

**Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana**

**Financial Statements With Auditors' Report**

**As of and For the Year Ended December 31, 2017**

Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana

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# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

## Independent Auditors' Report

Board of Commissioners  
Cypress - Black Bayou Recreation  
and Water Conservation District  
Benton, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cypress - Black Bayou Recreation and Water Conservation District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Cypress - Black Bayou Recreation and Water Conservation 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.

### ***Auditors' 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 Cypress - Black Bayou Recreation and Water Conservation 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 management's discussion and analysis and budgetary comparison information on pages 3 - 8 and 24 - 25, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 26 and 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018, on our consideration of Cypress - Black Bayou Recreation and Water Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cypress - Black Bayou Recreation and Water Conservation District's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
June 28, 2018

# **CYPRESS – BLACK BAYOU RECREATION AND WATER CONSERVATION DISTRICT**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

Our discussion and analysis of Cypress - Black Bayou Recreation and Water Conservation District’s financial performance provides an overview of the Cypress - Black Bayou Recreation and Water Conservation District’s financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the District’s financial statements, which begin on page 9.

### **FINANCIAL HIGHLIGHTS**

The Cypress - Black Bayou Recreation and Water Conservation District’s net position decreased by (\$393,305) or 21.7%.

The Cypress - Black Bayou Recreation and Water Conservation District’s total general and program revenues were \$1,762,018 in 2017 compared to \$1,657,654 in 2016.

During the year ended December 31, 2017, the Cypress - Black Bayou Recreation and Water Conservation District had total expenses, excluding depreciation, of \$1,901,539.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Cypress - Black Bayou Recreation and Water Conservation District as a whole and present a longer-term view of the District’s finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Cypress - Black Bayou Recreation and Water Conservation District’s operations in more detail than the government-wide statements by providing information about the Cypress - Black Bayou Recreation and Water Conservation District’s most significant funds.

#### **Reporting the Cypress - Black Bayou Recreation and Water Conservation District as a Whole**

Our analysis of the Cypress - Black Bayou Recreation and Water Conservation District as a whole begins on page 9. One of the most important questions asked about the Cypress - Black Bayou Recreation and Water Conservation District’s finances is “Is the Cypress - Black Bayou Recreation and Water Conservation District as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using

the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Cypress - Black Bayou Recreation and Water Conservation District's *net position* and changes in them. You can think of the Cypress - Black Bayou Recreation and Water Conservation District's net position – the difference between assets and liabilities – as one way to measure the Cypress - Black Bayou Recreation and Water Conservation District's financial health, or *financial position*. Over time, *increases* or *decreases* in the Cypress - Black Bayou Recreation and Water Conservation District net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District are reported here which consists primarily of personal services, materials and supplies, repairs and maintenance and other program services. Ad Valorem taxes and permits, licenses and fees, finance most of these activities.

### **Reporting the District's Most Significant Funds**

The Cypress - Black Bayou Recreation and Water Conservation District has only one fund – General fund, which is a governmental fund. Our analysis begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the general fund maintained by the Cypress - Black Bayou Recreation and Water Conservation District – not the Cypress - Black Bayou Recreation and Water Conservation District as a whole. The Cypress - Black Bayou Recreation and Water Conservation District's *governmental fund* uses the following accounting approaches:

Governmental funds – All of the Cypress - Black Bayou Recreation and Water Conservation District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Cypress - Black Bayou Recreation and Water Conservation District's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Cypress - Black Bayou Recreation and Water Conservation District expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.

**THE CYPRESS - BLACK BAYOU RECREATION AND WATER CONSERVATION DISTRICT AS A WHOLE**

The Cypress - Black Bayou Recreation and Water Conservation District's total net position changed from a year ago, decreasing from \$1,811,491 to \$1,418,186.

