

**Sewerage District No. 1 of Rapides Parish**  
**Alexandria, Louisiana**  
**Auditor's Report**  
**For the Year Ended December 31, 2016**

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# Paul Dauzat, CPA

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 12359  
Alexandria, LA 71315

MEMBER  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Sewerage District No. 1 of Rapides Parish  
Alexandria, Louisiana

### Report on Financial Statements

I have audited the accompanying financial statements of the business-type activities and the major fund of the Sewerage District No.1 of Rapides Parish, Louisiana, (the District) a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 2016 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

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 of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Sewerage District No.1 of Rapides Parish, Louisiana, as of December 31, 2016, and the results of operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Reporting Required By Government Auditing Standards And Other Matters

### *Required Supplementary Information*

Management 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information

In accordance with Government Auditing Standards, I have also issued my report dated June 15, 2017 on my consideration of Sewerage District No.1 of Rapides Parish, Louisiana's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the 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 and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**Paul Dautat**

Certified Public Accountant

Alexandria, Louisiana

June 15, 2017

**FINANCIAL STATEMENTS - BUSINESS TYPE ACTIVITIES**

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH

Alexandria, Louisiana

BUSINESS - TYPE ACTIVITIES

STATEMENT OF NET POSITION

December 31, 2016

<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 636,412
Accounts Receivable (Net)	20,493
Total Current Assets	<u>656,905</u>
Noncurrent Assets	
Restricted Assets	
Reserve Fund	68,283
Depreciation and Contingency Fund	19,425
Total Restricted Assets	<u>87,708</u>
Capital Assets	
Depreciable Capital Assets, Net of Accumulated Depreciation	3,639,654
Nondepreciable Capital Assets	28,570
Total Capital Assets	<u>3,668,224</u>
Total Noncurrent Assets	<u>3,755,932</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>4,412,837</u></b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 33,580
Deposits Payable	16,279
Payroll Liabilities	528
Total Current Liabilities	<u>50,387</u>
Current Liabilities Payable from Restricted Assets	
Accrued Interest Payable	1,822
Current Portion of Long-Term Debt	19,445
Total Current Liabilities Payable from Restricted Assets	<u>21,267</u>
Noncurrent Liabilities	
Long-Term Debt	1,211,086
Total Liabilities	<u>1,282,740</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>10,940</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b><u>1,293,680</u></b>
<b>NET POSITION</b>	
Investment in Capital Assets, Net of Debt	2,457,138
Restricted for Debt Service	87,708
Unrestricted	574,311
<b>TOTAL NET POSITION</b>	<b>\$ <u>3,119,157</u></b>

The accompanying notes are an integral part of this statement

**SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH**  
**Alexandria, Louisiana**

**BUSINESS - TYPE ACTIVITIES**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For The Year Ended December 31, 2016**

**OPERATING REVENUES**

Sewerage Service and Tap Fees	\$ 701,348
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**OPERATING EXPENSES**

Salaries	14,850
Payroll Taxes	1,136
Bank Fees	263
Contract Labor	102,600
Dues, Subscriptions and Permits	5,871
Equipment Rental	362
Insurance	4,937
Laboratory Fees	18,483
Legal and Accounting	76,506
Office and Postage	11,720
Rent Expense	2,400
Repairs and Maintenance	82,994
Telephone	5,637
Miscellaneous	50
Utilities	282,461
Depreciation	169,906
Total Operating Expenses	<u>780,176</u>

<b>OPERATING INCOME</b>	<b>(78,828)</b>
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**NONOPERATING REVENUES (EXPENSES)**

Interest Income	35
Miscellaneous Income	1,100
Interest Expense	(49,540)
Total Nonoperating Revenues (Expenses)	<u>(48,405)</u>

<b>NET INCOME (LOSS)</b>	<b>(127,233)</b>
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<b>NET POSITION, BEGINNING OF YEAR</b>	<u>3,246,390</u>
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<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 3,119,157</u></u>
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The accompanying notes are an integral part of this statement

**SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH  
Alexandria, Louisiana**

**BUSINESS - TYPE ACTIVITIES**

**STATEMENT OF CASH FLOWS  
For The Year Ended December 31, 2016**

<b>Cash Flows From Operating Activities:</b>	
Cash From Operating Revenues	\$ 699,870
Cash Paid to Employees	(14,850)
Cash From Operating Expenses	(597,796)
Net Cash Provided by Operating Activities	<u>87,224</u>
<b>Cash Flows From Investing Activities:</b>	
Miscellaneous	1,100
Interest on Investments	35
Net Cash Provided by Investing Activities	<u>1,135</u>
<b>Cash Flows From Capital Activities:</b>	
Debt Retired	(18,688)
Interest Paid on Debt	(49,568)
Net Cash Used by Capital Activities	<u>(68,256)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	20,103
<b>Cash and Cash Equivalents, Beginning of the Year</b>	<u>704,017</u>
<b>Cash and Cash Equivalents, End of the Year</b>	<u><u>\$ 724,120</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Required) by Operating Activities</b>	
Operating Income	\$ (78,828)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	169,906
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(1,102)
Increase (Decrease) in Payroll Taxes	(92)
Increase (Decrease) in Deferred Revenues	(376)
Increase (Decrease) in Accounts Payable	(2,284)
Total Adjustments	<u>166,052</u>
Net Cash Provided (Required) by Operating Activities	<u><u>\$ 87,224</u></u>

The accompanying notes are an integral part of this statement



**SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH**  
**Alexandria, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE A**

**SUMMARY OF ACCOUNTING POLICIES**

The accompanying financial statements of Sewerage District No. 1 of Rapides Parish, Louisiana, has been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are described below.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

The Sewerage District No. 1 of Rapides Parish, Louisiana (hereinafter referred to as the District) was created by the Rapides Parish Police Jury under the authority of Louisiana Revised Statutes 33:381 to manage and operate sewerage systems within the District not served by municipal systems. A three-member board appointed by the Rapides Parish Police Jury governs the District, and therefore, the District is considered to be a component unit of the Rapides Parish Police Jury.

At December 31, 2016, the District had approximately 1,530 customers.

B. Basis of Presentation

The statement of net position and the statement of revenues, expenses and changes in net position have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units and as a governmental entity provides certain disclosures required by the Governmental Accounting Standards Board.

C. Fund Financial Statements

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District has only one fund, an enterprise fund.

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

D. 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 of Focus

The enterprise fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

The District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded in accounts receivable.

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

Cash, Cash Equivalents and Cash Flows

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and highly liquid investments maturing in three months or

For the purpose of the proprietary fund statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Business-type activities report customer’s utility service receivables as the major receivable. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available.

Bad Debts

The allowance method is used to recognize bad debts of accounts receivable. The allowance is determined based upon past history and the aging of accounts receivable as of year-end. The allowance for bad debts at December 31, 2016 is \$34,676.

Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

### Capital Assets

Fixed Assets are accounted for on a cost of services or “capital maintenance” measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The cost 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 fixed assets used by proprietary funds is charged as an expense against their operations. Capital assets are depreciated using the straight-line method and estimated useful lives of 5 to 45 years.

### Compensated Absences

The only employees of the District are it’s Board of Commissioners and they do not receive any vacation, sick pay or any other benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

### Long-Term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities in the financial statements. The long-term debt consists of bonds payable to USDA.

### Deferred Outflows of Resources and Deferred Inflows of Resources

#### Deferred Outflows of Resources

In addition to assets, the statement of net 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 thus, will not be recognized as an outflow of resources (expenses) until then.

#### Deferred Inflows of Resources

In addition to assets, the statement of net position 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. The District has deferred inflows of resources, which is represented by the amount of prepaid fees for sewer services by the District’s of resources, which is represented by the amount of prepaid fees for sewer services by the District’s customers.

