

TOWN OF CAMPTI



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COMPLIANCE AUDIT

ISSUED SEPTEMBER 14, 2005

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1600 NORTH THIRD STREET  
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September 14, 2005

**HONORABLE DONALD RAY DAVIS, MAYOR,  
AND MEMBERS OF THE COUNCIL  
TOWN OF CAMPTI**  
Campti, Louisiana

We have audited certain transactions of the Town of Campti (Town). Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes. The purpose of our audit was to examine the concerns of Town officials and to review their policies and procedures for the purpose of recommending corrective actions if needed.

Our audit consisted primarily of inquiries and the examination of financial records and other available documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on the Town's financial statements nor system of internal control, nor assurance of compliance with laws and regulations. Also, as part of our audit, we applied our *Checklist of Best Practices in Government* to the procedures and practices of the Town.

The accompanying report represents our findings and recommendations as well as management's response. Copies of this report have been delivered to the Mayor, Council members, the District Attorney for the Tenth Judicial District of Louisiana, the Louisiana Board of Ethics, and others as required by law.

Respectfully submitted,

Steve J. Theriot, CPA  
Legislative Auditor

LJD:JLM:DGP:dl

CAMPTI05

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## Records

During the period July 1, 2004, through March 16, 2005, Ms. Tamara Daniels, former Town clerk, failed to maintain numerous public documents. Louisiana law<sup>1</sup> requires maintaining these documents for at least three years. Louisiana law<sup>2</sup> also provides penalties for destroying public records. Among those records Ms. Daniels failed to maintain were receipts for water and sewer collections, invoices supporting disbursements, and bank statements. Electronic files were also deleted from the Town's computer.

In addition to not maintaining public records, Ms. Daniels failed to record Town ordinances in an ordinance book and have them published in the Town's official journal. Ms. Daniels also failed to maintain a minute book. Louisiana law<sup>3</sup> requires the Town clerk to maintain an ordinance book and publish each ordinance adopted by the Council in the Town's official journal. Louisiana law<sup>4</sup> also requires the town clerk to maintain a minute book of all council meetings.

The Council should develop and implement policies and procedures to ensure compliance with Louisiana law. These policies and procedures should require the clerk to maintain the minute book and the ordinance book in an orderly fashion and store them in a secure location. Finally, the Council should adopt a records retention schedule and seek approval of it from the Secretary of State.

## Financial Accounting and Reporting

### Financial Statements

The Town does not have written policies and procedures that provide for the nature, extent, and frequency of financial reporting. Town officials have not even recorded the financial transactions in an accounting system. Because financial transactions are not recorded in an accounting system, monthly financial statements are not prepared and presented to the Council. Ms. Daniels recorded transactions in the checkbooks; however, deposits were not recorded, all checks were not recorded, disbursements other than checks were not recorded, and a cash balance was not maintained. Without basic financial information, Town officials are unable to monitor the Town's financial condition.

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<sup>1</sup> **Louisiana Revised Statute 44:36** provides, in part, that all persons and public bodies having custody of any public record shall exercise diligence and care in preserving the public record. When a formal retention schedule has not been executed, public records shall be preserved and maintained for a period of at least three years.

<sup>2</sup> **Louisiana Revised Statute 14:132** provides, in part, that second degree injuring public records is the intentional removal, mutilation, destruction, alteration, falsification, or concealment of any public record.

<sup>3</sup> **Louisiana Revised Statute 33:406** provides, in part, that the municipal clerk shall keep a book entitled "Ordinances" in which shall be filed the original of every ordinance that has been approved by the Council and shall publish each approved ordinance in the official journal.

<sup>4</sup> **Louisiana Revised Statute 33:421** provides, in part, that the clerk shall keep a book labeled "Municipal Minutes" in which shall be recorded the proceedings of the mayor and town council.

The Council should develop and implement written financial accounting and reporting policies and procedures. These policies and procedures should require:

- (1) all transactions to be recorded in an accounting system;
- (2) preparation of monthly financial statements that include comparisons of actual to budgeted revenues and expenditures; and
- (3) monthly presentation of the financial statements to the Council.