**Table 1  
Net Position**

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 1,967,539	\$ 2,730,940
Capital assets	3,250,044	3,130,452
Total assets	<u>5,217,583</u>	<u>5,861,392</u>
Current liabilities	85,493	133,585
Long-term liabilities	2,595,000	2,800,000
Total liabilities	<u>2,680,493</u>	<u>2,933,585</u>
Deferred inflows of resources		
Unavailable revenue - ad valorem taxes	<u>1,118,904</u>	<u>1,116,316</u>
Net position:		
Net investment in capital assets	1,959,141	2,212,925
Unrestricted	(540,955)	(401,434)
Total net position	<u>\$ 1,418,186</u>	<u>\$ 1,811,491</u>

Net position of the Cypress - Black Bayou Recreation and Water Conservation District's governmental activities decreased by \$393,305 or 21.7% for the year ended December 31, 2017 and decreased by \$419,543 or 18.8% for the year ended December 31, 2016.

**Table 2  
Change in Net Position**

	Governmental Activities	
	2017	2016
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 539,425	\$ 528,063
General revenue		
Ad Valorem taxes	1,160,977	1,079,724
State revenue sharing	30,287	29,200
Interest income		495
Miscellaneous	31,329	20,172
<b>Total revenues</b>	<b>\$1,762,018</b>	<b>\$ 1,657,654</b>
<b>Expenses</b>		
Culture and Recreation	2,047,423	1,961,197
Interest on long-term debt	107,900	116,000
<b>Total expenses</b>	<b>2,155,323</b>	<b>2,077,197</b>
<b>( Decrease) in net position</b>	<b>\$ (393,305)</b>	<b>\$ (419,543)</b>

Total revenues increased \$104,364 (6.3%) from total revenues in the year ended December 31, 2016 of \$1,657,654 to total revenues of \$1,762,018 in the year ended December 31, 2017.

The increase was due to increases in ad valorem taxes and charges for services.

### **THE DISTRICT'S FUNDS**

As the District completed the year ended December 31, 2017, its governmental fund (as presented in the balance sheet on page 11) reported a fund balance of \$763,142, which is less than last year's fund balance of \$1,481,039. The primary reason for the decrease is due to the District expending the proceeds of the series 2015 revenue bonds which were issued in 2015.

### **General Fund Budgetary Highlights**

The District adopted a budget for its General Fund for the year ended December 31, 2017. There was one amendment to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on pages 24 - 25.

Highlights for the year are as follows:

- Revenues were substantially the same as budgeted amounts, except for ad valorem taxes with actual amounts being \$30,977 more than budgeted. Expenditures were lower than budgeted amounts due to not utilizing as much of the debt proceeds as anticipated.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of December 31, 2017, the Cypress - Black Bayou Recreation and Water Conservation District had invested \$3,250,044 in capital assets compared to \$3,130,452 at December 31, 2016. (see table 3 below)

**Table 3**  
**Capital Assets at Year End**  
**(Net Depreciation)**

	Governmental Activities	
	2017	2016
Land	\$ 710,000	\$ 710,000
Construction in progress	1,978	93,340
Buildings and improvements	866,746	474,712
Other improvements	1,583,070	1,761,118
Equipment	88,250	91,282
Total assets	<u>\$3,250,044</u>	<u>\$3,130,452</u>

Major additions included:

Equipment	\$ 21,375	\$ 18,535
Improvements to infrastructure	<u>352,001</u>	<u>702,784</u>
Total	<u>\$ 373,376</u>	<u>\$ 721,319</u>

More detailed information about the capital assets are presented in Note 5 to the financial statements.

