

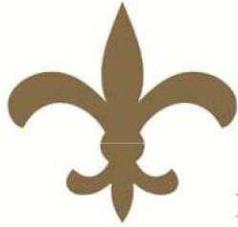
FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

AS OF JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Jefferson Davis Parish Water District No. 4
Jennings, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Jefferson Davis Parish Water District No. 4 (the District), a component unit of 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 judgement, 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, I 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.

Jefferson Davis Parish Water District No. 4

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Jefferson Davis Parish Water District No. 4, as of June 30, 2017, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation and benefits paid to agency head or chief executive officer are presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule is the responsibility of management and was derived and related 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 my opinion, based on my audit and the procedures performed as described above, the schedule of compensation and benefits paid 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*, I have also issued my report dated May 18, 2018, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the

Jefferson Davis Parish Water District No. 4
Page 3

results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "J. Aaron Cooper, CPA, LLC". The signature is written in a cursive style.

J. Aaron Cooper, CPA, LLC

Jennings, Louisiana
May 18, 2018

BASIC FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH WATER DISTRICT NO.4
(A Component Unit of Jefferson Davis Police Jury)
Statement of Net Position
June 30, 2017

ASSETS

Current assets:	
Cash and cash equivalents	\$ 105,436
Accounts receivable - customers	49,710
Prepaid items	10,842
Investments	76,046
Total current assets	242,034
Non-current assets:	
Restricted investments	308,434
Capital assets (net of accumulated depreciation)	1,819,461
Total non-current assets	2,127,895
TOTAL ASSETS	2,369,929

LIABILITIES

Current liabilities:	
Accounts payable	21,080
Salaries, payroll and other taxes payable	2,235
Accrued interest payable	542
Notes payable (current portion)	58,968
Total current liabilities	82,825
Non-current liabilities:	
Notes payable	896,553
Customer deposits payable	119,233
Total non-current liabilities	1,015,786
TOTAL LIABILITIES	1,098,611

NET POSITION

Net investment in capital assets	863,940
Restricted:	
Restricted for debt service	308,434
Contributions	39,874
Unrestricted	59,070
TOTAL NET POSITION	\$ 1,271,318

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017

<u>OPERATING REVENUES</u>	
Sales of water	\$ 500,647
Installation fees	15,460
Penalties and reconnection fees	8,639
Other revenues	<u>10,983</u>
Total operating revenues	<u>535,729</u>
<u>OPERATING EXPENSES</u>	
Bad debts	63
Chemicals	32,244
Contract labor	1,200
Communications	4,903
Depreciation	97,291
DHH fees	5,297
Insurance	24,814
Installations	1,593
Meter reading	17,825
Office expense	7,904
Payroll taxes	5,706
Postage	5,682
Professional fees	29,692
Seminars and training	869
System supplies	33,882
Repairs	56,990
Retirement contribution	1,430
Salaries	73,944
Utilities	<u>21,560</u>
Total operating expenses	<u>422,889</u>
OPERATING INCOME	<u>112,840</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	1,088
Interest expense	<u>(50,598)</u>
Total non-operating revenues (expenses)	<u>(49,510)</u>
Change in net position	63,330
Net position, beginning of year	<u>1,207,988</u>
Net position, end of year	<u>\$ 1,271,318</u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)
Statements of Cash Flows
For the Year Ended June 30, 2017

Cash flows from operating activities	
Receipts from customers and users	\$ 520,995
Payments to suppliers of goods and services	(244,474)
Payments to employees	(75,374)
Other receipts (payments)	10,983
Net cash provided by operating activities	<u>212,130</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	(41,831)
Principal paid on capital debt	(179,478)
Interest paid on capital debt	(50,598)
Net cash used by capital and related financing activities	<u>(271,907)</u>
Net increase (decrease) in cash and cash equivalents	(59,777)
Cash and cash equivalents, beginning of year	165,213
Cash and cash equivalents, end of year	<u>\$ 105,436</u>
Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	<u>\$ 112,840</u>
Adjustments:	
Depreciation expense	97,291
(Increase) decrease in accounts receivable	(7,207)
(Increase) decrease in prepaids	(131)
Increase (decrease) in accounts payable	5,514
Increase (decrease) in salary and payroll expense payable	367
Increase (decrease) in customer deposits	3,456
Total adjustments	<u>99,290</u>
Net cash provided by operating activities	<u>\$ 212,130</u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

