

**CADDO SOIL AND WATER CONSERVATION DISTRICT
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)**

CADDO SOIL AND WATER CONSERVATION DISTRICT
Shreveport, Louisiana

Annual Financial Report
As of and For the Year Ended June 30, 2014
And Supplemental Information Schedules

C O N T E N T S

| | <u>Statement</u> | <u>Page No.</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------|
| Independent Auditor's Report | | 1 |
| REQUIRED SUPPLEMENTAL INFORMATION (PART I) | | |
| Management's Discussion and Analysis | | 3 |
| FINANCIAL SECTION: | | |
| Government-Wide Financial Statements: | | |
| Statement of Net Position | A | 5 |
| Statement of Activities | B | 6 |
| Fund Financial Statements: | | |
| Balance Sheet - Governmental Funds | C | 7 |
| Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position | D | 8 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds | E | 9 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the to the Statement of Activities | F | 10 |
| Notes to the Financial Statements | | 11 |
| | <u>Schedule</u> | <u>Page No.</u> |
| REQUIRED SUPPLEMENTAL INFORMATION (PART II): | | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund | 1 | 17 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund | 2 | 18 |
| OTHER SUPPLEMENTAL INFORMATION: | | |
| Schedule of Compensation Paid Board Members | 3 | 19 |
| REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS: | | |
| Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | | 20 |

CADDO SOIL AND WATER CONSERVATION DISTRICT
Shreveport, Louisiana
Contents
(Concluded)

| | <u>Schedule</u> | <u>Page No.</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Independent Auditor's Reports Required by Office of Management and Budget's (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the Single Audit Act: | | |
| Report on Compliance with Requirements That Could Have a Direct and Material Effect of Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 | | 23 |
| Schedule of Expenditures of Federal Awards | 4 | 26 |
| Schedule of Findings and Questioned Costs | 5 | 27 |

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Independent Auditor's Report

To the Board
Caddo Soil and Water Conservation District
Shreveport, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caddo Soil and Water Conservation District, Shreveport, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 the 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 governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Caddo SOIL AND WATER CONSERVATION DISTRICT
Shreveport, Louisiana
Independent Auditor's Report
(Concluded)

REPORT ON SUMMARIZED COMPARATIVE INFORMATION

I have previously audited the June 30, 2013, financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated December 22, 2013. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER MATTERS

Accounting principles generally accepted in the United States of America require that the supplementary information (Part I & II), as listed in the foregoing table of contents 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. I 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 information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

OTHER INFORMATION

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, I have also issued my report dated December 22, 2014, on my consideration of the internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of 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* in considering the entity's internal control over financial reporting and compliance.

Respectfully, Submitted,

Herbie W. Way

Herbie W. Way
Certified Public Accountant
Alexandria, Louisiana
December 22, 2014

**CADDO SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2014**

As management of the Caddo Soil and Water Conservation District (the District), we offer readers of the District's financial statements this discussion and analysis of the financial activities of the District for the year ended June 30, 2014. The MD&A is designed to provide an objective and easy to read analysis of the District's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the District's finances. It is also intended to provide readers with an analysis of the District's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted. This section is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in financial position, its ability to address future year challenges, identify any material deviations from the financial plan, and identify individual fund issues or concerns.

Overview of the Financial Statements - the District's basic financial statements consist of the following:

Government-Wide Financial Statements (GWFS) - are designed to change the way in which governmental financial statements are presented by providing a concise "entity-wide" Statement of Net Position and Statement of Activities which provide a broad overview of the District's financial position and results of operations.

Statement of Net Position - presents information on all of the District's assets and liabilities using the accrual basis of accounting. The difference between assets and liabilities is reported as net position.

Statement of Activities - presents information on all the District's revenues and expenses using the accrual basis of accounting which reports all changes in net assets as the underlying events occur.

Government-Wide Financial Analysis - net position, over time, serve as a useful indicator of a government's financial position. For the year ended June 30, 2014, the assets exceeded liabilities by \$4,462,085.

The majority of the District's net position is reported as cash and cash equivalents which are used to provide services to improve and conserve the quality of the soil and water within the District. These assets are available for future spending.