**Debt Administration**

**Table 4  
Outstanding Debt At Year End**

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Revenue Bonds	<u>\$ 2,595,000</u>	<u>\$ 2,800,000</u>

More detail information above the debt is presented in Note 6 to the financial statements

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Cypress - Black Bayou Recreation and Water Conservation District's management considered many factors when setting a fiscal year December 31, 2018 budget. Amounts available for appropriation in the governmental funds are expected to increase to allow expenditures associated with the debt issuance funds not expended in 2017.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District and to show the Cypress - Black Bayou Recreation and Water Conservation District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director at 135 Cypress Park Drive, Benton, Louisiana 71006

Cypress - Black Bayou Recreation and Water Conservation District  
 Benton, Louisiana  
 Statement of Net Position  
 December 31, 2017

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 229,310
Accounts receivable - Ad valorem taxes	1,058,498
Restricted cash	679,731
Capital assets:	
Land	710,000
Construction in progress	1,978
Other capital assets, net of accumulated depreciation	2,538,066
Total assets	5,217,583
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	85,493
Long-term liabilities:	
Due within one year	215,000
Due in more than one year	2,380,000
Total liabilities	2,680,493
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - ad valorem taxes	1,118,904
<b>NET POSITION</b>	
Net investment in capital assets	1,959,141
Unrestricted (deficit)	(540,955)
Total net position	\$ 1,418,186

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District  
 Benton, Louisiana  
 Statement of Activities  
 For the Year Ended December 31, 2017

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<u>Functions / Programs:</u>		<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental Activities			
Culture and recreation	\$ 2,047,423	\$ 539,425	\$ (1,507,998)
Interest on long-term debt	<u>107,900</u>		<u>(107,900)</u>
Total governmental activities	<u>2,155,323</u>	<u>539,425</u>	<u>(1,615,898)</u>
General revenues:			
Ad valorem taxes			1,160,977
State revenue sharing			30,287
Miscellaneous			<u>31,329</u>
Total general revenues			<u>1,222,593</u>
Change in net position			(393,305)
Net position - beginning			1,811,491
Net position - ending			<u>\$ 1,418,186</u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District  
 Benton, Louisiana  
 Balance Sheet  
 Governmental Funds  
 December 31, 2017

	General Fund
<b>Assets</b>	
Cash	\$ 229,310
Accounts receivable - Ad valorem taxes	1,058,498
Restricted cash	679,731
Total assets	\$ 1,967,539
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 85,493
Total liabilities	85,493
<b>Deferred inflows of resources</b>	
Unavailable revenue - Ad valorem taxes	1,118,904
<b>Fund balance</b>	
Restricted	679,731
Unassigned	83,411
Total fund balance	763,142
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,967,539

See accompanying notes to the basic financial statements.

**Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
Reconciliation of the Balance Sheet of the Governmental Funds  
to the Statement of Net Position  
December 31, 2017**

Fund balances - total governmental funds \$ 763,142

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

3,250,044

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

(2,595,000)

Net position of governmental activities

\$ 1,418,186

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District  
 Benton, Louisiana  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Governmental Funds  
 For the Year Ended December 31, 2017

	General Fund
Revenues	
Ad valorem taxes	\$ 1,160,977
State revenue sharing	30,287
Permits, licenses and fees	539,425
Miscellaneous	31,329
Total revenues	1,762,018
Expenditures	
Current - culture and recreation	1,793,639
Capital outlay	373,376
Debt service:	
Principal	205,000
Interest	107,900
Total expenditures	2,479,915
Net change in fund balance	(717,897)
Fund balance at beginning of year	1,481,039
Fund balance at end of year	\$ 763,142

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District  
 Benton, Louisiana  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
 Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ (717,897)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$373,376 exceeds depreciation \$253,784 in the current period.</p>	119,592
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	<u>205,000</u>
Change in net position of governmental activities	<u><u>\$ (393,305)</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2017

**INTRODUCTION**

The Cypress - Black Bayou Recreation and Water Conservation District (the District) was created by Act 292 of 1958 to develop the wealth and natural resources of the District by conserving water for agricultural, municipal, recreational, commercial, industrial, and sanitary purposes. The District is comprised of a board of five commissioners, one each appointed by the Bossier Parish Police Jury, the Bossier Parish School Board, the Mayor and governing authority of the City of Bossier City, the Mayor and governing authority of the Town of Benton, and the Bossier Levee District.