INTRODUCTION

As provided by Louisiana Revised Statute (R.S.) 33:3812, the Jefferson Davis Parish Water District No. 4 is governed by five commissioners. These five commissioners are collectively referred to as the Water Commissioners and are appointed by the Jefferson Davis Parish Police Jury. The Jefferson Davis Parish Water District No. 4 is a subdivision of the state and may issue bonds and levy taxes in accordance with Article 6, Section 30 of the Louisiana Constitution of 1974. The District was created under the authority of R.S. 33:3811 and was established to establish, acquire, construct, improve, extend, and maintain within its political subdivision a water system. At present, the district supplies water service to 1211 residential and 33 commercial customers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

GASB Codification Section 2100 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the police jury is determined on the basis of the following criteria:

1. Appointment of governing body
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the Police Jury appoints the governing board and because of the scope of public service, Jefferson Davis Parish Water District No. 4 was determined to be a component unit of the Jefferson Davis Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the water district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

B. Fund Accounting

The accounts of the District are organized on the basis of a proprietary fund, which is considered a separate accounting entity or enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private businesses enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

C. Basis of Accounting and Measurement Focus

The District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and GASB Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the Statement of Net Position. Net Position is segregated into contributed capital (if any) and Net Position components.

Proprietary fund type operating statements present increases and decreases in total net position. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred. The District uses alternative 2 under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*.

1. Revenues

Water distribution fees are assessed on or about the 20th of each month, become due on the first of the following month, and are delinquent on the 15th of that month. A late fee of 10% is assessed on water distribution fees that are not paid by the 15th of the month in which they become delinquent and a disconnect fee of \$20 is assessed if the customer still has not paid by the 10th of the following month. An installation fee is charged for all new water service. These fees range from \$140 to \$300, depending on the amount of line and valves needed. Interest income represents amounts earned on certificates of deposit and savings accounts invested with financial institutions. Interest earned on certificates of deposit is recorded when the certificate matures and/or when interest is available. Interest on savings accounts is recorded when received. Intergovernmental revenue is recorded when received. Intergovernmental revenues and interest income are the revenues classified as non-operating revenue.

2. Expenditures

Expenses are generally recognized under the accrual basis of accounting. Exceptions to this general rule include principal and interest on long-term debt which is recognized at year end.

Operating expenses are those described as associated to those expenses associated with the plant such as chemicals, fees, plant supplies, etc. Non-operating expenses are those of administration by nature.

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

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

1. 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.
2. 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.
3. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

D. Cash, Cash Equivalents, and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 days or less. Under state law the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments may include instruments or obligations issued by the United States Government or its agencies, or any other federally-issued investment.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 since the District does not have a formal investment policy. Funds which are available for investment and above immediate cash requirements can be invested in statutorily-sanctioned investments including direct U.S. Treasury obligations, bonds, debentures, notes or certificates issued by or guaranteed by federal agencies, or time certificate of deposit in any bank domiciled or having a branch office in Louisiana or any other federally-insured investment. Statutorily-sanctioned investments also include funds invested with external local government investment pools such as Louisiana Asset Management Pool.

When investments are present in the financial statements they are reflected at fair value except for the following which are permitted per GASB Statement 31, *Accounting and Financial Reporting/or Certain Investments and for External Investment Pools*:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts. If the original maturities of time deposits exceed 90 days, they are classified as investments. As of June 30, 2017, the District's investments consist of non-negotiable certificates of deposit that are reported at cost, which approximates market value.

Money-market investments and participating interest-earning investment contracts that have remaining maturity at time of purchase of one year or less are reported at amortized cost. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

E. Restricted Assets

Certain asset accounts are restricted as bond reserve, bond contingency, and for customer deposits.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items consist of unexpired portions of insurance premiums.

