

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT  
WELSH, LOUISIANA

ANNUAL FINANCIAL REPORT AND  
INDEPENDENT AUDITORS' REPORTS

Year Ended June 30, 2017

## TABLE OF CONTENTS

	PAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3-6
INDEPENDENT AUDITORS' REPORT	7-9
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	10-11
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	12-13
STATEMENT OF CASH FLOWS	14-15
NOTES TO FINANCIAL STATEMENTS	16-23
REQUIRED SUPPLEMENTAL INFORMATION	
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITON - BUDGET AND ACTUAL	25-26
OTHER INFORMATION	
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER	28
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	29-30
SCHEDULE OF FINDINGS AND RESPONSES	31

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT  
WELSH, LOUISIANA

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Jefferson Davis Central Waterworks District (the District) financial performance presents a narrative overview and analysis of the District'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 in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

**FINANCIAL HIGHLIGHTS**

- The District's assets exceeded its liabilities by \$4,580,356 (net position) for the fiscal year reported.
- Total revenues of \$1,058,421 exceeded total expenditures of \$679,351, which resulted in a current year surplus of \$379,070, compared to prior year surplus of \$207,724.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets, net of related debt, of \$3,013,153 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase of capital assets.
  - (2) Net position - unrestricted net assets of \$1,567,203.
- At the end of the current fiscal year, unreserved net assets were 233% of total expenditures and 148% of total revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include the financial statements and notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is presented.

**Basic Financial Statements**

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Positions; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT  
WELSH, LOUISIANA

Management's Discussion and Analysis

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide 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 assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**FINANCIAL ANALYSIS OF THE DISTRICT**

The District's net position at fiscal year-end is \$4,580,356. The following table provides a summary of the District's net position:

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets	\$ 1,772,059	\$ 1,424,334
Capital assets	3,013,153	3,027,397
Other assets	<u>17,710</u>	<u>20,098</u>
Total assets	<u>4,802,922</u>	<u>4,471,829</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Liabilities:		
Current liabilities	168,013	164,606
Long-term liabilities	<u>54,552</u>	<u>105,935</u>
Total liabilities	<u>222,565</u>	<u>270,541</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>
Net position:		
Net investment in capital assets, net of debt	3,013,153	3,027,397
Net position - unrestricted	<u>1,567,203</u>	<u>1,173,891</u>
Total net position	<u>\$ 4,580,356</u>	<u>\$ 4,201,288</u>

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT  
WELSH, LOUISIANA

Management's Discussion and Analysis

66% (72% for 2016) of the District's net position is tied up in capital assets and restricted net position. The District uses these capital assets to provide services to its customers.

The following table provides a summary of the District's changes in net position:

	<u>2017</u>	<u>2016</u>
Operating Revenues	\$ 622,504	\$ 594,484
Non-operating Revenues	<u>435,917</u>	<u>430,450</u>
Total Revenues	1,058,421	1,024,934
Depreciation Expense	193,041	208,242
Other Operating Expenses	486,310	608,968
Non-operating Expenses	<u>-</u>	<u>-</u>
Total Expenses	<u>679,351</u>	<u>817,210</u>
Change in Net Position	379,070	207,724
Beginning Net Position	<u>4,201,286</u>	<u>3,993,562</u>
Ending Net Position	<u>\$ 4,580,356</u>	<u>\$ 4,201,286</u>

**BUDGETARY HIGHLIGHTS**

**ENTERPRISE FUND**

Actual revenues exceeded the budget by \$108,421 or 11%, mainly due to ad valorem taxes and charges for services. Actual expenses were short the budget by \$270,649 or 40%, mainly due to salaries and repairs and maintenance.

**CAPITAL ASSETS**

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2017, was \$3,013,153. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2017</u>	<u>2016</u>
Nondepreciable assets:		
Land	\$ 28,285	\$ 28,285
Construction in progress	-	51,097
Depreciable assets:		
Plant & Distribution system	6,414,709	6,202,708
Furniture, fixtures and equipment	<u>382,697</u>	<u>364,804</u>
Total depreciable assets	6,797,406	6,567,512
Less accumulated depreciation	<u>3,812,538</u>	<u>3,619,497</u>
Book value-depreciable assets	<u>\$ 2,984,868</u>	<u>\$ 2,948,015</u>
Percentage depreciated	<u>45%</u>	<u>45%</u>
Book value-all assets	<u>\$ 3,013,153</u>	<u>\$ 3,027,397</u>

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT  
WELSH, LOUISIANA

Management's Discussion and Analysis

This year's major capital additions included above were:

- Ferris Lawn Mower \$ 10,755
- Line extension Pinehill Cemetery Road 212,001

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our 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. If you have any questions about this report or need additional financial information, contact Rhonda Migl, Office Manager of Jefferson Davis Central Waterworks District.