### Proprietary Fund Net Position

Proprietary Fund Net Position are displayed in three components:

Net Investment in Capital Assets – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Consists of net assets with constraints placed on the use by either (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – Consists of all other net assets that do not meet the definition of “net investment in capital assets” or “restricted”.

#### Revenues and Expenses

##### Revenues

Operating revenues and expenses for proprietary fund are those that result from providing services and producing and delivering goods. It also includes all revenue and expenses not related to capital and related financing, or investing activities.

Nonoperating revenues are funds provided by investing activities, such as interest income, gains on disposal of assets and other non-service fees.

##### Expenses

Operating expenses are expenses related to the production of operating revenue.

Nonoperating expenses are those expenses not directly related to operating revenue and would include such items as interest expense on debt and losses on disposal of assets.

#### Estimates

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

#### **NOTE B CASH, INTEREST BEARING DEPOSITS AND INVESTMENTS**

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana the laws or any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2016, the District has cash and interest-bearing deposits (book balances) totaling \$724,019.

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. These deposits are state 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at December 31, 2016, and the related federal insurance and pledged securities.

Bank Balances at December 31, 2016	\$ 733,150
Insured	\$ 500,000
Pledged Securities	233,150
Total	<u>\$ 733,150</u>

Deposits in the amount of \$233,150 were exposed to credit risk. These deposits are insured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Districts' name. The District does not have a policy for custodial risk.

At December 31, 2016, the District had cash and cash equivalents (book balances) as follows:

Unrestricted Cash Balances

Petty Cash	\$ 100
Demand Deposits	624,894
Money Market	11,417
Total Unrestricted Cash Balances	<u>\$ 636,411</u>

Restricted Cash Balances

Reserve Funds	\$ 68,283
Depreciation and Contingency Funds	19,425
Total Restricted Cash Balances	<u>\$ 87,708</u>

**NOTE C RECEIVABLES**

Receivables at December 31, 2016 consisted of the following:

Charges for services	\$ 55,169
Allowance for Doubtful Acco	(34,676)
Total Receivables	<u>\$ 20,493</u>

**NOTE D CAPITAL ASSETS**

A summary of capital assets and related depreciation at December 31, 2016 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Non-Depreciable Assets				
Land	\$ 28,570	\$ -	\$ -	\$ 28,570
Depreciable Assets				
Sewerage System	7,514,146	-	-	7,514,146
Less Accumulated				
Depreciation	<u>(3,704,586)</u>	<u>(169,906)</u>	-	<u>(3,874,492)</u>
Total	<u>\$ 3,809,560</u>	<u>\$ (169,906)</u>	<u>\$ -</u>	<u>\$ 3,639,654</u>

Depreciation expense for 2016 was \$169,906.

**NOTE E ACCOUNTS PAYABLE**

Accounts payable at December 31, 2016 represents amounts due to various vendors.

**NOTE F DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources, represents the amount of prepaid sewer revenues by the District's

**NOTE G CHANGES IN LONG-TERM DEBT**

The following is a summary of debt owed by the District for the year ended December 31, 2016.

	USDA Loan March 2009	USDA Loan December 2009	Total
Loan Payable, December 31, 2015	\$ 924,838	\$ 324,381	\$ 1,249,219
Principal Payments	(13,415)	(5,273)	(18,688)
Loans Payable, December 31, 2016	<u>\$ 911,423</u>	<u>\$ 319,108</u>	<u>\$ 1,230,531</u>

Loans payable at December 31, 2016 are comprised of the following:

\$992,000 loan dated March 17, 2009, due in monthly installments of \$4,726 through December 2048; interest on this loan is 4.12 percent	<u>\$ 911,423</u>
\$353,000 loan dated December 19, 2009, due in monthly installments of \$1,412 through September 2048; interest on this loan is 3.521 percent	<u>\$ 319,108</u>

The loans were acquired for the purpose of paying for a portion of constructing and acquiring improvements and extension to the sewerage system, including appurtenant equipment, accessories and discharging Bond Anticipation Notes. The loan is secured by a pledge of income and revenues of the System, after provision has been made for payment of all reasonable and necessary expenses of operating and maintaining the System.