### Financial Obligations

The Town is currently experiencing financial difficulties. The Town's total cash balance decreased by \$87,963 between June 2004 and February 2005. According to the February 2005 bank statements, the Town had \$61,074 in the bank. However, current unpaid obligations totaled \$139,413. Of the \$139,413:

- Funds totaling \$36,646 (26%) are due to the Internal Revenue Service (IRS) for delinquent income taxes, social security taxes, and Medicare taxes for Town employees for calendar year 2004. On May 5, 2005, the IRS filed a tax lien against the Town.
- Funds totaling \$39,113 (28%) are due to the Louisiana Municipal Risk Management Agency for liability insurance.

The Town is unable to meet its current obligations. Town officials should immediately develop and implement a plan to pay current delinquent obligations. This plan should also explain the methods that will be employed to meet future obligations while still meeting current obligations. Town officials should also continue negotiations with the IRS to resolve the tax lien issue.

### **Budgeting**

The Town did not have a budget for fiscal year 2005 and does not have written policies and procedures for preparing, adopting, monitoring, and amending the budget. Louisiana law<sup>5</sup> requires Town officials to prepare and adopt a comprehensive budget before the end of the prior fiscal year. Without a budget, Town officials do not have a meaningful way to monitor the Town's finances.

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<sup>5</sup> Louisiana Revised Statute 39:1305 provides, in part, that each political subdivision shall cause to be prepared a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund.

Louisiana Revised Statute 39:1309 provides, in part, that all action necessary to adopt and otherwise finalize and implement the budget for a fiscal year shall be taken in open meeting and completed before the end of the prior fiscal year.

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The mayor should prepare a budget for fiscal year 2006 and present it to the Council for approval and adoption. The Council should then develop and implement a budget policy that includes procedures for preparing, adopting, monitoring, and amending the budget to ensure compliance with Louisiana law.

### **Disbursements**

#### Documentation

For the period July 1, 2004, through March 16, 2005, the business purpose, necessity, and reasonableness could not be determined for disbursements totaling \$225,453. None of these disbursements were supported with receipts or invoices. In addition, by analyzing check stubs and bank statements, we were able to identify \$885 of improper payments. These payments included:

- A \$200 payment to Linda L. Davis in October 2004 for decorations and food. Ms. Davis is the mayor's wife. Louisiana law<sup>6</sup> prohibits the mayor's wife from entering into transactions with the Town.
- A \$350 payment to Lakewood Inn in December 2004 for a Christmas party. The Louisiana Constitution<sup>7</sup> prohibits the use of public funds for functions that do not serve a public purpose.
- Payments totaling \$148 for gasoline for Mayor Davis' personal vehicle. Mayor Davis should not charge the Town for these purchases because the Town provides him a \$150 monthly travel allowance.
- A \$187 payment to Jeanne's Country Garden in January 2005 for flowers. The Louisiana Attorney General stated in Opinion 03-157 that public funds "cannot be utilized to purchase flowers and gifts" as this would violate Article 7, Section 14 of the Louisiana Constitution.

In addition, Town officials improperly paid expenses or transferred funds totaling \$61,266 from the wrong accounts. Town officials also failed to properly allocate \$9,768 in tax withholdings and retirement contributions to the proper funds.

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<sup>6</sup> **Louisiana Revised Statute 42:1113** provides, in part, that no public servant, excluding any legislator and any appointed member of any board or commission and any member of a governing authority of a parish with a population of ten thousand or less, or member of such a public servant's immediate family, or legal entity in which he has a controlling interest shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant.

<sup>7</sup> **Article 7, Section 14 of the Louisiana Constitution** provides, in part, that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

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The Council should develop and implement policies and procedures to ensure that all payments are appropriate, serve a public purpose, and are from the correct fund. These policies and procedures should also require:

- (1) adequate supporting documentation for all disbursements;
- (2) approval of invoices before payment; and
- (3) proper allocation among funding sources.

In addition, Town officials should cease paying for expenses not allowed under Louisiana law and seek restitution where applicable.

#### Pre-Signed Checks

During our review, we noted that Mayor Davis signed several blank checks for the General Fund, Recreational Account, and the Sales Tax Account. Mayor Davis should not sign checks until documentation supporting the disbursement is reviewed. The Council should implement policies and procedures to ensure that checks are only prepared and signed after proper review and approval.