**(1) Summary of Significant Accounting Policies**

The Cypress - Black Bayou Recreation and Water Conservation District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Cypress - Black Bayou Recreation and Water Conservation District are discussed below.

**A. Reporting Entity**

The Governmental Accounting Standards Board (GASB) establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of the standards, the District is considered a primary government, since it is a special purpose government that has a separate appointed governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt and has a component unit over which it exercises oversight responsibility.

**B. Basic Financial Statements – Government-Wide Statements**

The Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements include both government-wide (reporting the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as a whole) and fund financial statements (reporting the Cypress - Black Bayou Recreation and Water Conservation District's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Cypress - Black Bayou Recreation and Water Conservation District's general fund is classified as governmental activities. The Cypress - Black Bayou Recreation and Water Conservation District does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Cypress - Black Bayou Recreation and Water Conservation District's net position is reported in two parts – net investment in capital assets (net of related debt) and unrestricted net position.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2017  
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Cypress - Black Bayou Recreation and Water Conservation District's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the District consist of permits, licenses, fees and donations. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Cypress - Black Bayou Recreation and Water Conservation District as an entity and the change in the Cypress - Black Bayou Recreation and Water Conservation District's net position resulting from the current year's activities.

**C. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the Cypress - Black Bayou Recreation and Water Conservation District are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Cypress - Black Bayou Recreation and Water Conservation District:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Cypress - Black Bayou Recreation and Water Conservation District:

- a. General fund is the general operating fund of the Cypress - Black Bayou Recreation and Water Conservation District. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District's general fund was determined to be a major fund.

**D. Basis of Accounting**

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

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2017  
(Continued)

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Cypress - Black Bayou Recreation and Water Conservation District consist principally of property taxes, permits, licenses and fees, state revenue sharing, donations and interest income. Property taxes are recorded in the year for which the taxes are levied. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The 2017 tax levy is intended to fund the 2018 fiscal year; therefore, the levy has been recorded as a receivable and deferred inflows of resources. Interest income is recorded when earned. Permits, licenses, fees and donations are recorded when received because they are generally not measurable until actually received. State revenue sharing revenue is recorded when it is both measurable and available.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the District prior to December 31 of each year and is made available for public inspection.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget for 2017 was adopted on the cash basis for the general fund. One amendment was made to the 2017 budget.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2017  
(Continued)

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at fair value.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10 – 40 years
Equipment	3 – 10 years
Other improvements	10 – 40 years

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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. At this time, the District has no transactions that meet the definition of deferred outflows of resources.

The District's governmental activities and governmental fund reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that meets this definition and qualifies for reporting in this category. Accordingly, the item "unavailable revenue" is reported in the governmental fund balance sheet and statement of net position. The District reports unavailable revenue from one source: ad valorem - property taxes. This amount is deferred and recognized as an inflow of resources in the period for which the amount was levied and budgeted.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2017  
(Continued)

I. **Compensated Absences**

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

Employees earn annual leave based upon their length of employment. Upon separation of employment, employees are paid for accumulated annual leave. Employees also earn sick leave, but no unused sick leave is paid upon separation of employment.

J. **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

K. **Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. **Fund Balances**

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the District's Board of Commissioners (the District's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the District's Board of Commissioners removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).
4. Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's Board of Commissioners have the authority to assign amounts to be used for specific purposes.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District  
 Benton, Louisiana  
 Notes to Financial Statements  
 December 31, 2017  
 (Continued)

5. Unassigned fund balance are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Operating and maintenance	1.56	1.56	2024

The District's ad valorem tax millage renewal was approved by the voters in November, 2015, for a period of ten years beginning in 2015 and ending in 2024.

