

**WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1**

Vermilion Parish, Louisiana

Financial Report

Year Ended December 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Ward One Consolidated Gravity Drainage District No. 1  
Vermilion Parish, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Ward One Consolidated Gravity Drainage District No. 1, (the District), a component unit of the Vermilion Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management's 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 the financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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. 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
June 15, 2018

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Statement of Net Position  
December 31, 2017

ASSETS

Cash and interest-bearing deposits	\$ 1,156,956
Ad valorem taxes receivable	350,009
Due from other governmental units	22,842
Prepaid items	14,744
Capital assets, net	<u>356,610</u>
Total assets	<u>1,901,161</u>

LIABILITIES

Accounts payable	5,940
Payroll payable	3,755
Payroll taxes payable	<u>1,542</u>
Total liabilities	<u>11,237</u>

NET POSITION

Net investment in capital assets	356,610
Unrestricted	<u>1,533,314</u>
Total net position	<u>\$ 1,889,924</u>

The accompanying notes are an integral part of the basic financial statements.

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Statement of Activities  
For The Year Ended December 31, 2017

Expenses:	
Public works	<u>\$ 497,720</u>
General revenues:	
Ad valorem taxes	517,048
State revenue sharing	22,863
Interest income	<u>2,965</u>
Total general revenues	<u>542,876</u>
Change in net position	45,156
Net position, beginning	<u>1,844,768</u>
Net position, ending	<u>\$1,889,924</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Balance Sheet - Governmental Fund  
December 31, 2017

ASSETS

Cash and interest bearing deposits	\$ 1,156,956
Ad valorem taxes receivable	350,009
Due from other governmental units	22,842
Prepaid insurance	<u>14,744</u>
Total assets	<u>\$ 1,544,551</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 5,940
Payroll payable	3,755
Payroll taxes payable	<u>1,542</u>
Total liabilities	<u>11,237</u>
Fund balance:	
Nonspendable - prepaid	14,744
Unassigned	<u>1,518,570</u>
Total fund balance	<u>1,533,314</u>
Total liabilities and fund balance	<u>\$ 1,544,551</u>

The accompanying notes are an integral part of the basic financial statements.

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
December 31, 2017

Total fund balance for the governmental fund	\$1,533,314
Capital assets, net	<u>356,610</u>
Total net position of governmental activities	<u>\$1,889,924</u>

The accompanying notes are an integral part of the basic financial statements.

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance-  
Governmental Fund  
For The Year Ended December 31, 2017

Revenues:	
Ad valorem taxes	\$ 517,048
State revenue sharing	22,863
Interest income	<u>2,965</u>
Total revenues	<u>542,876</u>
 Expenditures:	
Current -	
Public works - drainage	399,271
Capital outlay	<u>136,066</u>
Total expenditures	<u>535,337</u>
 Excess of revenues over expenditures	7,539
 Fund balance, beginning	<u>1,525,775</u>
 Fund balance, ending	<u>\$1,533,314</u>

The accompanying notes are an integral part of the basic financial statements.

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
For The Year Ended December 31, 2017

Net changes in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 7,539
Capital outlay	\$ 136,066
Depreciation expense	<u>(98,449)</u> <u>37,617</u>
Changes in net position per Statement of Activities	<u>\$ 45,156</u>

The accompanying notes are an integral part of the basic financial statements.

WARD ONE CONSOLIDATED GRAVITY DRAINAGE  
DISTRICT NO. 1  
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Ward One Consolidated Gravity Drainage District No. 1 (the Drainage District), a component unit of Vermilion Parish Police Jury, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental 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 board
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the Police Jury created the Drainage District and appoints its board of commissioners, the Drainage District was determined to be a component unit of the Vermilion 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 fund maintained by the Drainage 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.