G. Fixed Assets

Property and equipment of Jefferson Davis Parish Water District No. 4 are recorded at cost. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. At year end, the construction account is adjusted to other fixed assets accounts: water wells, main plant, filtration system, and water lines. All fixed assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus, and all assets and all liabilities (whether current or non-current) associated with the Water District’s activities are included on its Statement of Net Position. The District’s reported net position is segregated into reserves, contributions and net position components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against the District’s operations. Accumulated depreciation is reported on the proprietary fund balance sheet.

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

Distribution, Treatment, and Filtering Facilities	12 to 50 years
Major Equipment and Facilities	20 years
Minor Equipment and Facilities	10 years

H. Accumulated Unpaid Vacation Pay

Vacation leave is provided for all employees with at least six months of service. It ranges from 1 to 4 weeks per year depending on the length of service. It is the District’s policy that vacation does not accumulate except the amount earned in the current calendar year. Any vacation not utilized by December 31st is lost. Employees also earn 7 days per year for sick leave and are cumulative from year to year up to a maximum of 70 days. Upon retirement, any unused sick days are forfeited. There are no accumulated and vested benefits relating to vacation and sick leave that require disclosure to conform to generally accepted accounting principles for these employees.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

I. Retirement

Retirement is provided to the District's employees through a SIMPLE IRA. The District matches up to 2% of the employees' gross salary.

J. Accounts Receivable

The District uses the direct write-off method to record bad debts expense for the year. Under this method an expense is taken when an account is deemed uncollectible.

Accounts receivable consists of customer receivables. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method to be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

K. Reserves

The District's reserve accounts are used to indicate that a portion of the net position is legally segregated for a specific future use. As of June 30, 2017, the District had reserves as required by U.S. Department of Agriculture Rural Development (USDARD).

L. Contributions

The District received and expended grant funds to construct part of its facility. The grant contains certain contingent restrictions based on the fair market value of that portion of the facility which was attributed to the grant funds. Each year an allocation is made to re-class a portion of the contribution account to unrestricted net position. The balance in the contributions account is the balance of the unallocated grant.

M. Use of Estimates

The preparation of Jefferson Davis Parish Water District No. 4's 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 and expenses during the reporting period. Actual results could differ from those estimates.

N. Subsequent Events

Subsequent events have been evaluated through May 21, 2018, the date the financial statements were available to be issued.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

O. 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. These risks are managed by coverage through commercial insurance.

2. RESTRICTED INVESTMENTS

Restricted certificates of deposit were applicable to the following reserves at June 30, 2017:

Revenue bond and interest	\$ 161,433
Reserve fund	87,582
Depreciation and contingency	<u>59,419</u>
 Total	 <u><u>\$ 308,434</u></u>

3. DEPOSITS AND INVESTMENTS

A. Deposits

For reporting purposes, cash and cash equivalents include demand accounts, savings accounts, and certificates of deposit with original maturities of less than 90 days (if applicable). At June 30, 2017, the District had cash and cash equivalents (book balances) totaling \$ 105,436 as follows:

Deposit Type	Reported Amount
Cash on hand	\$ 47
Cash-demand deposits	<u>105,389</u>
	<u><u>\$ 105,436</u></u>

Additionally, the District has certificates of deposit totaling \$384,480 on deposit in local banks which \$76,046 are presented as investments and \$308,434 are presented as restricted investments in the financial statements.

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be recovered. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

name of the District or 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 \$515,312 in deposits (collected bank balances) in local financial institutions, including certificates of deposit. The entire amount is secured from risk by federal deposit insurance or securities pledged in the name of the District. As such, these deposits are not considered subject to custodial credit risk according to GASB Statement No. 3.