(3) Cash and Cash Equivalents

At December 31, 2017, the District had cash and cash equivalents (book balances), totaling \$909,041 as detailed below.

The District had cash and cash equivalents at December 31, 2017 (book balances) totaling \$909,041, of which \$679,731 is shown as restricted. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Credit Risk

Custodial credit risk is the risk that in the event of a bank or other depository institution failure, the government's deposits may not be returned to it. As of December 31, 2017, the District's bank balances totaling \$914,466 were exposed to custodial credit risk as follows:

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2017  
(Continued)

Secured by federal deposit insurance	\$ 484,735
Collateralized by securities held by pledging bank's trust department, not in District's name	<u>429,731</u>
	<u>\$ 914,466</u>

(4) Restricted Cash

The restricted cash at December 31, 2017 represents unspent debt proceeds from the 2015 Series Revenue Bonds issue. The proceeds are used for various capital improvements at the park which may include but are not limited to: updating the entire electrical system; updating the water and sewage system to comply with the State mandate; construction of an event center; renovation of existing cottages; renovation of fishing piers; and other general maintenance, repair and updating of the facility and equipment related thereto.

(5) Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance at Jan. 1, 2017	Additions	Deletions	Balance at Dec. 31, 2017
<b>Governmental Activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 710,000	\$	\$	\$ 710,000
Construction in progress	93,340	1,978	(93,340)	1,978
	<u>803,340</u>	<u>1,978</u>	<u>(93,340)</u>	<u>711,978</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	1,500,086	443,363	(54,189)	1,889,260
Equipment	352,742	21,375		374,117
Other improvements	10,417,117			10,417,117
<b>Total capital assets, being depreciated at historical cost</b>	<u>12,269,945</u>	<u>464,738</u>	<u>(54,189)</u>	<u>12,680,494</u>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	(1,025,374)	(51,329)	54,189	(1,022,514)
Equipment	(261,460)	(24,407)		(285,867)
Other improvements	(8,655,999)	(178,048)		(8,834,047)
<b>Total accumulated depreciation</b>	<u>(9,942,833)</u>	<u>(253,784)</u>	<u>54,189</u>	<u>(10,142,428)</u>
<b>Total capital assets, being depreciated, net</b>	<u>2,327,112</u>	<u>210,954</u>		<u>2,538,066</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 3,130,452</u>	<u>\$ 212,932</u>	<u>\$ (93,340)</u>	<u>\$ 3,250,044</u>

Depreciation expense for the year ended December 31, 2017 was \$253,784 and reported in culture and recreation function of governmental activities.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District  
 Benton, Louisiana  
 Notes to Financial Statements  
 December 31, 2017  
 (Continued)

(6) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds Series 2015	\$ 2,800,000	\$ -	\$ 205,000	\$ 2,595,000	\$ 215,000

Revenue Bonds Series 2015

The series 2015 revenue bonds were issued by the Louisiana Local Government Environmental Facilities and Community Development Authority to the District July 1, 2015. The purchaser of the bonds was a local bank. Original amount of the issue was \$3,000,000, due in annual installments of \$200,000 to \$305,000 from July, 2017 to July, 2027. Repayment of debt is to be made from the District's lawfully available funds. Interest rate on the bonds is 4.0%. The bonds are secured by a pledge of the rights, title, and interest to the lawfully available funds of the District.

Debt service requirements at December 31, 2017, were as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 215,000	\$ 99,500	\$ 314,500
2019	225,000	90,700	315,700
2020	235,000	81,500	316,500
2021	245,000	71,900	316,900
2022	250,000	62,000	312,000
2023-2027	1,425,000	146,500	1,571,500
	<u>\$ 2,595,000</u>	<u>\$ 552,100</u>	<u>\$ 3,147,100</u>

(7) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2017 consisted of the following:

Accounts payable	\$ 76,696
Other	<u>8,797</u>
	<u>\$ 85,493</u>

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District  
 Benton, Louisiana  
 Notes to Financial Statements  
 December 31, 2017  
 (Continued)

(8) Deferred Inflows of Resources

Deferred inflows of resources recorded in the fund financial statements at December 31, 2017 consist of unavailable revenue as follows:

Ad valorem taxes	\$ <u>1,118,904</u>
------------------	---------------------

(9) Subsequent Events

Subsequent events have been evaluated through June 28, 2018, the date the financial statements were available to be issued.