Fund Financial Statements (FFS) - presents information on all of the District's revenues and expenses using the modified accrual basis of accounting. This reports all changes in net position as the underlying events occur. Fund Financial Statements - consists of funds which are a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentations more familiar. The focus now is on the major fund types rather than the non-major fund types. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - which are comprised of the General Fund and a Special Revenue Fund, are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fund Financial Analysis - the governmental activities include general governmental activities which are reported in the General Fund which are funded by an annual State appropriation through the Louisiana Department of Agriculture and Forestry and a Special Revenue Fund whose governmental activities are funded through cost reimbursements from the Louisiana National Guard. The general governmental expenditures of the District include salaries and related benefits, program expenses, and other general administrative costs.

For the year ended June 30, 2014, the governmental funds reported a combined ending fund balance of \$11,960. The General Fund has an unassigned fund balance of \$11,960, this is an increase of \$5,541, from the previous year.

Capital Assets - comprised of work-in progress, at June 30, 2014, total \$4,451,691. This increase in capital assets is the result of a Federal and State capital grant to improve the irrigation system in the area commonly known as "Red Bayou." It is anticipated that the contract will be completed during the 2014/2015 fiscal year, at which time the total amount of the capital grant funds will be capitalized as infrastructure and depreciated over its estimated useful life.

Notes to the Financial Statements - provides additional information that is essential for full disclosure and understanding of the financial information provided in the basic financial statements.

Required Supplemental Information - as required by governmental accounting standards, consists of budgetary comparison of the General and Special Revenue Fund.

Other Supplemental Information - as required by State law, consists of a schedule of compensation paid to board members.

Request for Information - questions concerning any of the information contained in this report or requests for additional information can be obtained by contacting the District at 1402 Hawn Avenue, Shreveport, LA 71107.

CADDO SOIL AND WATER CONSERVATION DISTRICT
Shreveport, Louisiana

Statement of Net Position
June 30, 2014
(With Comparative Totals June 30, 2013)

| | 2014 | 2013 |
|----------------------------------------------|-------------|-------------|
| | ----- | ----- |
| ASSETS | | |
| ----- | | |
| Cash and cash equivalents | \$118,375 | \$69,680 |
| Receivables | 1,018,061 | 350,130 |
| Capital assets - work in progress | 4,451,691 | 2,433,464 |
| Prepaid expense | 1,600 | |
| | ----- | ----- |
| TOTAL ASSETS | \$5,589,727 | \$2,853,274 |
| | ===== | ===== |
| LIABILITIES AND DEFERRED CREDITS | | |
| ----- | | |
| Current liabilities: | | |
| Accounts payable | \$1,037,173 | \$350,091 |
| Compensated absences | 392 | 392 |
| Long-term liabilities - compensated absences | 1,175 | 1,175 |
| | ----- | ----- |
| Total Liabilities | 1,038,739 | 351,657 |
| Deferred credits - deferred revenues | 88,903 | 63,300 |
| | ----- | ----- |
| Total Liabilities and Deferred Credits | 1,127,642 | 414,957 |
| | ----- | ----- |
| NET POSITION | | |
| ----- | | |
| Invested in capital assets | 4,451,691 | 2,433,464 |
| Unassigned | 10,394 | 4,853 |
| | ----- | ----- |
| TOTAL NET POSITION | \$4,462,085 | \$2,438,317 |
| | ===== | ===== |

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

CADDO SOIL AND WATER CONSERVATION DISTRICT
Shreveport, Louisiana

Statement of Activities
For the Year Ended June 30, 2014
(With Comparative Totals June 30, 2013)

| | Expenses | Program Revenues | | 2014 | 2013 | |
|-----------------------------------------------------------------|----------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|---------------------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position | Net (Expense) Revenue and Changes in Net Position |
| Governmental activities: | | | | | | |
| Conservation of natural resources - soil and water conservation | \$32,598 | | | \$2,018,227 | \$1,985,629 | \$2,395,398 |
| TOTAL | \$32,598 | NONE | NONE | \$2,018,227 | 1,985,629 | 2,395,398 |
| GENERAL REVENUES | | | | | | |
| State appropriations | | | | 31,464 | 29,442 | |
| Farm bill | | | | 6,663 | 2,960 | |
| Interest earnings | | | | 12 | 13 | |
| CHANGES IN NET POSITION | | | | 2,023,768 | 2,427,813 | |
| NET POSITION AT BEGINNING OF YEAR | | | | 2,438,317 | 10,504 | |
| NET POSITION AT END OF YEAR | | | | \$4,462,085 | \$2,438,317 | |