B. Investments

At June 30, 2017, the District had the following investments and maturities:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
			<u>Less than 1</u>	<u>1-5</u>
Unrestricted Investments:				
Certificates of deposits- (maturities exceeding 90 days)	100.0%	\$ 76,046	\$ 76,046	\$ -
Restricted Investments:				
Certificates of deposits- (maturities exceeding 90 days)	100.0%	\$ 308,434	\$ 308,434	\$ -

Credit Risk - Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a written investment policy, but does adhere to state laws regarding allowable investments. The certificates of deposit are not rated.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As discussed in Note 3A, certificates of deposit are considered fully collateralized under the provisions of GASB Statement No. 3. Accordingly, the District had no custodial credit risk related to its investments as of June 30, 2017.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. More than five percent of the District's investments at June 30, 2017, are invested in certificates of deposit held at two financial institutions. These investments are 100% of the District's total investments at June 30, 2017.

4. LONG-TERM DEBT

The Water district obtained two loans from the USDARD in the amounts of \$665,000 and \$1,166,000 in 1987 and 2010, respectfully. These payments are made monthly in amounts of \$3,737 and \$5,060, respectfully.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

The following is a summary of the long-term obligations for the year ended June 30, 2017:

	USDA Note Payable Loan #1	USDA Note Payable Loan #4	Total Notes Payable
Long-term obligations at beginning of year	\$ 195,145	\$ 939,854	\$ 1,134,999
Additions	-	-	-
Deductions	158,286	21,192	179,478
Long-term obligations at end of year	<u>\$ 36,859</u>	<u>\$ 918,662</u>	<u>\$ 955,521</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2017:

	USDA Note Payable Loan #1	USDA Note Payable Loan #4	Total Notes Payable
Current portion	\$ 36,859	\$ 22,109	\$ 58,968
Long-term portion	-	896,553	896,553
Total	<u>\$ 36,859</u>	<u>\$ 918,662</u>	<u>\$ 955,521</u>

Long-term debt as of June 30, 2017, are comprised of the following:

Date of Issue	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding
February 11, 1987	\$ 665,000	5.88%	February 11, 2027	\$ 1,013	\$ 36,859
April 26, 2010	\$ 1,166,000	4.25%	May 25, 2040	\$ 555,456	\$ 918,662

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

The annual requirements to amortize all debt outstanding as of June 30, 2017, are as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2018	\$ 58,968	\$ 39,629	\$ 98,597
2019	23,068	37,658	60,726
2020	24,067	36,658	60,725
2021	25,110	35,615	60,725
2022	26,199	34,527	60,726
2023-2027	149,041	154,586	303,627
2028-2032	184,259	119,367	303,626
2033-2037	227,800	75,826	303,626
2038-2041	237,009	22,603	259,612
Total	\$ 955,521	\$ 556,469	\$ 1,511,990

5. COMPENSATION OF COMMISSIONERS

As provided by Louisiana R.S. 33:3819, the District's commissioners receives per diem for each board meeting they attend. Total compensation for each commissioner is as follows:

Robert Sarver, President	\$ 1,300
Charles Deese	1,300
Blaine Boudreaux	1,000
Randy Davis	1,000
Tony Comeaux	1,000
Total	\$ 5,600

6. OFF BALANCE SHEET RISK

The District is concentrated within a relatively small geographic area located in Southwest Louisiana. The concentration of assets within a small area increases the chance of having a material loss of assets due to a sudden unforeseen occurrence. The District carries commercial insurance to reduce the amount of risk to assets.

7. CURRENT WATER RATES

At present the District charges residential customers \$16 for the first 2,500 gallons of water use and \$4.50 for each additional 1,000 gallons used. Commercial accounts are charged \$30 for the first 5,000 gallons of water used and \$4.50 each additional 1,000 gallons used.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