As provided by Louisiana Revised Statute 38:1758, the Ward One Drainage District (the Drainage District) is governed by five commissioners. These five commissioners are referred to as the board of commissioners and are appointed by the Vermilion Parish Police Jury. The Drainage District was created under the authority of Louisiana Revised Statutes 38:1751 – 1802 and was established for the purpose of draining and reclaiming the undrained or partially drained marsh, swamp, and overflowed lands in the district that might be levied and pumped in order to be drained and reclaimed.

WARD ONE CONSOLIDATED GRAVITY DRAINAGE  
DISTRICT NO. 1  
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. The statements include the financial activities of the reporting entity. The Drainage District has no business-type activities.

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

Fund Financial Statements (FFS)

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

The Drainage District maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

WARD ONE CONSOLIDATED GRAVITY DRAINAGE  
DISTRICT NO. 1  
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

The major fund of the Drainage District is described below:

Governmental Fund –

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

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Drainage District operations.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

WARD ONE CONSOLIDATED GRAVITY DRAINAGE  
DISTRICT NO. 1  
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after the fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

Revenues

Intergovernmental revenues and fees, charges and commissions for services are recorded when the Drainage District is entitled to the funds.

Ad valorem taxes are recorded in the year taxes are due and payable. Ad valorem taxes are assessed in November, by the Parish Assessor, based on the assessed value and become due on November 15 of each year. The taxes become delinquent on January 1. An enforceable lien attaches to the property as of January 1. The taxes are generally collected in December, January, and February of the fiscal year. Property tax revenues are accrued at fiscal year-end to the extent that they have been collected but not received by the Vermilion Parish Tax Collector's Office. Such amounts are measurable and available to finance current operations.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Drainage District's primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest bearing deposits include all demand accounts and certificates of deposits of the Drainage District.

WARD ONE CONSOLIDATED GRAVITY DRAINAGE  
DISTRICT NO. 1  
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The Drainage District maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	5 - 10 years
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In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated absences

Full time employees of the Drainage District with more than one year of service are allowed two weeks of vacation leave each year; full-time employees with one year of service or less are allowed one week of vacation leave each year. Vacation leave does not accumulate from year to year. Sick leave accumulates from year to year up to 144 days but is not paid to the employee upon termination of employment. Full-time employees are allowed one and one half days sick leave for each month worked beginning with the day they are employed. At December 31, 2017 employees of the Drainage District have no accumulated or vested leave benefits relating to vacation or sick leave that require accrual or disclosure to conform with generally accepted accounting principles.

WARD ONE CONSOLIDATED GRAVITY DRAINAGE  
DISTRICT NO. 1  
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Equity classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net assets 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 – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

The Drainage District has no restricted net position at December 31, 2017.

In the fund statements, governmental fund equity is classified as fund balance as follows.

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

WARD ONE CONSOLIDATED GRAVITY DRAINAGE  
DISTRICT NO. 1  
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the Drainage District board members. The Board is the highest level of decision-making authority for the Drainage District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Drainage District’s adopted policy, only Board members may assign amounts for specific purposes.

*Unassigned* – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Drainage District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Drainage District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board members have provided otherwise in its commitment or assignment actions.

E. Expenditures, and Expenses

In the government-wide financial statements, expenses are classified by character and function. In the fund financial statements, expenditures are classified by character.

F. Estimates

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

WARD ONE CONSOLIDATED GRAVITY DRAINAGE  
DISTRICT NO. 1  
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

(2) Cash and Interest-Bearing Deposits

Under state law, the Drainage District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Drainage District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) are as follows:

Bank balances	<u>\$ 1,161,732</u>
Deposits are secured as follows:	
Federal deposit insurance	\$ 250,000
Uninsured and collateral held by the pledging bank, not in the District's name	<u>911,732</u>
Total	<u>\$ 1,161,732</u>

(3) Capital Assets

Capital asset balances and activity was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 305	\$ -	\$ -	\$ 305
Capital assets being depreciated:				
Equipment	<u>610,366</u>	<u>136,066</u>	<u>-</u>	<u>746,432</u>
Total capital assets	610,671	136,066	-	746,737
Less accumulated depreciation:				
Equipment	<u>291,678</u>	<u>98,449</u>	<u>-</u>	<u>390,127</u>
Net capital assets	<u>\$ 318,993</u>	<u>\$ 37,617</u>	<u>\$ -</u>	<u>\$ 356,610</u>

Depreciation expense in the amount of \$98,449 was charged to the public works function.