#### 1099-MISC Forms

IRS regulations require filing a Form 1099-MISC for any non-incorporated entity earning \$600 or more in any year. However, Town officials did not issue 1099-MISC forms as required by these regulations. Management's failure to submit 1099-MISC forms may subject the Town to fines by the IRS. The Council should implement policies and procedures to ensure that 1099-MISC forms are issued to any non-incorporated entity earning \$600 or more in any year.

### **Personnel and Payroll Records**

#### Personnel Records

The Town maintains an employee file for each employee; however, the files are not complete. Personnel files should contain, at a minimum, the following:

- Documentation of the employee's approved pay rate
- Complete employment eligibility verification form (Form I-9) for all employees hired after November 6, 1986
- Completed federal and state income tax withholding allowance certificates (forms W-4 and L-4)
- Employment application form
- Job description

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## FINDINGS AND RECOMMENDATIONS

The Town should review each employee personnel file and ensure that the minimum requirements are met.

### Time Recording

The Town uses daily sign-in sheets to record time for police officers and time cards for all other Town employees. However, we were unable to locate sign-in sheets for the period July 2004 through March 2005. The time cards lacked sufficient detail to determine which pay period they applied and were haphazardly stored. In addition, entries were not made or were handwritten on the time cards and the time cards were not signed by the employee or approved by the supervisor. Town policy requires supervisors to approve time cards.

Once turned in, the sign-in sheets and time cards are used to prepare a payroll worksheet. The payroll worksheet indicates name, social security number, type of pay (including leave), hours worked, pay rate, gross pay, deductions, and net pay. We could not locate all the payroll worksheets and several of those reviewed contained errors. In addition, full-time employees were paid overtime but had not worked the required minimum number of hours for the pay period. A part-time police officer also received 104 hours of overtime pay that was not approved by the Chief of Police.

The Council should amend the Town's time and attendance policies and procedures to require:

- (1) completed sign-in sheets and time cards that indicate the pay period;
- (2) employees to sign their time cards or sign-in sheets;
- (3) supervisors to initial any time manually entered on time cards;
- (4) supervisors to review and approve the payroll worksheets;
- (5) supervisors and/or the mayor to approve overtime prior to the hours being worked; and
- (6) time cards to be maintained in an organized fashion.

### Former Clerk Paid in Advance

Ms. Daniels received salary payments in advance for the following pay periods:

<b>Pay Period Ending</b>	<b>Check Number</b>	<b>Check Date</b>	<b>Check Amount</b>	<b>Days Paid in Advance</b>
09/15/04	7039	09/01/04	\$636.67	14
10/31/04	7093	10/28/04	\$636.67	3
12/15/04	7144	12/08/04	\$636.67	7
12/31/04	7162	12/29/04	\$636.67	2

As stated previously, Article 7, Section 14 of the Louisiana Constitution prohibits loaning, donating, or pledging public funds to anyone. Receiving payroll and related benefits before the end of the pay period violates this provision of the constitution.

The Council should further amend the Town's time and attendance policies and procedures to ensure that employees are paid in a timely manner on or after the end of the pay period.

## **Receipts**

### Property Taxes

Even though the Natchitoches Parish Assessor assisted Town officials in determining property taxes owed, Town officials failed to maintain records to determine who paid property taxes for 2004. Property taxes totaling \$11,359 were assessed against the Town's 546 property owners. Our review of bank deposits identified property tax payments totaling \$10,780. Since Town officials failed to maintain records of those who paid, Town officials cannot determine to whom to send delinquent tax notices for collection of the remaining \$579. The Council should implement policies and procedures to ensure that sufficient documentation is maintained to determine who has paid their property taxes. These policies and procedures should also ensure that those who fail to pay their property taxes are sent a delinquent tax notice.

### Sales Tax Distribution

The Natchitoches Parish Tax Commission collects two 1% sales taxes for the Town. One of the taxes is split 60%/40% between the General Fund Account and the Recreational Account. The other tax is deposited into the 1% Sales Tax Rededication Account. During the period July 2004 through January 2005, sales taxes totaling \$11,634 were not deposited into the proper accounts. Of this amount, \$6,027 was improperly deposited into the Recreational Account and \$5,607 was improperly deposited into the Construction Account. Therefore, sales taxes are not being distributed in accordance with the tax propositions.

The Council should implement policies and procedures to ensure that funds are distributed in the proper manner and used solely for their dedicated purposes. In addition, all amounts improperly deposited should be reimbursed to the proper accounts.