(10) Fund Balance Classifications

The constraints on fund balance as listed in the aggregate are composed of the following:

Fund balance:

Restricted-unspent debt proceeds	\$ 679,731
Unassigned	<u>83,411</u>
	<u>\$ 763,142</u>

(11) Unrestricted Net Position (Deficit)

The District reports an unrestricted net position (deficit) of \$540,955 at December 31, 2017. The District has been expending resources on significant repairs to the facilities and grounds. The District approved a new rate structure for permits, licenses, and fees beginning in 2015, which includes options for additional increases in the permits, licenses and fees for future years with the intent to eliminate the deficit.

(12) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

Cypress - Black Bayou Recreation and Water Conservation District  
 Benton, Louisiana  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 (CASH BASIS)  
 General Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 970,000	\$ 1,130,000	\$ 1,160,977	\$ 30,977
State revenue sharing	26,000	26,000	30,287	4,287
Permits, license and fees	510,000	530,000	539,425	9,425
Interest income	100	100		(100)
Miscellaneous	20,000	30,000	31,329	1,329
<b>Total revenues</b>	<b>1,526,100</b>	<b>1,716,100</b>	<b>1,762,018</b>	<b>45,918</b>
<b>Expenditures</b>				
Current - culture and recreation	1,356,000	1,493,400	1,864,625	(371,225)
Capital outlay	1,928,000	1,400,000	373,376	1,026,624
Debt service	318,000	318,000	312,900	5,100
<b>Total expenditures</b>	<b>3,602,000</b>	<b>3,211,400</b>	<b>2,550,901</b>	<b>660,499</b>
<b>Net change in fund balance</b>	<b>(2,075,900)</b>	<b>(1,495,300)</b>	<b>(788,883)</b>	<b>706,417</b>
<b>Fund balance at beginning of year</b>	<b>2,740,471</b>	<b>1,495,300</b>	<b>1,697,924</b>	<b>202,624</b>
<b>Fund balance at end of year</b>	<b>\$ 664,571</b>	<b>\$</b>	<b>\$ 909,041</b>	<b>\$ 909,041</b>

Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
Notes to Required Supplementary Information  
December 31, 2017

The District's budget is adopted on a cash basis for all funds. There was one amendment to the 2017 budget. The budget comparison schedule included in the accompanying financial statements includes the original and amended budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budget basis)	\$ (788,883)
Adjustments:	
Expenditure accruals -- net	<u>70,986</u>
Excess of revenues and other sources over (under) expenditures and other uses (GAAP basis)	<u>\$ (717,897)</u>

Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
Other Supplementary Information  
Schedule of Compensation paid Commissioners  
For the Year Ended December 31, 2017

COMPENSATION PAID COMMISSIONERS

This schedule of compensation paid commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 38:2605, the commissioners are entitled to receive, out of available funds of the District, a per diem allowance of \$40 for each meeting of the District that they attend, but no such allowance shall be paid for more than 36 meetings in any calendar year.

