.

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

No exceptions noted.

- 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.

We observed the written leave records maintained for all selections, without exception.

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

There were no terminations during the fiscal period.

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

No exceptions noted.

Ethics (excluding nonprofits)

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

No exceptions noted.

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

Per inquiry of management, there were no alleged ethics violations reported to the Commission during the fiscal period.

Debt Service (excluding nonprofits)

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

Not applicable – No debt was issued during the fiscal period.

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

The Commission had no outstanding debt during the fiscal period.

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

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, we 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.

Per discussion with the management, there were no funds or assets misappropriated during the period.

32. We observed 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.

We viewed the notice required by R.S. 24:523.1 posted on the Commission's premises. The Commission does not have a website.

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

Not applicable – no exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. 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.

This report is intended solely for the information and use of the Association for Retarded Citizens of Sabine, Inc. and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully,

Johnson, Thomas + Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

December 6, 2017
Natchitoches, Louisiana

Cane River Waterway Commission
Management's Response to Exceptions to
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2017

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

- Item 1: The Commission will amend its written purchasing policies and procedures to address how purchases are initiated, how vendors are added to the vendor list, and the preparation and approval process for purchase orders.
- The Commission will design and implement a written policy on receipts and include the functions of receiving, recording and preparing deposits.
- The Commission will design and implement a written policy on payroll/personnel, to include (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- Item 2: The Commission will develop a formal written plan to eliminate any deficit spending in the event of a fund balance deficit.
- Item 6: The Commission has only two employees, one of which is office personnel. Management considers it not feasible to hire additional employees in order to provide adequate segregation of duties. All transactions are monitored, reviewed and approved by the Board of Commissioners.
- Item 9: Management does not consider it feasible to implement a purchase order/requisition system, as there is no method to separate initiation from approval functions with only one office employee. All purchases are monitored, reviewed and approved by the Board of Commissioners.
- Item 10: The Commission uses a manual disbursement system and has only one office employee. There are no feasible procedures to ensure that the person responsible for processing payments is prohibited from adding vendors.
- Item 11: The Commission has only one office employee. Management considers it not feasible to hire additional employees in order to ensure that the individual with signatory authority has no responsibility for initiating or recording purchases. All purchases are monitored, reviewed and approved by the Board of Commissioners.
- Item 12: The Commission feels it necessary for the one office employee to have access to the unused checks, even though that person also has signatory authority. The Commission has a two-signature requirement for disbursements over \$1,000. All checks, regardless of amount, are reviewed and approved by the Commission.