**Gragson, Casiday & Guillory, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
GRAHAM A. PORTUS, E.A.  
KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BARLOW, C.P.A.  
BRIAN MCCAIN, C.P.A.

INDEPENDENT AUDITORS' REPORT

September 27, 2017

Board of Commissioners  
Jefferson Davis Central Waterworks District  
Welsh, Louisiana

We have audited the accompanying financial statements of the business-type activities of the Jefferson Davis Central Waterworks District, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic 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 principles 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 of the Jefferson Davis Central Waterworks District as of June 30, 2017, and the respective changes in financial position and cash flows 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 and budgetary information on pages 3 through 6 and 25 through 26 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Jefferson Davis Central Waterworks District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

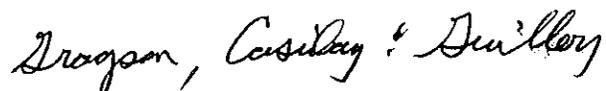
The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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

Board of Commissioners  
Jefferson Davis Central Waterworks District  
September 27, 2017  
Page Three

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2017 on our consideration of Jefferson Davis Central Waterworks District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson Davis Central Waterworks District's internal control over financial reporting and compliance.



JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Net Position

June 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash	\$ 1,557,868	\$ 1,200,276
Accounts receivable, net	42,476	49,621
Prepaid expenses	9,632	13,964
	<u>1,609,976</u>	<u>1,263,861</u>
Restricted Assets		
Customer deposits		
Cash	162,083	160,473
Total current assets	<u>1,772,059</u>	<u>1,424,334</u>
Property, plant and equipment		
Land	28,285	28,285
Construction in progress	-	51,097
Distribution system	6,414,709	6,202,708
Furniture, fixtures and equipment	69,017	62,935
Machinery and equipment	313,680	301,869
	<u>6,825,691</u>	<u>6,646,894</u>
Less accumulated depreciation	<u>3,812,538</u>	<u>3,619,497</u>
	3,013,153	3,027,397
Other assets		
Construction period interest, net	<u>17,710</u>	<u>20,098</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,802,922</u>	<u>\$ 4,471,829</u>

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

Continued

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Net Position - Continued

June 30, 2017

	<u>2017</u>	<u>2016</u>
LIABILITIES		
Current Liabilities		
Payable from current assets		
Accounts payable	\$ 6,734	\$ 9,351
Accrued liabilities	1,217	2,044
	<u>7,951</u>	<u>11,395</u>
Payable from restricted assets		
Customer deposits	160,063	153,211
Total Current Liabilities	<u>168,014</u>	<u>164,606</u>
Long-term liabilities		
Accrued compensated absences	54,552	105,935
	<u>222,566</u>	<u>270,541</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Investment in capital assets, net of related debt	3,013,153	3,027,397
Net position - Unrestricted	1,567,203	1,173,891
Total Net Position	<u>4,580,356</u>	<u>4,201,288</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,802,922</u>	<u>\$ 4,471,829</u>

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

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT  
Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2017

	2017	2016
<b>OPERATING REVENUES</b>		
Charges for services	\$ 567,448	\$ 527,040
Installations	24,150	28,000
Penalties and reconnect fees	25,398	32,299
Miscellaneous	5,508	7,145
TOTAL OPERATING REVENUES	622,504	594,484
<b>OPERATING EXPENSES</b>		
Advertising	736	677
Amortization	2,388	2,388
Auto mileage	1,664	4,296
Chemicals	22,169	20,804
Communications	5,843	6,176
Contract labor	260	900
Convention expense	545	-
Depreciation	193,041	208,242
Dues	3,923	10,985
Equipment rental	2,837	270
Fuel	7,785	6,056
Garbage service	264	272
Insurance - employees	37,059	42,825
Insurance - other	26,207	25,804
Meter reading services	22,222	20,666
Miscellaneous	4,971	2,475
Office	3,000	2,493
Per diem	6,300	6,200
Postage	5,372	5,698
Printing	1,047	672
Professional fees	5,500	14,880
Repairs and maintenance	11,224	64,475
Retirement	25,166	21,186
Salaries	204,145	258,181
Supplies	39,907	47,590
Taxes and licenses	18,961	19,202
Utilities	24,413	22,200
Water samples	2,402	1,597
TOTAL OPERATING EXPENSES	679,351	817,210
<b>OPERATING PROFIT (LOSS)</b>	<b>(56,847)</b>	<b>(222,726)</b>