	<u>NUMBER</u>	<u>AMOUNT</u>
Emmett "Gary" Wyche, Jr.	24	\$ 960
Walter O. Bigby Jr.	21	840
Robert A. Berry	24	
Alan M. Warren	20	800
Jerry W. Fowler	24	<u>960</u>
Total		<u>\$ 3,560</u>

Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
Other Supplementary Information  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended December 31, 2017

**Agency Head: Robert A. Berry, Executive Director**

**PURPOSE**

**AMOUNT**

Salary	\$ 115,267
Phone allowance	1,200
Reimbursements	324

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

## **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***

### Independent Auditors' Report

Board of Commissioners  
Cypress - Black Bayou Recreation  
and Water Conservation District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Cypress - Black Bayou Recreation and Water Conservation District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements, and have issued our report thereon dated June 28, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Cypress - Black Bayou Recreation and Water Conservation 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 Cypress - Black Bayou Recreation and Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cypress - Black Bayou Recreation and Water Conservation 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

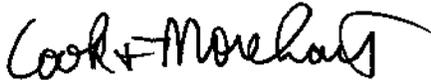
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cypress - Black Bayou Recreation and Water Conservation 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Cook & Morehart  
Certified Public Accountants  
June 28, 2018

Cypress - Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
Summary Schedule of Prior Audit Findings  
December 31, 2017

**Summary Schedule of Prior Audit Findings**

There were no findings in the audit for the year ended December 31, 2016.

Current Year Audit Findings and Corrective Action Plan  
Schedule For Louisiana Legislative Auditor  
December 31, 2017

**Current Year Audit Findings and Corrective Action Plan**

There were no findings in the current audit for the year ended December 31, 2017.

# COOK & MOREHART

*Certified Public Accountants*

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TRAVIS H. MOREHART, CPA  
VICKIE D. CASP, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER  
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## Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Commissioners  
Cypress-Black Bayou Recreation and Water Conservation District  
Benton, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Cypress-Black Bayou Recreation and Water Conservation 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 Cypress-Black Bayou Recreation and Water Conservation District's (District) 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***

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

The District provided written policies and procedures addressing all of the 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.

The Board of Commissioners of the District met on a monthly basis.

- 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.

*Exception:* The minutes of the Board of Commissioners did not reference budget to actual comparisons.

*Management's Response:* The District prepares monthly financial statements and makes those available to the Board of Commissioners.

- 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 minutes of the Board of Commissioners of the District did reference non-budgetary financial information for at least one meeting during the fiscal period.

**Bank Reconciliations**

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

Management provided the requested information, along with 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). 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;

Bank reconciliations were prepared for each month examined.

- 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

*Exception:* For the bank reconciliations selected for testing, there were no attributes indicating a member of management reviewed the bank reconciliation.

*Management's Response:* The District contracts with a CPA firm to periodically review all bank reconciliations. In the future evidence of the approval will be documented.

- 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.

*Exception:* There were six (6) outstanding checks totaling \$858.65 on bank reconciliations selected for testing that were more than 6 months old. There was no indication that management had researched these outstanding items.

*Management's Response:* It is the District's policy to research old outstanding checks.

### **Collections**

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

Management provided the requested information, along with 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). 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.

Each person responsible for collecting cash was insured under the District's blanket crime insurance policy. Cash drawers/registers are not shared.

The individuals responsible for collecting cash are not responsible for making deposits, reconciling the bank accounts, or recording the transactions in the general ledger.

- 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.

The District has a formal process to reconcile cash collections to the general ledger by a person not responsible collecting cash.

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.

For the week selected, deposits were processed within one day of collection.

➤ 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.

For the week selected, daily cash collections were completely supported by collection documentation.

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.

The District has a process specifically defined to determine completeness of collections by a person 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.

Management provided the requested information, along with management's representation that the listing 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.

Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice, except as noted below:

*Exception:* The District does not have a formal purchase order system.

*Management's Response:* It is the District's policy for all purchases to be reviewed by the Executive Director before payment.

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.

*Exception:* The Office Manager processes payments and adds vendors to the disbursement system.

*Management's Response:* It is the District's policy for supporting documentation to accompany checks for signature. The District's policy is for all disbursements to require two signatures on checks.

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.

*Exception:* One person, who has signatory authority, also records the purchases.

*Management's Response:* All disbursements require two (2) signatures. All disbursements are approved by the Executive Director.