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

CADD O SOIL AND WATER CONSERVATION DISTRICT
 Shreveport, Louisiana
 GOVERNMENTAL FUNDS

Balance Sheet, June 30, 2014
 (With Comparative Totals at June 30, 2013)

| | GENERAL FUND | CAPITAL PROJECT GRANT FUND | 2014 | 2013 |
|-----------------------------------|-----------------|-------------------------------------|-------------|-----------|
| | ----- | ----- | ----- | ----- |
| ASSETS | | | | |
| ----- | | | | |
| Cash and cash equivalents | \$12,206 | \$106,169 | \$118,375 | \$69,680 |
| Receivables | 2,364 | 1,015,697 | 1,018,061 | 350,130 |
| Prepaid expenses | | 1,600 | 1,600 | |
| | ----- | ----- | ----- | ----- |
| TOTAL ASSETS | \$14,570 | \$1,123,466 | \$1,138,036 | \$419,810 |
| | ===== | ===== | ===== | ===== |
| LIABILITIES AND FUND BALANCE | | | | |
| ----- | | | | |
| Accounts payable | \$2,610 | \$1,034,563 | \$1,037,173 | \$350,091 |
| Deferred revenues | | 88,903 | 88,903 | 63,301 |
| | ----- | ----- | ----- | ----- |
| Total liabilities | 2,610 | 1,123,466 | 1,126,076 | 413,391 |
| | ----- | ----- | ----- | ----- |
| FUND EQUITY | | | | |
| ----- | | | | |
| Assigned | | | | |
| Unassigned | 11,960 | | 11,960 | 6,419 |
| | ----- | ----- | ----- | ----- |
| Total Fund Equity | 11,960 | NONE | 11,960 | 6,419 |
| | ----- | ----- | ----- | ----- |
| TOTAL LIABILITIES AND FUND EQUITY | \$14,570 | \$1,123,466 | \$1,138,036 | \$419,810 |
| | ===== | ===== | ===== | ===== |

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

CADDO SOIL AND WATER CONSERVATION DISTRICT
Shreveport, Louisiana

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2014
(With Comparative Totals at June 30, 2013)

| | 2014 | 2013 |
|-----------------------------------------|-------------|-------------|
| | ----- | ----- |
| Total Fund Balance - Governmental Funds | \$11,960 | \$6,419 |
| Adjustments for: | | |
| Capital assets | 4,451,691 | 2,433,464 |
| Compensated absences | (1,566) | (1,566) |
| | ----- | ----- |
| Net Position | \$4,462,085 | \$2,438,317 |
| | ===== | ===== |

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

CADD O SOIL AND WATER CONSERVATION DISTRICT
 Shreveport, Louisiana
 GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Equity
 For the Year Ended June 30, 2014
 (With Comparative Totals for the Year Ended June 30, 2013)

| | GENERAL FUND | SPECIAL REVENUE FUND | 2014 | 2013 |
|---------------------------------------------------------------------|-----------------|----------------------------|-----------|-----------|
| REVENUES | | | | |
| State grants and appropriations | \$31,464 | \$541,894 | \$573,358 | \$602,711 |
| Federal grants | | 1,476,333 | 1,476,333 | 1,860,195 |
| Farm bill | 6,663 | | 6,663 | 2,960 |
| Use of money and property | 12 | | 12 | 13 |
| Total revenues | 38,139 | 2,018,227 | 2,056,366 | 2,465,879 |
| EXPENDITURES | | | | |
| Current - conservation of natural resources - water conservation | 32,598 | 2,018,227 | 2,050,825 | 2,471,530 |
| Total expenditures | 32,598 | 2,018,227 | 2,050,825 | 2,471,530 |
| EXCESS OF REVENUES OVER EXPENDITURES | 5,541 | NONE | 5,541 | (5,651) |
| FUND EQUITY AT BEGINNING OF YEAR | 6,419 | NONE | 6,419 | 12,070 |
| FUND EQUITY AT END OF YEAR | \$11,960 | NONE | \$11,960 | \$6,419 |