Interest cost incurred for the year was \$49,540.

Year Ending December 31	Loan Dated March 2009		
	Interest	Principal	Total
2017	\$ 37,334	\$ 13,978	\$ 51,312
2018	36,746	14,566	51,312
2019	36,134	15,178	51,312
2020	35,496	15,816	51,312
2021	34,831	16,481	51,312
2022-2026	163,161	93,399	256,560
2027-2031	141,807	114,753	256,560
2032-2036	115,572	140,988	256,560
2037-2041	83,338	173,222	256,560
2042-2046	43,736	212,824	256,560
2047-2048	4,442	100,218	104,660
Totals	<u>\$ 732,597</u>	<u>\$ 911,423</u>	<u>\$ 1,644,020</u>

Loan Dated December 2009

Year Ending December 31	Interest	Principal	Total
2017	\$ 11,477	\$ 5,467	\$ 16,944
2018	11,276	5,668	16,944
2019	11,067	5,877	16,944
2020	10,850	6,094	16,944
2021	10,626	6,318	16,944
2022-2026	49,460	35,260	84,720
2027-2031	42,464	42,256	84,720
2032-2036	34,081	50,639	84,720
2037-2041	24,035	60,685	84,720
2042-2046	11,996	72,724	84,720
2047-2048	923	28,120	29,043
Totals	<u>\$ 218,255</u>	<u>\$ 319,108</u>	<u>\$ 537,363</u>

There are a number of limitations and restrictions contained in the loan agreements. The following is a summary of the major restrictions in the use of funds as required by the loan agreements.

Flow of Funds: Restrictions on Use of Loan Funds Dated March 2009

The revenues derived from the sewerage user fees shall be allocated as follows:

- a. Each month beginning on November 1, 2009, and each successive month an amount equal to \$4,276 shall be paid to USDA in payment of principal and interest. The installments of principal and interest may be repaid at any time.
- b. Each month \$428 is required to be paid monthly into a separate fund entitled "Debt Service Reserve Fund" until \$51,312 has been accumulated therein.
- c. Each month \$111 is required to be paid monthly into a separate fund entitled "Depreciation and Contingency Fund". Money in this fund may be used to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the sewer system. The monies may also be used to pay the principal and interest on the bonds if there are not sufficient funds in the reserve account.

Flow of Funds: Restrictions on Use of Loan Funds Dated December 2009

The revenues derived from the sewerage user fees shall be allocated as follows:

- a. Each month beginning on November 1, 2009, and each successive month an amount equal to \$1,412 shall be paid to USDA in payment of principal and interest. The installments of principal and interest may be repaid at any time.
- b. Each month \$141 is required to be paid monthly into a separate fund entitled "Debt Service Reserve Fund" until \$16,944 has been accumulated therein.

**NOTE H ACCRUED INTEREST PAYABLE**

Accrued interest is the amount due on loans payable at December 31, 2016.

**NOTE I LITIGATION**

At December 31, 2016, the District was not a defendant in any legal proceedings.

**NOTE J RISK MANAGEMENT**

The District is exposed to risks of loss in the areas of theft, torts, property hazards, general liability, errors and omissions, and natural causes. These risks are covered by commercial insurance coverage. All previous losses have not exceeded the insurance coverage.

**NOTE K RETIREMENT COMMITMENTS**

The District does not have retirement commitments or pension plan for its employees.

**NOTE L SALARIES OF BOARD MEMBERS**

<u>Board Member</u>	<u>Phone No.</u>	<u>Address</u>	<u>Compensation</u>
Robert Wooley Term expires May 10, 2019	318-715-4852	1219 Hoyt Road Boyce, La.	\$ 5,400
Paul Williams Term expires Oct. 12, 2018	318-313-1676	614 Augusta Ave. Alexandria, La.	5,400
Robin Bonnette	318-623-0111	6178 Twin Bridges Road Alexandria, La.	750

**NOTE M INSURANCE COVERAGE**

The Sewerage District No. 1 of Rapides Parish, Louisiana's insurance coverage at December 31, 2015 is as follows:

Bond on Employee

Policy period is from January 1, 2016 to January 1, 2017 and is in the amount of \$20,000.