### Billing/Collecting Water and Sewer User Fees

For the period July 2004 through February 2005, we compared the minimum amount that could be billed for water and sewage fees to the water and sewage fees actually deposited. This analysis revealed that \$2,249 less than the minimum monthly fees were deposited.

In addition, Town officials are required to assess a safe drinking water administration fee to all customers and sales taxes to commercial customers. Town officials failed to remit \$1,570 of safe drinking water fees to the Louisiana Department of Health and Hospitals for fiscal year

2005 and failed to remit \$4,994 of sales taxes to the Louisiana Department of Revenue for the period March 2003 through June 2004.

Finally, the Town does not have written policies and procedures for billing and collecting water and sewage fees. Written procedures are necessary for a clear understanding of what to do, when to do it, how to do it, and who should do it to meet management's expectations. Written policies and procedures will also help maintain operational continuity.

Therefore, the Council should develop and implement written policies and procedures to ensure that all water and sewage fees are billed, collected, and deposited. These procedures should require Town officials to identify all water and sewage customers and actively monitor all water and sewage accounts. These policies and procedures should also provide for a review of all bills prior to mailing to reduce the likelihood of errors.

The Council should also develop and implement written collection procedures. These procedures should:

- require receipts be given to all walk-in customers;
- require someone independent of the accounting function to log all payments received through the mail and the drop box;
- require reconciliations of receipts, payments received through the mail, and payments received through the drop box to daily deposits;
- require all checks to be restrictively endorsed immediately with "For Deposit Only"; and
- require periodic comparisons of the number of gallons consumed to the number of gallons billed and investigate all material variances.

Finally, Town officials should develop a strategy to pay the fees and taxes currently in arrears. Town officials should then ensure that all fees due to the Department of Health and Hospitals and the Department of Revenue are remitted in a timely fashion.

### Property Rental

Town officials leased property to Weyerhaeuser and Mr. Willie Daniels for \$400 and \$30 per month, respectively. Board minutes indicate that both of these leases were approved by the Council. Although the lease agreement with Weyerhaeuser could not be located, the Town received \$400 per month from Weyerhaeuser. A lease agreement specifying the particulars of the lease between the Town and Mr. Daniels could not be located. However, a lease proposal that was accepted by the Council on June 11, 2002, indicates that Mr. Daniels is responsible for utilities, maintenance, and upkeep of the building and property.

For 10 years, Mr. Daniels was afforded the use of the property without making lease payments. When confronted with this issue by Town officials, Mr. Daniels stated that he did not make lease payments because he made improvements to the property. The approved lease proposal, however, required Mr. Daniels to provide maintenance and upkeep on the building. Mr. Daniels produced receipts totaling \$1,008 as proof the improvements were made.

The Council should implement policies and procedures to ensure all leases of Town property are properly documented. This documentation should include:

- (1) the term of the lease;
- (2) the payment provisions; and
- (3) indication as to which party is responsible for utilities, maintenance, and insurance.

The Council should also ensure that the Town receives a copy of all lease agreements and that those agreements are maintained in a secure location. Town officials should contact Weyerhaeuser to obtain a copy of that lease and execute a lease agreement for the lease with Mr. Daniels.

## **Grants**

### Rapides Foundation Grant

In September 2003, the Rapides Foundation (Foundation) awarded a \$75,000 senior health and wellness grant to the Town. In October 2003, the Council resolved to unite with the Campti Senior Adult Program (C-SAP) to administer the grant and authorized Ms. Judy Daniels, executive director of C-SAP, to conduct all negotiations and submit all documentation as needed. Ms. Daniels is also Mayor Davis' sister-in-law. Thereafter, Town officials failed to account for and monitor the grant.

During the period November 2003 through February 2005, the Foundation issued five checks totaling \$54,154 under this grant. All of these funds were transferred directly to C-SAP without first being recorded at the Town; the Foundation sent three of the checks totaling \$34,288 directly to C-SAP.

In addition, Town officials transferred the grant to C-SAP without the approval of the Foundation. Even though the Town is responsible for the grant, Town officials did not review or approve any of the expenditures incurred under the terms of the grant. Town officials also allowed C-SAP to submit requests for reimbursement and interim reports directly to the Foundation without reviewing them first. In May 2005, the Foundation approved the transfer of the grant from the Town to C-SAP.