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

CADD O SOI L AND WATER CONSERVATION DI STRI CT
 Shreveport, Loui si ana

Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures, and Changes
 in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2014
 (With Comparative Totals for the Year Ended June 30, 2013)

| | 2014 | 2013 |
|---------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| | ----- | ----- |
| Total net change in fund balances - governmental funds | \$5,541 | (\$5,651) |
| Amounts reported for governmental activities in the Statement of Activities are different - increase in capital assets | 2,018,227 | 2,433,464 |
| | ----- | ----- |
| Change in net position of governmental activities | \$2,023,768 | \$2,427,813 |
| | ===== | ===== |

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

CADDO SOIL AND WATER CONSERVATION DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

NATURE OF ORGANIZATION

Caddo Soil and Water Conservation District (the District) was created under the provisions of Louisiana Revised Statutes (LSA-RS) 3:1201 and comprise the area within District 12, Area III of the State of Louisiana. The District is governed by a Board comprised of five land owners or occupants as provided by LSA-RS 3:1204 and primarily assists farmers and other land users in the use of the lands and the prevention of erosion of farm and urban lands and the pollution of waters within the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a governing authority for financial reporting purposes, since it is a special purpose government that is a legally separate governmental subdivision of the State, and is fiscally independent of other state or local governments. As a governing authority for financial reporting purposes, the financial statements of the District include all funds and activities that are within its oversight responsibility.

C. FUNDS

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the are classified as follows:

Governmental Funds

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The following are considered major governmental funds used by the District in its operations:

General Fund -- the general operating fund and accounts for all financial resources, except those required to be accounted for in other funds.

Capital Project Grant Fund -- The fund accounts for the financial activity related to the expenditure of Federal and State grant funds for the Red Bayou Irrigation Improvements.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements - include the Statement of Net Position (Statement A) and the Statement of Activities (Statement B). These financial statements report the financial position and results of operations for the District as a whole.

The Government-Wide Financial Statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

Allocation of Indirect Expenses - The District reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Fund Financial Statements - governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Federal and state entitlements, including annual appropriations are recorded as unrestricted grants-in-aid when available and measurable. Expenditure driven Federal and state grants are recorded as restricted grants-in-aid when the reimbursable expenditures have been incurred.

Caddo SOIL AND WATER CONSERVATION DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Interest earnings on time deposits are recorded when the time deposits have matured and the income is available.

Substantially all other revenues are recorded when they are available to the District.

Based on the above criteria Federal and State entitlements, including annual appropriations, are treated as susceptible to accrual by the District.

Expenditures

Salaries are recorded as expenditures when earned.

Purchases of various operating services and supplies are recorded as expenditures in the accounting period they are purchased.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

E. BUDGET PRACTICES

The proposed budget of the governmental funds, is adopted by the board of commissioners in a public meeting in June of the previous year. All appropriations lapse at year end. Although a system of encumbrance accounting is not used by the District, formal budget integration (within the accounting records) is employed as a management control device.

F. CASH AND EQUIVALENTS

Cash includes amounts in demand deposit, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those income-producing items with original maturities of usually 90 days or less. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. CAPITAL ASSETS

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 District maintains a threshold level of \$5,000 or more for capitalizing capital assets for reporting purposes. Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the District, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using a composite group rate (8% for furniture and equipment, 3.08% for buildings and improvements, and 2.5% for infrastructure) which is applied to similar assets for the purpose of calculating depreciation expense. Interest costs on debt used to finance the construction of capital assets are not capitalized.

Caddo SOIL AND WATER CONSERVATION DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

H. RESTRICTED NET POSITION

For Government-Wide Statement of Net Position, net position are reported as restricted when constraints placed on net asset use are either, externally imposed by creditors (such as debt covenants, construction contracts, etc.), grantors, contributors, or laws or regulations of other governments and/or imposed by law through constitutional provisions or enabling legislation. At June 30, 2014, there are no restrictions of net position.

I. FUND EQUITY

Effective for fiscal years ending June 30, 2014, the district implemented the requirements of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of constraints placed on government's fund balance more transparent. The following classifications describe the relative strength of spending constraints:

Nonspendable Fund Balance - amounts that are not in spendable form; i.e., inventory, prepaid expenses, etc.