8. CAPITAL ASSETS

Capital assets activity as of and for the year ended June 30, 2017, for the District is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,580	\$ -	\$ -	\$ 3,580
Total capital assets, not being depreciated	<u>\$ 3,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,580</u>
Capital assets being depreciated:				
Water lines	\$ 2,406,175	\$ 36,657	\$ -	\$ 2,442,832
Filtration system	427,401	-	-	427,401
Machinery and equipment	236,417	5,174	-	241,591
Main plant	238,939	-	-	238,939
Office equipment	11,570	-	-	11,570
Water wells	198,859	-	-	198,859
Total capital assets being depreciated	<u>3,519,361</u>	<u>41,831</u>	<u>-</u>	<u>3,561,192</u>
Less accumulated depreciation for:				
Water lines	705,210	54,944	-	760,154
Filtration system	395,015	12,323	-	407,338
Machinery and equipment	184,241	15,391	-	199,632
Main plant	178,397	7,487	-	185,884
Office equipment	10,689	520	-	11,209
Water wells	174,466	6,628	-	181,094
Total accumulated depreciation	<u>1,648,018</u>	<u>97,293</u>	<u>-</u>	<u>1,745,311</u>
Total capital assets being depreciated, net	<u>\$ 1,871,343</u>	<u>\$ (55,462)</u>	<u>\$ -</u>	<u>\$ 1,815,881</u>

SUPPLEMENTARY INFORMATION

**JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(Component Unit of Jefferson Davis Police Jury)**

**Schedule of Compensation, Benefits, and other Payments
to Agency Head or Chief Executive Officer**

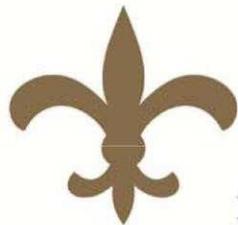
For the Year Ended June 30, 2017

Agency Head Name: Robert Sarver, President

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

The accompanying notes are an integral part of this statement.

OTHER REPORTS



J. Aaron Cooper , CPA, LLC

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Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants

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

Board of Commissioners
Jefferson Davis Parish Water District No. 4
Jennings, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Jefferson Davis Parish Water District No. 4 (the District), a component unit of Jefferson Davis 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, and have issued my report thereon dated May 18, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, I 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 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I 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 questioned costs as item 2017-01

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Commissioners, others within the entity, the Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statutes 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink that reads "J. Aaron Cooper, CPA, LLC". The signature is written in a cursive, flowing style.

J. Aaron Cooper, CPA, LLC

Jennings, Louisiana
May 18, 2018

**JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(Component Unit of Jefferson Davis Police Jury)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017**

SECTION I - SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Jefferson Davis Water District No. 4.
2. No significant deficiencies in internal control relating to the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Jefferson Davis Water District No. 4 were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. The Jefferson Davis Water District No. 4 did not require a Single Audit.
5. A separate management letter was not issued with regards to the engagement for the year ended June 30, 2017.

SECTION II - INTERNAL CONTROL AND COMPLIANCE FINDINGS

Current Year Findings:

Compliance

2017-01 Compliance – Timely audit submission

Condition: Audited financial statements were not submitted within six months of year end.

Criteria: State law requires audited financial statements of governments to be submitted within six months of year end.

Cause: The auditor was behind schedule on his June 30, 2017 audits due to the statewide agreed-upon procedures. Also, additional time was required to gather information necessary for the statewide agreed-upon procedures from client.

Effect: The District would not be in compliance with state law.

Recommendation: Auditor will ensure appropriate resources are dedicated to audit in future to ensure compliance and client will ensure that all necessary information is provided timely to auditor.

**JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(Component Unit of Jefferson Davis Police Jury)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (concluded)
For the Year Ended June 30, 2017**

Corrective action taken: Management concurs with the finding and will implement the recommendation.

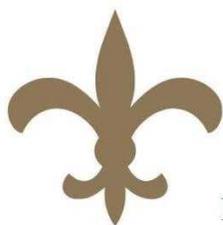
Prior Year Findings:

No prior year findings.

**Jefferson Davis Parish
Water District No. 4
Jennings, Louisiana**

**Statewide Agreed-Upon
Procedures Report**

For the Year Ended June 30, 2017



J. Aaron Cooper , CPA, LLC

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Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants.