WARD ONE CONSOLIDATED GRAVITY DRAINAGE  
DISTRICT NO. 1  
Vermilion Parish, Louisiana

Notes to Basic Financial Statements

(4) Risk Management

The Drainage District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Drainage District carries commercial insurance. There have been no significant reductions in the insurance coverage during the year.

(5) Compensation, Benefits, and Other Payments to President

William Vallot, Board President, received the following for his official duties as president of the board:

Purpose	Amount
Salary	\$ 8,034
Per Diem	1,950
Total	\$ 9,984

(6) Compensation Paid Board of Commissioners

The schedule of compensation paid board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The per diem paid to board members is included in the expenditures of the General Fund. Each member of the board receives \$150 for each day of attendance at meetings of the board. The schedule of compensation is as follows:

Todd Reed	\$ 1,500
John Clifford Renard	1,950
Billy Morvant	1,650
Roger Simon	900
Seth Landry	750
Jacob Landry	1,050
Total	\$ 7,800

(7) Litigation

There was no litigation pending against the Drainage District at December 31, 2017.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana  
General Fund

Budgetary Comparison Schedule  
For The Year Ended December 31, 2017

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes - ad valorem	\$ 500,000	\$ 517,288	\$ 517,048	\$ (240)
State revenue sharing	-	-	22,863	22,863
Interest income	-	3,090	2,965	(125)
Total revenues	<u>500,000</u>	<u>520,378</u>	<u>542,876</u>	<u>22,498</u>
Expenditures:				
Current -				
Public works	374,950	393,438	399,271	(5,833)
Capital outlay	-	119,000	136,066	(17,066)
Total expenditures	<u>374,950</u>	<u>512,438</u>	<u>535,337</u>	<u>(22,899)</u>
Excess of revenues over expenditures	125,050	7,940	7,539	(401)
Fund balance, beginning	<u>1,525,775</u>	<u>1,525,775</u>	<u>1,525,775</u>	-
Fund balance, ending	<u>\$1,650,825</u>	<u>\$1,533,715</u>	<u>\$1,533,314</u>	<u>\$ (401)</u>

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Notes to Budgetary Comparison Schedule

(1) Budgetary Practices

The Drainage District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. The budget is employed as a management control device during the year that assists its user in financial activity analysis.
3. Any changes in the proposed annual operating budget require a majority vote of the Board of Commissioners.
4. No later than the last regular meeting of the fiscal year, the Board of Control adopts the annual operating budget for the ensuing fiscal year.
5. All budget appropriations lapse at year-end. The budgets presented are the originally adopted budget and the final amended budget.

The General Fund reported excess expenditures over appropriations.

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners  
Ward One Consolidated Gravity Drainage District No. 1  
Vermilion Parish, Louisiana

We have audited, 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, the financial statements of the governmental activities and major fund of Ward One Consolidated Gravity Drainage District No. 1, (the District), a component unit of the Vermilion Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 15, 2018.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2017-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2017-002 and 2017-003 to be a significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2017-004.

### **Ward One Consolidated Gravity Drainage District No. 1's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The 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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
June 15, 2018

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended December 31, 2017

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Accounting Functions

CONDITION: Ward One Consolidated Gravity Drainage District No. 1 did not have adequate segregation of functions within the accounting system.