Restricted Fund Balance - amounts constrained to specific purposes by their providers; i.e., grantors, bondholders, and higher levels of government through constitutional provision or enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes, by the board, using its highest level of decision-making authority. These fund balances can not be used for any other purpose unless the board takes the same highest level action to remove or modify the constraint.

Assigned Fund Balance - amounts the board intends to use for a specific purpose. Intent is expressed by the board.

Unassigned Fund Balance - amounts that are available for unrestricted expenditure. Positive amounts are reported only in the General Fund.

The board establishes fund balance commitments and assignments by passage of a resolution, typically uses restricted fund balances first, followed by committed, assigned, and unassigned fund balances when an expenditure is incurred for purposes for which amounts in any of these classifications could be used.

J. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence. At June 30, 2014, there are no extraordinary and/or special items to be reported.

K. USE OF 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 the reported on the basic financial statements and the related note disclosure at the date of the financial statements. Actual results could differ from those estimates.

Caddo SOIL AND WATER CONSERVATION DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

2. CASH AND CASH EQUIVALENTS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2014, the District has cash and cash equivalents as follows:

| | |
|------------------------------------|-----------|
| Demand deposits (interest bearing) | \$118,375 |
| Total | \$118,375 |

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 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. At June 30, 2014, the District had cash and cash equivalents (collected bank balances) of \$119,992. These deposits are secured from risk by federal deposit insurance (GASB Category 1).

3. COMPENSATED ABSENCES

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 150 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

The cost of leave privileges is recognized as a current-year expenditure in the General Fund when leave is actually taken. The total liability related to the cost of leave privileges is reported on the Government-Wide Financial Statements.

4. PENSION PLAN

Employees of the District participate in the Federal Social Security System (System). In addition to the employee contribution withheld at the applicable tax rate for social security and medicare tax, the District is required to remit an equal amount to the Social Security System. The District does not guarantee the benefits granted by the System.

5. RISK MANAGEMENT

The District is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District has obtained commercial insurance for all the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

CADDO SOIL AND WATER CONSERVATION DISTRICT
 Shreveport, Louisiana
 GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2014

| | ORIG I N A L B U D G E T | F I N A L B U D G E T | A C T U A L O N B U D G E T B A S I S | V A R I A N C E F A V O R A B L E (U N F A V O R A B L E) |
|------------------------------------------------------------------------------|-----------------------------|--------------------------|---------------------------------------------|-----------------------------------------------------------------|
| REVENUES | | | | |
| State appropriations | \$29,297 | \$28,563 | \$31,464 | \$2,901 |
| Use of money and property | 5 | 13 | 12 | (1) |
| Farm bill | 3,960 | 6,800 | 6,663 | (137) |
| Total revenues | 33,262 | 35,376 | 38,139 | 2,763 |
| EXPENDITURES | | | | |
| Current - Conservation of Natural Resources - Soil and Water Conservation | 33,600 | 35,500 | 32,598 | 2,902 |
| Total expenditures | 33,600 | 35,500 | 32,598 | 2,902 |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (338) | (124) | 5,541 | 5,665 |
| FUND BALANCE AT BEGINNING OF YEAR | 338 | 124 | 6,419 | 6,295 |
| FUND BALANCE AT END OF YEAR | NONE | NONE | \$11,960 | \$11,960 |

See independent auditor's report.

CADDO SOIL AND WATER CONSERVATION DISTRICT
 Shreveport, Louisiana
 GOVERNMENTAL FUND - CAPITAL PROJECT GRANT FUND

Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2014

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL ON BUDGET BASIS | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------------------------------------|--------------------|-----------------|------------------------------|----------------------------------------|
| REVENUES | | | | |
| Federal/state funds | 2,200,000 | 2,506,410 | 2,018,227 | (488,183) |
| Total revenues | 2,200,000 | 2,506,410 | 2,018,227 | (488,183) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Conservation of Natural Resources - Soil and Water Conservation | 2,200,000 | 2,506,410 | 2,018,227 | 488,183 |
| Total expenditures | 2,200,000 | 2,506,410 | 2,018,227 | 488,183 |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | | | | |
| | NONE | NONE | NONE | NONE |
| FUND BALANCE AT BEGINNING OF YEAR | | | | |
| | NONE | NONE | NONE | NONE |
| FUND BALANCE AT END OF YEAR | | | | |
| | NONE | NONE | NONE | NONE |

See independent auditor's report.