Property Coverage

Policy period is from March 1, 2016 to March 1, 2017

\$100,000 per occurrence with a \$500 deductible:

Above ground piping; above and below ground penstock; communication equipment; computer equipment; mobile equipment; outdoor property, including signs; paved surfaces; property in the course of construction; real and personal property (of others); underground piping (within 100 feet of premises); valuable papers and records.



\$5,000 per occurrence with a \$500 deductible:

Fine Arts

\$1,000 per occurrence with a \$500 deductible:

Trees, shrubs, and landscape plantings

#### Coverage Extensions

\$100,000 per occurrence with a \$500 deductible:

Accounts receivable; ammonia contamination; demolition and increased cost of construction; expediting expenses; extra expense; loss of income; preservation of property; rental value; utility interruption and vacant building.

\$25,000 per occurrence with a \$500 deductible:

Debris removal; fire department service charge and pollutant clean up and removal

\$10,000 per occurrence with a \$500 deductible:

Arson and crime reward

\$1,000 per occurrence with a \$500 deductible:

Bridges

\$25,000 per twelve-month period:

Pollutant clean up and removal

Liability for bodily injury and property damage, \$3,000,000 aggregate and \$1,000,000 per occurrence, \$500 deductible

Liability for personal injury and advertised injury, \$3,000,000 aggregate and \$1,000,000 per occurrence and \$500 deductible

Damage to premises rented, \$100,000, any one premises

Business auto coverage, \$1,000,000 liability

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH  
Alexandria, Louisiana**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Robert Wooley, President of the Board

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 5,400
Benefits - Insurance	-
Benefits - Retirement	-
Benefits - Other	-
Car Allowance	-
Vehicle Provided by District	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Total Compensation, Benefits and Other Payments to Agency Head or Chief Executive Office	<u>\$ 5,400</u>

See Independent Accountant's Report

**INTERNAL CONTROL AND COMPLIANCE**

# Paul Dautat, CPA

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Alexandria, LA 71315

MEMBER  
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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 Board of Commissioners  
Sewerage District No. 1 of Rapides Parish, Louisiana  
Rapides Parish Police Jury  
Alexandria, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Sewerage District No. 1 of Rapides Parish, Louisiana, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated June 15, 2017.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Sewerage District No. 1 of Rapides Parish, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sewerage District No. 1 of Rapides Parish, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Sewerage District No. 1 of Rapides Parish, Louisiana's internal control over financial reporting.

*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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I considered to be a material weakness. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sewerage District No. 1 of Rapides Parish, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Sewerage District No. 1 of Rapides Parish, Louisiana's Board of Commissioners, and management, others within the organization and grant awarding agencies and the Legislative Auditor and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited. Also, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



**Paul Dauzat**

Certified Public Accountant

Alexandria, Louisiana

June 15, 2017

**SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH  
Alexandria, Louisiana**

**Summary Schedule of Audit Findings and Responses  
For the Year Ended December 31, 2016**

**PART 1 - SUMMARY OF AUDITOR'S REPORTS**

A. Auditor's Report - Financial Statements

My audit of the financial statements as of December 31, 2016, resulted in an unmodified opinion.

B. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness	_____	Yes	_____ X _____	No
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Significant Deficiency	_____	Yes	_____ X _____	No
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Compliance

Compliance Material to Financial Statements	_____	Yes	_____ X _____	No
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C. Federal Awards (Not Applicable)

**PART II - FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings for the year ended December 31, 2016.

**SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH  
Alexandria, Louisiana**

**Summary Schedule of Prior Year Audit Findings and Responses  
For the Year Ended December 31, 2016**

There were no audit findings for the year ended December 31, 2015.