The Council should implement policies and procedures to ensure that all funds due the Town are deposited into an account controlled by the Town. The Council should also implement policies and procedures that require:

- (1) monitoring all grants applied for in the name of the Town that are administered by a third party;
- (2) reviewing and approving expenditures of grant funds; and
- (3) reviewing and approving all requests for reimbursement and reports sent to the grantor.

### Louisiana Retirement Development Commission Grant

On May 13, 2005, the Town was awarded a Louisiana Retirement Development Commission grant for \$12,000. On May 16, 2005, a letter requesting the transfer of the grant from the Town to the C-SAP was drafted and sent to the Office of the Lieutenant Governor. Mayor Davis, Ms. Judy Daniels, and Ms. Jessie Sawyer, C-SAP president, signed the letter.

The letter stated that the Town was undergoing an audit and could not receive grant funds. Based on this contention and other factors, on June 13, 2005, the Lieutenant Governor's Office transferred the grant to C-SAP. Even though the Lieutenant Governor's Office approved the transfer, Mayor Davis failed to seek Council approval for the transfer.

The Council should implement policies and procedures to ensure that the mayor seeks Council approval for financial decisions that are outside the scope of the budget. The mayor in turn should ensure adherence to the provisions of the grant agreements approved by the Council.

## **Citation Books and Mayor's Court**

### Citation Books

The Town of Campti Police Department (CPD) is responsible for issuing citations for traffic and municipal ordinance violations. However, Town officials have not controlled issuing citation books to police officers. Louisiana law<sup>8</sup> requires the chief administrative officer of the traffic enforcement agency to:

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<sup>8</sup> **Revised Statute 32:398.1A** provides, in part, that all traffic enforcement agencies shall provide traffic citations in appropriate form containing notices to appear, which shall be issued in books with citations in quadruplicate.

**Revised Statute 32:398.1B** provides, in part, that the chief administrative officer shall issue these books, maintain a record of each book and each citation contained therein issued to all individual members of the traffic enforcement agency and shall require and retain a receipt for each book issued.

**Revised Statute 32:398.2D** provides, in part, that the chief administrative officer shall require all traffic officers under his supervision to return to him a copy of every traffic citation which was issued by the officer for the violation of a traffic law or ordinance, and in addition shall require the return of all copies of every traffic citation which has been spoiled or upon which an entry has been made without having issued the citation to the alleged violator.

**Revised Statute 32:398E** provides, in part, that the chief administrative officer shall also maintain in connection with every traffic citation issued by an officer under his supervision a record of the disposition of the charge by the court.

- (1) issue citation books;
- (2) maintain a record of each book;
- (3) maintain a record of each citation contained in each book including those damaged or voided; and
- (4) maintain a record of the disposition of the charge by the court.

The CPD should ensure accountability for each citation issued and its disposition. For each citation issued, documentation should be maintained that reflects the date of issuance; the issuing officer; the cited offense; the court date; the disposition of the citation, including damaged and voided citations; and the fine, if any, paid. As new citation books are issued, the CPD should ensure that all previously issued books and citations have been turned in. In addition, the CPD should, on a daily basis, update the disposition of citations to reflect current status.

#### Court Docket

Louisiana law<sup>9</sup> requires the mayor to keep a record of all cases tried in Mayor's Court; however, Mayor Davis failed to keep such a record. The court docket should include the violation, docket number, court date, and attorney of record.

#### Court Cost

During Mayor's Court, Mayor Davis assesses fines and court costs in accordance with the schedule of fines and court costs adopted by the judges of the Tenth Judicial District Court. However, Town officials did not remit court cost assessed against defendants convicted of traffic and ordinance violations to the proper agencies. As of June 29, 2004, the Mayor's Court bank account had a balance of \$13,666. During the period July 2004 through March 2005, an additional \$8,528 was deposited leaving a balance of \$22,194 to be disbursed. Of the \$22,194, funds totaling \$17,000 were deposited into the General Fund bank account and \$893 was deposited into the Construction bank account.

Town officials should develop a plan to reimburse the Mayor's Court bank account for the court cost collected and disburse those funds to the proper agencies. Town officials should also start remitting court cost to the proper agencies at least monthly.