CRITERIA: AU§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU§314.43 defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.07 states:

“An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

CAUSE: The cause of the condition is the fact that the District does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2017

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Board of Commissioners determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

2017-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: Ward One Consolidated Gravity Drainage District No. 1 does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C§265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The Board should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Board of Commissioners has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the District to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2017

2017-003 Payroll Overpayment

CONDITION: An employee may have been overpaid during 2017 for accumulated leave. It was determined that the employee may have been paid an approximate total of \$1,380 more than what was allowed.

CRITERIA: SAS 115, Communicating Internal Control Related Matters Identified in an Audit, AU 325.05, states, in part:

"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 deficiency in design exists when:

- A control necessary to meet the control objectives is missing, or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met."

CAUSE: The District determined that the overpayment is due to a clerical error within the payroll system caused by not properly tracking vacation and sick time resulting in the overpayment of accumulated leave benefits. It was noted that timesheets are turned in at the monthly board meetings and not at the time of payroll.

EFFECT: Procedures in place to review payroll did not catch the error and therefore, the employee may have been overpaid. The overpayment could constitute a prohibited donation of public funds and/or payment of a thing not due. The Louisiana Constitution, Article VII, Section 14 provides that funds, property or things of value of the State or of any political subdivision, shall not be donated to any person. In addition, the Louisiana Civil Code provides for cases involving "payment of a thing not due". Civil Code Article 2299 provides that "a person who has received a payment or a thing not owed to him/her is bound to restore it to the person from whom he/she received it."

RECOMMENDATION: Management should attempt to recover the overpaid funds from the employee and should reassess payroll review procedures to make sure adequate controls are in place to prevent this type of error from happening in the future.

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2017

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management has changed procedures requiring timesheets to be turned in on the last day of the pay period (currently Thursday) and checks will be available on Monday for distribution. This will give accountant time to review timesheets and pay accordingly. In addition, the employee was overpaid 90 hours for 2017. Since he has not taken any sick time in 2018, his current sick time accrual of 148 hours will be applied to the overpayment resulting in a balance of 58 hours of remaining sick time for 2018.

B. Compliance

2017-004 Budget non-compliance

CONDITION: The District did not publicize that the budget was adopted in the local journal after being approved by the District.

CRITERIA: LSA-RS 39:1307D, Public participation, provides for the following:

“The political subdivision shall certify completion of all action required by this Section by publishing a notice in the same manner as is herein provided for the notice of availability of the proposed budget and public hearing.”

CAUSE: The condition is due to a failure to publish a notice that the budget has been adopted.

EFFECT: The District may not have allowed public participation as permitted by LSA-RS 39:1307.

RECOMMENDATION: The District should publish all information pertaining to original and amended budget as necessary to cause compliance with state statute.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Accountant will monitor the publication of the budget more closely in order to make sure that the District complies with the state requirement.

WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1  
Vermilion Parish, Louisiana

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2017

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2016-001 Inadequate Segregation of Accounting Functions

CONDITION: Ward One Consolidated Gravity Drainage District No. 1 did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved. See item 2017-001.

2016-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: Ward One Consolidated Gravity Drainage District No. 1 does not have adequate internal controls over recording the entity's financial transactions of preparation its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: The Board should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in related to the benefit received.

CURRENT STATUS: Unresolved. See item 2017-002.

B. Compliance

2016-003 Budget noncompliance

CONDITION: The District did not publicize that the budget was adopted in the local journal after being approved by the District.

RECOMMENDATION: The District should publish all information pertaining to original and amended budget as necessary to cause compliance with state statute.

CURRENT STATUS: Unresolved. See item 2017-004

**WARD ONE CONSOLIDATED GRAVITY  
DRAINAGE DISTRICT NO. 1**  
Vermilion Parish, Louisiana

Agreed-Upon Procedures Report

Year Ended December 31, 2017

# KOLDER, SLAVEN & COMPANY, LLC

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

To the Board of Commissioners  
Ward One Consolidated Gravity Drainage District No. 1,  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Ward One Consolidated Gravity Drainage District No. 1 (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

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1. We obtained the entity's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported 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.