CADDO SOIL AND WATER CONSERVATION DISTRICT
 Shreveport, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
 For the Year Ended June 30, 2014

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:405(G), each board member may receive per diem of up to \$35 per month to attend meetings.

| <u>Board Member</u> | <u>Amount</u> |
|-----------------------|---------------------|
| LeRoy Kirby III | \$385 |
| Steve Prator | * |
| William (Bill) Sample | * |
| Mike Volentyne | * |
| Marty Woodridge | <u>280</u> |
| Totals | <u><u>\$665</u></u> |

* - Member has elected not to receive compensation.

See independent auditor's report.

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**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 AUDITOR'S REPORT

To the Board
Caddo Soil and Water Conservation District
Shreveport, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caddo Soil and Water Conservation District, Shreveport, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued my report thereon dated December 22, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the entity's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control 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 that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

CADDO SOIL AND WATER CONSERVATION DISTRICT
Shreveport, Louisiana
GAO Report
(Continued)

Purpose of this Report

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

Herbie W. Way

Herbie W. Way
Certified Public Accountant
December 22, 2014

**OTHER REPORTS REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133**

The following pages contain reports on the schedule of federal financial assistance, consideration of internal control, and compliance with laws and regulations required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the *Single Audit Act*, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

CADDO SOIL AND WATER CONSERVATION DISTRICT
Shreveport, Louisiana

COMPLIANCE

I have audited the Caddo Soil and Water Conservation District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. Caddo Soil and Water Conservation District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on compliance for each of the entity's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the entity's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the entity's compliance.

UNMODIFIED OPINION ON EACH MAJOR FEDERAL PROGRAM

In my opinion, the entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the entity is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the entity's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance with each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

CADDO SOIL AND WATER CONSERVATION DISTRICT
Shreveport, Louisiana
A-133 Report
(Concluded)

My consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute (LSA-R.S.) 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

I have audited the financial statements of the Caddo Soil and Water Conservation District's, as of and for the year ended June 30, 2014, and have issued my report thereon dated December 23, 2014, with contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
December 22, 2014

**Caddo Soil and Water Conservation District
Shreveport, Louisiana**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Caddo Soil and Water Conservation District
 Schedule of Expenditure of Federal Awards
 For the Year Ended June 30, 2014

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME PROGRAM NAME | CFDA NUMBER | EXPENDITURES |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------|
| ----- Direct Program - Department of Agriculture - Natural Resources Conservation Services - Watershed Rehabilitation Program | 10.916 ARRA | \$1,476,333 ----- |
| | | 1,476,333 ----- |
| Total Expenditures | | \$1,476,333 ===== |

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CADDO SOIL AND WATER CONSERVATION DISTRICT
 Shreveport, Louisiana

Section 1 - Summary of Auditor's Results

Financial Statements

| | |
|-----------------------------------------------------------------------|-------------|
| Type of auditor's report issued. | Unqualified |
| Internal control over financial reporting: | |
| Material weakness identified? | No |
| Significant deficiency identified not considered a material weakness? | No |
| Noncompliance material to the financial statements noted? | No |

Federal Awards

The Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting which is consistent with the basis of accounting used in reporting the Governmental Funds financial statements.

| | |
|-----------------------------------------------------------------------------------------------------------------|-------------|
| Internal Control over major programs: | |
| Material weakness identified? | No |
| Reportable condition identified not considered to be a material weakness? | No |
| Type of auditor's report issued on compliance for major programs. | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section 510(a)? | No |

The following were assessed as major programs of the District:

| Name of Federal Program | CFDA Number |
|--------------------------------------------------------------------------|-------------|
| Watershed Rehabilitation Program | 10.916 ARRA |
| Dollar threshold used to distinguish between Type A and Type B Programs. | \$300,000 |
| Auditee qualified as low risk auditee? | Yes |

Section II - Financial Statement Findings

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

CADDO SOIL AND WATER CONSERVATION DISTRICT
Shreveport, Louisiana
Schedule of Findings and Questioned Costs
(Concluded)

Section III - Federal Award Findings and Questioned Costs

The audit disclosed no findings or questioned costs relating to expenditure of Federal Awards.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
December 22, 2014