#### Traffic Violation Abstract

Louisiana Revised Statute 32:393 requires the submission of an abstract of the case report to the Department of Public Safety and Corrections, Public Safety Services, upon final disposition of any traffic violation case. However, Town officials failed to submit the required abstracts. The Council should implement policies and procedures to ensure compliance with Louisiana law and immediately begin submitting the case abstracts to the state.

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<sup>9</sup> **Revised Statute 33:442** provides, in part, that the mayor shall keep a regular docket, on which he shall enter the causes arising under the ordinances to be tried by him and shall keep a perfect record of all cases tried.

## Water Revenue Bonds

In March 1997, the Council resolved to issue \$448,000 of water revenue bonds. In September 1997, the United States Department of Agriculture (USDA) approved the bond issue under the conditions set forth in the March bond resolution. Town officials have not complied with the bond resolution as follows:

- The Water Revenue Bond and Interest Sinking Fund (Sinking Fund) should have a minimum balance of \$2,141. However, as of March 16, 2005, this fund had a balance of \$1,988, a \$153 deficiency.
- The Water Revenue Bond Reserve Fund (Reserve Fund) should have a minimum balance of \$9,420. However, as of March 16, 2005, this fund had a balance of \$6,596, a \$2,824 deficiency. Even though the fund is deficient, the USDA approved payment of the April 2005 and May 2005 bond payments of \$2,141 from it.
- The Water Depreciation and Contingency Fund (Contingency Fund) should have a minimum balance of \$11,193. However, as of March 16, 2005, this fund had a balance of \$7,771, a \$3,422 deficiency.
- Town officials are not following the delinquent account or disconnection requirements outlined in the bond resolution.
- Town officials are not charging the rates set forth in the bond resolution.

Town officials should comply with the Water Revenue Bond Resolution. The Council should:

- (1) develop a plan to increase the Sinking Fund, Reserve Fund, and Contingency Fund balances to the minimum required;
- (2) assess penalties and interest when accounts become delinquent and disconnect services as required in the bond resolution;
- (3) adjust current water rates to reflect those required by the bond resolution; and
- (4) begin billing customers the new minimum rates.

## Computer Controls

Even though the Town only has three computers, some basic computer usage and care policies and procedures should be implemented. Currently, the Town does not have any policies and procedures governing computer usage and care. Town officials have not identified critical and non-critical data or developed a backup contingency and recovery plan. Town officials should develop and implement policies and procedures for the care and use of its computers. These policies and procedures should:

- (1) identify authorized users and restrict access and use to those users;
- (2) identify critical and non-critical data;
- (3) require periodic password changes;
- (4) require employees to keep passwords confidential;
- (5) limit access to critical files to those employees who need access to them; and
- (6) specify what can and cannot be downloaded from the Internet.

Town officials should also develop and implement a written backup contingency and recovery plan in the event of a disaster and test it at least annually. In addition, critical data should be backed up regularly and stored offsite.

### **Capital Assets**

Though the Town has an asset capitalization policy, it does not have a listing of capital assets. Capital assets include property, plant and equipment, and infrastructure assets. Infrastructure assets include roads, bridges, drainage systems, water and sewer plants, lighting systems, sidewalks, and similar items. Louisiana law<sup>10</sup> requires the Town to maintain an asset listing.

The Council should develop and implement policies and procedures to ensure that assets are recorded on a fixed asset listing in compliance with Louisiana law. This policy should also require at least annual inventories of all capital assets. The asset listing should include the following:

1. Description of the asset
2. Year of acquisition
3. How it was purchased
4. Cost or estimated cost
5. Salvage value
6. Estimated useful life

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<sup>10</sup> **Louisiana Revised Statute 24:515** provides, in part, that each political subdivision shall maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which the political subdivision is accountable.

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### **Chemical Inventory**

The Town has significant inventories of chemicals used in treating water and waste water but does not have policies and procedures that provide for controlling and monitoring them. The Council should implement policies and procedures that:

- (1) require documentation of the quantities of chemicals purchased;
- (2) require documentation of the quantities of chemicals used;
- (3) specify the appropriate time or quantity to initiate reordering; and
- (4) specify where each type of chemical is stored.

These policies and procedures should also require someone independent of the utility department to conduct a physical inventory of the chemicals each month.