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

Continued

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Revenues, Expenses and Changes in Net Position - Continued

Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	\$ 422,609	\$ 418,951
Interest income	13,308	11,499
	<u>435,917</u>	<u>430,450</u>
CHANGE IN NET POSITION	379,070	207,724
NET POSITION - BEGINNING	<u>4,201,286</u>	<u>3,993,562</u>
NET POSITION - ENDING	<u>\$ 4,580,356</u>	<u>\$ 4,201,286</u>

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

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Cash Flows

Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING REVENUES		
Received from customers	\$ 629,649	\$ 579,326
Payments for supplies	(330,274)	(341,447)
Payments for services	<u>(204,145)</u>	<u>(258,181)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	95,230	(20,302)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from customers	6,852	8,239
Acquisition of fixed assets	(178,797)	(80,705)
Ad valorem taxes	<u>422,609</u>	<u>418,951</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	250,664	346,485
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>13,308</u>	<u>11,499</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	359,202	337,682
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,360,749</u>	<u>1,023,067</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,719,951</u>	<u>\$ 1,360,749</u>

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

Continued

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Cash Flows - Continued

Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit (loss)	\$ (56,847)	\$ (222,726)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Amortization	2,388	2,388
Depreciation	193,041	208,242
(Increase) decrease in:		
Accounts receivable	7,145	8,920
Prepaid expenses	4,332	(216)
Increase (decrease) in:		
Accounts payable	(2,617)	(50,083)
Accrued liabilities	(827)	2,289
Accrued interest payable	-	(6,844)
Accrued compensated absences	(51,385)	-
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	<u>\$ 95,230</u>	<u>\$ (58,030)</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

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

# JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

## Notes to Financial Statements

June 30, 2017

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jefferson Davis Central Waterworks District is a political subdivision of the State of Louisiana. It was created under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the rural area of Central Jefferson Davis Parish. The District is governed by a board of commissioners composed of five members appointed by the Jefferson Davis Parish Police Jury.

#### 1. Reporting Entity

As the governing authority, for reporting purposes, the Jeff Davis Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority to the district and has the ability to impose its will, the District was determined to be a component unit of the Jeff Davis Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

# JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

## Notes to Financial Statements

June 30, 2017

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### 2. Basis of Presentation

The accompanying financial statements of the Jefferson Davis Central Waterworks District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### 3. Cash

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2017, the District has \$1,733,074 in deposits (collected bank balances). These deposits are secured from risk by \$451,761 of federal deposit insurance and \$1,281,313 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Accounts Receivable

Uncollectible amounts due for accounts receivable are recognized as bad debts using the direct write-off method. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. This method does not result in a charge to a bad debt that is materially different from the amount that would be charged if the reserve method were used.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

5. Construction Period Interest

Interest costs of \$90,740 during original construction period of plant were capitalized and are being amortized over the term of the original bond issue using the straight-line method. Amortization expense was \$2,388 for the year ended June 30, 2017.

6. Compensated Absences

The District has the following policy relating to vacation and sick leave:

- Vacation
  - Two weeks after 1 year of service,
  - Three weeks after 10 years of service,
  - Four weeks after 20 years of service.
  - Vacation may not be carried over to the next year and will not be paid upon termination.
  
- Sick Leave
  - One day per month after 30 days of employment.
  - Maximum of 150 days may be carried over to the next year.
  - Unused sick days will be paid upon retirement.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The District's recognition and measurement criterion for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At June 30, 2017, the District had an accrual for compensated absences of \$50,200.

7. Statement of Cash Flows

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$1,719,951 which represents unrestricted amounts of \$1,557,868 and restricted amounts of \$162,083.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level.

9. Net Position

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that the committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Estimates

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

11. Subsequent Events

Management has evaluated subsequent events through September 27, 2017, the date the financial statements were available to be issued.

12. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

NOTE B - AD VALOREM TAXES

For the year ended June 30, 2017 taxes of 10.49 mills were levied on property with assessed valuations totaling \$48,856,256 and were dedicated as follows:

General operations	10.49 mills
--------------------	-------------

Total taxes levied were \$438,656.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15 of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

NOTE C - FIXED ASSETS

All purchased fixed assets are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE C - FIXED ASSETS - CONTINUED

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Plant & distribution system	30 - 50 years
Furniture, fixtures and equipment	3 -10 years
Machinery and equipment	5 -10 years

A summary of changes in fixed assets for the year ended June 30, 2017 are as follows:

	Beginning of year	Additions	Deletions	End of year
Land	\$ 28,285	\$ -	\$ -	\$ 28,285
Construction in Progress	51,097	160,904	212,001	-
Plant & Distribution System	6,202,708	212,001	-	6,414,709
Furniture, Fixtures & Equipment	364,804	17,893	-	382,697
	<u>6,646,894</u>	<u>\$ 390,798</u>	<u>\$ 212,001</u>	6,825,691
Less accumulated depreciation	<u>(3,619,467)</u>			<u>(3,812,538)</u>
Totals	<u>\$ 3,027,397</u>			<u>\$ 3,013,153</u>

Depreciation expense was \$193,041 for the year ended June 30, 2017.

NOTE D - PER DIEM

Total per diem paid consisted of the following:

Benet Augustine	\$ 1,300
Billy Compton	1,300
Steve Lopez	1,300
John Reeves	1,300
Kevin Webb	1,100
	<u>\$ 6,300</u>

# JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

## Notes to Financial Statements

June 30, 2017

### NOTE E - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

### NOTE F – RETIREMENT COMMITMENTS

The District approves annually contributions to individual retirement accounts of all eligible employees. Eligible employees are all full-time employees after one year of service. Contribution rate is 10% of annual salary. Total payroll for the District was \$204,145 and total payroll for covered employees was \$259,880. Total contributions made by the District were \$25,166. Participants are immediately fully vested.

REQUIRED SUPPLEMENTAL INFORMATION

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Revenues, Expenses and Changes in Net Position -  
Budget and Actual

Year Ended June 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 490,000	\$ 567,448	\$ 77,448
Installations	25,000	24,150	(850)
Penalties and reconnect fees	30,000	25,398	(4,602)
Miscellaneous	-	5,508	5,508
<b>TOTAL OPERATING REVENUES</b>	<b>545,000</b>	<b>622,504</b>	<b>77,504</b>
<b>OPERATING EXPENSES</b>			
Advertising	1,000	736	264
Amortization	-	2,388	(2,388)
Auto mileage	-	1,664	(1,664)
Bad debt expense	1,000	-	1,000
Bank charges	500	-	500
Chemicals	32,000	22,169	9,831
Communication	7,000	5,843	1,157
Contract labor	20,000	260	19,740
Convention	1,000	545	455
Depreciation	211,800	193,041	18,759
Dues	15,000	3,923	11,077
Equipment rental	8,000	2,837	5,163
Fuel	14,500	7,785	6,715
Garbage service	500	264	236
Insurance - employees	40,000	37,059	2,941
Insurance - other	35,000	26,207	8,793
Meter reading services	24,000	22,222	1,778
Miscellaneous	5,000	4,971	29
Office	5,000	3,000	2,000
Per diem	7,000	6,300	700
Postage	7,500	5,372	2,128
Printing	3,000	1,047	1,953
Professional fees	10,000	5,500	4,500
Repairs and maintenance	80,000	11,224	68,776
Retirement	25,200	25,166	34
Salaries	259,000	204,145	54,855
Supplies	75,000	39,907	35,093
Taxes and licenses	20,000	18,961	1,039
Utilities	39,000	24,413	14,587
Water samples	3,000	2,402	598
<b>TOTAL OPERATING EXPENSES</b>	<b>950,000</b>	<b>679,351</b>	<b>270,649</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(405,000)</b>	<b>(56,847)</b>	<b>348,153</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Ad valorem taxes (net)	400,000	422,609	22,609
Interest income	5,000	13,308	8,308
	<b>405,000</b>	<b>435,917</b>	<b>30,917</b>

Continued

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Statement of Revenues, Expenses and Changes in Net Position -  
Budget and Actual - Continued

Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CHANGE IN NET POSITION	\$ -	\$ 379,070	\$ 379,070
NET POSITION - BEGINNING	<u>4,201,286</u>	<u>4,201,286</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 4,201,286</u>	<u>\$ 4,580,356</u>	<u>\$ 379,070</u>

OTHER INFORMATION

JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Schedule of Compensation, Benefits and Other Payments  
To Chief Executive Officer

Year Ended June 30, 2017

Chief Executive Officer: John Reeves, Board President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	1,300
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-



**Gragson, Casiday & Guillory, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
GRAHAM A. PORTUS, E.A.  
KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BARLOW, C.P.A.  
BRIAN MCCAIN, C.P.A.

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

September 27, 2017

Board of Commissioners  
Jefferson Davis Central Waterworks District  
Welsh, 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 Jefferson Davis Central Waterworks District, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Jefferson Davis Central Waterworks District's basic financial statements, and have issued our report thereon dated September 27, 2017.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 significant deficiencies or material weaknesses 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. We did

identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jefferson Davis Central Waterworks District'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses.

### **Jefferson Davis Central Waterworks District's Response to Findings**

Jefferson Davis Central Waterworks District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Jefferson Davis Central Waterworks District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



JEFFERSON DAVIS CENTRAL WATERWORKS DISTRICT

Schedule of Findings and Responses

Year Ended June 30, 2017

1. Summary of Auditors' Results:

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses(es) identified?                    \_\_\_ yes     X  no
- Control deficiencies identified that are  
not considered to be material weakness(es)?             X  yes    \_\_\_ none reported
- Noncompliance material to financial  
statements noted?    \_\_\_ yes     X  no

2. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

**Finding #2017-001**

**Inadequate Segregation of Duties**

Condition:                    Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect:                        Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation:        To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management Response/Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review bank reconciliations on a monthly basis.

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

None



**Gragson, Casiday & Guillory, L.L.P.**  
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INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners  
Jefferson Davis Central Waterworks District  
Welsh, Louisiana

September 27, 2017

We have performed the procedures included enumerated below, which were agreed to by the Jefferson Davis Central Waterworks District and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP's) for the fiscal year July 1, 2016 through June 30, 2017. The District's management is responsible for those C/C areas identified in the SAUP's.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:
  - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.  
***The District does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.***
  - b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.  
***The District does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.***
  - c) *Disbursements*, including processing, reviewing, and approving.  
***The District does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.***
  - d) *Receipts*, including receiving, recording, and preparing deposits.  
***The District does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.***

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

*The District does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

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

*The District does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

*The District does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

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

*The District does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*The District does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

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

*The District does not have a complete written policies and procedures manual. A written polices and procedures manual will be adopted in the next year.*

Council (or Finance Committee, if applicable)

- 2. Obtain and review the board minutes for the fiscal year, 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.

*The minutes reflected that the managing board met monthly in accordance with enabling legislation.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the District's prior audit (GAAP-basis).

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

***Monthly income statements with budgetary comparisons and variances were not provided to the board. In addition, there was not a fund balance deficit.***

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

***Minutes, where applicable, contained approval of non-budgetary financial information.***

#### ***Bank Reconciliations***

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

***The listing was provided by management.***

4. Using the listing provided by management, select all of the District's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal year and report whether:

- a) Bank reconciliations have been prepared;

***For each bank account selected, the accounts were reconciled.***

- 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

***There is documentation that a member of management has reviewed each bank reconciliation but there is no documentation that a board member has reviewed each bank reconciliation.***

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

***As of June 30, 2017, there appears to be four outstanding checks for more than six months that management has not documented reflecting research of reconciling items.***

### ***Collections***

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

***The listing was provided by management.***

6. Using the listing provided by management, select all of the District's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

***For the one and only location, each employee (4) may collect payments. All employees are covered by a \$100,000 theft policy. One employee, the clerk, performs all functions: collections, deposits, records the transaction, and reconciles the bank account. There are no compensating controls performed. All employees share the one and only cash drawer.***

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the District has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

***The same person performs all functions of collections, deposits, recording and reconciliations. There is no formal process of reconciling collections to ledgers by an independent individual. However, a formal process exists and is documented of reconciling collections to ledgers. On each deposit date, a "payment distribution summary report", and a "cash drawer balance sheet" is reconciled to deposit amount and to general ledger entity.***

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

- Using District 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.