Recipient of Advanced Single Audit Certificate

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Jefferson Davis Parish Water District No. 4
Jennings, Louisiana

I have performed the procedures enumerated below, which were agreed to by Jefferson Davis Parish Water District No. 4 (the District), a component unit of the Jefferson Davis Parish Police Jury, and the Louisiana Legislative Auditor, State of Louisiana, on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Jefferson Davis Water District No. 4 maintains written policies for adoption of budget, receiving receipts, payroll, as well as travel and expense reimbursements. The District's written policies and procedures do not address any of the other areas above.

Board (or Finance Committee, if applicable)

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

The District meets every month. No meetings without a quorum were noted. The minutes of the meetings did not mention monthly budget-to-actual reports; however, it was noted that budget-to-actual comparisons are given to board members with their meeting packets. There were references to non-budgetary financial information in the minutes during the year.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *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 period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

The bank reconciliation for the District's only checking account was tested. The reconciliations were all prepared. The account tested did not contain evidence that management or commissioners separate from involvement of transactions reviewed the bank reconciliations. There were instances of stale-dated checks on all of the bank reconciliations; however, there was no documentation reflecting that those items were being investigated.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
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.

Cash collection locations were obtained from management. The locations selected for collection were the water plant, Country Mile store, and the billing office. Per policy, all of the employees who are involved in cash collection are bonded. At various times, the same person collecting cash may also be responsible for depositing cash in the bank. The person recording the deposit is not responsible for reconciling bank statements. The persons collecting cash at two locations sometimes share the same drawer with another employee. The accountant at the billing office uses system reports showing customer payments to reconcile to collections. However, the District does not have a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections in one of the cash collection locations selected. Collection documentation was obtained indicating that deposits are not made within one day of collection. All collections were completely supported by documentation. There is no written documentation specifically defined to determine the completeness of all collections by a person who is not responsible for collections.

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.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (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.
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.
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.
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.

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

A listing of disbursements was obtained from the general ledger and 25 items were randomly selected for testing (excluding credit card transactions and debt service payments). Examined supporting documentation for each of the 25 disbursements selected and found that a purchase order system is not utilized. Management feels that a formal PO system is not cost beneficial. The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system. One of the persons with signature authority or who make final authorization for disbursements does have responsibility for initiating or recording purchases. Check stock is kept at billing office with access restricted to a person that does not have signature authority. No signature stamps or signature machine are used by the District. Also, the signatories do not maintain the signed checks 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.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.
- Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [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.]
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or 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.

I obtained a listing of all credit cards. Only one credit card exists and was selected for testing. I determined the month with the largest activity and performed the foregoing tests without exception. However, improvements can be made for documentation of public purpose.

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.
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.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

I used the general ledger to sort and filter all payments to employees for travel and related reimbursements. I selected the only employee that had a travel related reimbursement. The largest reimbursement for the employee was selected for testing. No exceptions were noted during testing.

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.
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.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

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

I downloaded the check register and filtered the data creating a listing of the vendors that could potentially contain any contractor payments and requested the billing office accountant to identify which vendors were under contract. No vendors were indicated to be under contract.

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

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.
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.

I selected all three employees for testing compensation paid. No exceptions were noted. For testing of leave documentation, I selected the payroll period ending 6/30/17 for testing using the employee who had leave taken during this period. Daily attendance is documented and the District maintains written documentation of leave. However, there was no written evidence of approval by the board of the leave taken by the employee. It was noted that verbal approval was obtained. No employees received severance pay during the year. Finally, using the general ledger and reports I identified payments made during the year for payroll taxes and identified the related pay date. All payments were made timely.

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.
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.

I used the previous sample of three employees selected from procedure No. 22 and obtained the certificates documenting the ethics training for those employees. One of the employees selected did not have an ethics certificate, however, that employee resigned during the fiscal year. According to management, no ethics violations were reported during the year.

Debt Service (excluding nonprofits)

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

No bonds were issued during the year. All debt service payments were properly and timely made. All debt service reserve requirements were met. For the year ended June 30, 2017, there were no tax millages relating to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Management is not aware of any misappropriation of public funds or assets. Notice of the hotline information is posted on the employee bulletin board.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control and 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.

J. Aaron Cozart, CPA, LLC

May 18, 2018