***Board (or Finance Committee, if applicable)***

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- 2. We obtained and reviewed the board/committee minutes for the fiscal period, and:
  - a) Reported 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) Reported 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, reported 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, reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
  - c) Reported 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.

***Bank Reconciliations***

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

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

### ***Collections***

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5. We obtained 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, we selected all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:
  - a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported 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) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported 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) We selected 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, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, reported 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, we verified that daily cash collections are completely supported by documentation and report any exceptions.

7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported 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.

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

8. We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We obtained management’s representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected 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. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported 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), we reported 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), we reported whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. We inquired of management and observed 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 reported any exceptions. Alternately, if the checks are electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, we inquired 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. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

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

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14. We obtained 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. We obtained management's representation that the listing is complete.
15. Using the listing prepared by management, we randomly selected 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.

We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected 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) We reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) We reported 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, we obtained 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, we reported 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, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.
    - c) For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

### ***Travel and Expense Reimbursement***

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17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.
18. We obtained the entity's written policies related to travel and expense reimbursements. We compared 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 reported any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained 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) We compared expense documentation to written policies and reported 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, we compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.
  - b) We reported 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) We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).
  - d) We reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.

21. Using the listing above, we selected 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). We obtained the related contracts and paid invoices and:
- a) We reported whether there is a formal/written contract that supports the services arrangement and the amount paid.
  - b) We compared 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, we obtained/compared supporting contract documentation to legal requirements and reported whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
    - If no, we obtained supporting contract documentation and reported whether the entity solicited quotes as a best practice.
  - c) We reported whether the contract was amended. If so, we reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
  - d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.
  - e) We obtained/reviewed contract documentation and board minutes and reported whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

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

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22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management’s representation that the listing is complete. Randomly select five employees/officials, obtained their personnel files, and:
- a) Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.
23. We obtained 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, we randomly selected 25 employees/officials (or randomly selected one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

- b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Reported 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. We obtained 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, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We reported 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.

***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management and reported whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, we reviewed 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. We reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

***Debt Service (excluding nonprofits)***

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

**Other**

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31. We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. We observed and reported 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](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, we reported the nature of each exception.

**Findings:**

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No exceptions were found as a result of applying the procedures listed above except:

**Written Policies:**

The Ward One Consolidated Gravity Drainage District No. 1's (the District) policies do not address how vendors are added to the vendor list and purchase orders, the preparation and approval process of purchases, controls to ensure compliance with the public bid law, or documentation required to be maintained for all bids and price quotes.

The District's policies do not address receipts, including receiving, recording, and preparing deposits.

The District's policies do not address payroll processing or the review and approval of overtime worked.

The District's policies do not address contracting, including types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process.

The District's policies do not address credit cards.

The District's policies do not address the allowable expenses, dollar thresholds by category of expense, documentation requirements, and required approvers for travel and expense reimbursements.

The District's policies do not address the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, actions to be taken if an ethics violation takes place, or the system to monitor possible ethics violations.

The District's policies do not address debt service.

**Board:**

The District's board minutes did not reference or include budget-to-actual comparisons.

**Cash Collections:**

The person responsible for collecting cash is also responsible for depositing cash in the bank, recording the deposit, and reconciling the bank statement.

The person responsible for collecting cash is not bonded.

The District does not have a written process to determine the completeness of all collections by a person not responsible for collection.

**Disbursements:**

The District does not have a policy regarding purchase orders, therefore, we are unable to test purchase orders.

The District does not have written documentation indicating that the person responsible for processing payments is prohibited from adding vendors to the disbursement system.

The District does not have written documentation indicating that the individual with signatory authority has no responsibility for initiating or recording purchases.

The person with signatory authority has access to unused checks.

**Payroll and Personnel**

The District paid one employee more than the allowable yearly sick leave hours.

**Management's Response:**

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Management of the District concurs with the exceptions and are working to address the deficiencies identified.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
June 15, 2018