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.

*Exception:* One person, who has signatory authority, has system access to print checks.

*Management's Response:* All disbursements require two (2) signatures. All disbursements are approved by the Executive Director.

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.

Persons with signatory authority do not use a signature stamp or signature machine.

*Exception:* One person, who has signatory authority, also mails out the disbursements after authorized signatures are obtained.

*Management's Response:* All disbursements require two (2) signatures. All disbursements are approved by the Executive Director.

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

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

Management provided the requested information, along with 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. 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.

*Exception:* For each card selected for testing, there were no attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

*Management's Response:* All disbursements require two (2) signatures. All disbursements are approved by the Executive Director.

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

None of the statements selected for testing contained finance charges and or late fees.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the 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)

Transactions tested were supported by original itemized receipts.

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

Transactions tested documented the business/public purpose, except for the two receipts previously mentioned. For meal charges, individuals participating were documented.

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

No other documentation is required by the District's written credit card policy.

- 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.

We compared each transaction tested to the agency's written policies and public bid law. There were no exceptions noted.

- 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.

The District's documentation met the requirements of Article 7, Section 14.

### ***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.

Management provided the requested information along with management's representation that the listing 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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

The District's travel policy is to utilize a per diem rate on out of town travel. No reimbursements exceeded the GSA rates.

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

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

The reimbursements selected were supported with documentation in accordance with District's written policies.

- 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.]

Expenses selected for testing contained receipts listing precisely what was purchased.

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

The business purpose was documented on each invoice selected for testing.

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

No other documentation required.

- 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.

The District's documentation met the requirements of Article 7, Section 14.

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

For the disbursements tested, the expense and related documentation was reviewed and approved by someone other than the person who received the reimbursement.

### **Contracts**

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

Management provided the requested information, along with management's representation that the listing 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.

There were formal, written contracts supporting the services arrangement and the amounts paid for the contracts selected for testing.

- 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)

Not applicable.

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

*Exception:* Quotes were not obtained for the three contracts selected for testing.

*Management's Response:* It is management's policy to obtain quotes when feasible.

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

None of the contracts selected for testing were amended during the testing period.

- d) Select the largest payment from each of the 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.

The largest payment selected for testing from each of the three vendor contracts was supported by invoices that agreed with the terms 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).

None of the contracts selected for testing required Board of Commissioners approval.

### ***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.

Management provided the requested information, along with 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.

Payment was made in accordance with the terms of the approved pay rates.

- 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.

Changes made to hourly pay rates/salaries during the fiscal period were approved in writing and in accordance with the District's 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).

For the transactions selected for testing, daily attendance and leave records were documented.

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

*Exception:* Transactions selected for testing did not contain evidence that supervisors approved the attendance and leave of the selected employees.

*Management's Response:* It is the District's policy for the Executive Director to approve all payroll transactions.

- 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.

For the transactions selected for testing, the District maintained written leave records.

- 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.

Termination payments made were in strict accordance with the District's policy.

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

Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.

***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.

*Exception:* Of the five (5) employees selected for testing, three (3) did not have evidence of ethics compliance documentation.

*Management's Response:* It is the District's policy for all employees to comply with ethics requirements.

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.

There were no alleged ethics violations reported to management.

***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.

The District did not issue any new debt during the current fiscal year.

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

The District made the 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.

The District does not have any tax millages relating to outstanding debt.

**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.

Management is not aware of any misappropriation of public funds or assets.

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.la.gov/hotline](http://www.la.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

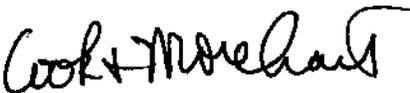
The District has posted on its premises and website the notice required by R.S. 24:523.1.

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

We have not observed or identified any exceptions regarding management's representations in the above procedures.

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.



Cook & Morehart  
Certified Public Accountants  
June 28, 2018