***All deposits were made within one day of collections.***

- 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 evidence of exceptions was found during the testing.*

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

*The District's policies include some of the processes specifically defined to determine completeness of all collections but they are generally performed by persons who are also responsible for collections.*

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

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

*The listing was provided by management.*

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

**Randomly selected 25 disbursements and obtained supporting documentation for each transaction.**

- 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.

*Not applicable, District does not use purchase order system.*

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

*Not applicable, District does not use purchase order system.*

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

*All 25 disbursement invoices were approved by check signatures; however, documentation was not reflected on the invoices.*

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

*The Clerk has the authority to sign checks, perform accounts payable payment processing, and add vendors to the District's system.*

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

*The Clerk has signatory authority and authorization for disbursements. The clerk can also initiate and record 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 District documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*The District's checks are printed on blank check stock. The Clerk has signatory authority and access to print checks.*

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

*The District does not use signature stamps. Checks are maintained under the control of the signer until mailed.*

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

---

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

*The listing was provided by management.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the District has less than 10 cards) that were used during the fiscal year, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

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

*On the months tested, supporting documentation was reviewed and approved in writing, however not by someone other than the authorized card holder.*

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

*No finance charges and/or late fees were assessed on the months tested.*

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

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

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

*Each transaction was supported by an original itemized receipt.*

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

*Documentation of business/public purpose was provided.*

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

*All documentation appeared to be in order.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*No exceptions were noted.*

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

*No exceptions were noted.*

***Travel and Expense Reimbursement***

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

***The listing was provided by management.***

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

***The District does not have a written travel and expense reimbursement policy. However, for actual reimbursements included in testing, none exceeded the GSA Rates.***

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

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

***For the expense reimbursements tested, those did not exceed the GSA 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.]

***Itemized receipts were provided for all expenses tested that identified what was purchased.***

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

***Each expense was supported by documentation of business purpose.***

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

***No other documentation is required.***

- c) Compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction

precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

***The District's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.***

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

***Each expense tested was supported by documentation, however approval in writing was not present.***

### ***Contracts***

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

***The listing was provided by management.***

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

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

***The five highest paid vendors did not have formal/written contracts, but invoices were present for each payment. Three of these vendors/contracts were for reoccurring supplies and materials. Two of these vendors/contracts were for contracted work either done monthly or on an as-needed basis.***

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the District complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

***The contracts/vendors were not subject to the public bid law.***

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

***Solicited quotes were not obtained.***

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

***None of the contracts were amended.***

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

*No contracts were present.*

- e) Obtain/review contract documentation and council minutes and report whether there is documentation of council approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Documentation provided reflected approval by the Board.*

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

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

*The listing was provided by management.*

- a) Review compensation paid to each employee during the fiscal year and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*All selected employees were paid in strict accordance with the approved pay rate structure.*

- b) Review changes made to hourly pay rates/salaries during the fiscal year and report whether those changes were approved in writing and in accordance with written policy.

*There were no changes to pay rate/salaries during the 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 District had less than 25 employees during the fiscal period), and:

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

*All employees tested had documentation of leave, however there was no documentation of daily attendance.*

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

*There was no written documentation that supervisors approved attendance and leave.*

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

*The District maintained written leave records reflecting the hours earned, the hours used, and the balance available.*

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.

*The listing was provided by management. Two employees terminated during the fiscal year. The termination payments were made in strict accordance with policy.*

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.

*Documentation reflected that payroll tax return/reports were timely filed and all payroll taxes and retirement contributions were timely paid and submitted for the fiscal year.*

#### *Ethics*

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

*All employees selected for testing maintained the documentation of completion of the required one-hour ethics training on the Code of Governmental Ethics as required by Louisiana Revised Statute 42:1170 (3)(a)(i).*

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

*Management was not notified of any alleged or actual ethics violations during the fiscal year.*

#### *Debt Service*

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

*No debt was issued during the fiscal year.*

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

*The District had no outstanding debt during the fiscal year.*

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

*The District did not have tax millages related to debt service payments.*

**Other**

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

*Management informed us that the District did not have any misappropriation of public funds or assets during the fiscal year.*

32. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The District did not have the required notice posted in a conspicuous place upon its premises or its 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.

*The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.*

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUP's, 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.