### **Current Financial Conditions**

On August 3, 2005, we assessed the Town's current financial condition and noted the following:

- The July 2005 bank statements indicated a \$74,482 bank balance, an increase of \$13,408 from the February 2005 bank statements.
- The obligations to various vendors totaled \$144,850, an increase of \$5,437 from the May 2005 total of \$139,413.
- Since June 2005, the Town has paid current obligations.
- Insurance liability coverage was terminated on July 6, 2005, for non-payment; as of May 2005, the Town owed \$39,113 to the Louisiana Risk Management Agency.
- The federal tax lien is still in force.
- The Town increased the water rates in accordance with the water revenue bond resolution with the United States Department of Agriculture.
- The Town has made progress in identifying utility customers and ensuring that all users of the utility system are billed.

Finally, having written policies and procedures will strengthen the Town's current practices and provide a framework for present and future Town employees to perform the business operations necessary to provide accurate accountability of Town assets and help prevent fraud.

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The Town of Campti was incorporated under the provisions of Louisiana Revised Statute 33:1. The Town operates under a mayor-council form of government with five council members.

Services provided by the Town include police protection, street and drainage maintenance, and recreation. The Town also operates a water distribution system and sewer system for about 400 customers.

The Legislative Auditor received a letter from Town officials expressing concerns over the following:

- Maintenance of ledgers
- Monthly accounts payable/receivables
- Interim financial statements
- Salaries of the mayor and Town employees
- Monthly water and sewer user fees
- Federal tax issues
- Credit card

The procedures performed during this audit consisted of:

- (1) interviewing officials and employees of the Town;
- (2) applying our *Checklist of Best Practices in Government*;
- (3) examining selected records of the Town;
- (4) performing observations and analytical procedures;
- (5) inquiry of other governmental and nonprofit entities, and
- (6) reviewing applicable Louisiana laws.

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## Management's Response

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**Town of Campti  
Campti Louisiana 71411**

Legislative Audit Responses  
Submitted by:

*Cy Aitch Nash.*  
*Rosa Calvert (See Attachment)*  
*Other Bernstine*  
*David Jackson*

An exit interview of the Town of Campti was held on August 3, 2005 by two representatives from the State of Louisiana, Mr. Dupont and Mr. Moorehead.

The following are responses to the findings from Council person Bernstine, Jackson, Nash, and Calvert.

**Records**

Although Ms. Daniels was in place when present council persons took office and as information has unfolded, these (4) governing bodies now realize Ms. Daniels was unqualified, incapable and lacked basic initiative to perform the bare necessities needed for job performance. Although prior to this governing body, Ms. Daniels was highly recommended by the Mayor and the former council members with a glowing resume and permanently hire prior to January 2003 completing a probationary period.

It is the belief of these members that Ms. Daniels did not keep records or a tracking system so that her mismanagement of town funds could not be verified. When Rosa Calvert, Council Person, questioned Ms. Daniels about an ordinance and minutes book, she (Ms. Daniels) advised that she was keeping books as required by law. She failed to publish minutes because we had become severely delinquent in payment to the Natchitoches Times, in which we were not aware of. These members will move forward seeking record retention.

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### **Financial Statement**

An accounting system is being implemented by our present Town Clerk, Mrs. Catherine Deans, so that there will be a financial statement prepared and presented monthly.

### **Financial Obligation**

It is our (signed council members) belief that the unaccounted sum of **\$87,000.00** was an act of theft. The plan is to identify all properties that the Town of Campti owns. If these properties are a burden on the town they will be auctioned to satisfy past debts as far as possible. We will continue to improve billing and collection of water bill payments, collect taxes, collect rental payments, and review C-SAP lease agreement while seeking ways of "cost cutting" for the Town of Campti.

In the past we have not had a sound budget. As of June 2005 a budget has been presented, adjusted, and approved by the present governing body. We will balance it and make every effort to ensure each one adheres.

### **Disbursement**

We (signed council members) will be seeking re-imburement for \$537.00 from Ms. Daniels for Lakewood Inn and Jeanne's Flowers. We will also seek re-imburement in the amounts of \$200.00 and \$148.00 from Mayor Davis.

The pre-signed check is yet another example of lack of business sense that our Mayor has shown. The new policy will include the signature requirement of two council members and the Mayor.

### **1099**

Mrs. Deans prepared a 1099 for the year of 2004 Council wages. They will be timelier in the future.

### **Personnel and Payroll Records**

We (signed council members) have implemented new job descriptions as of July 2005. They have been discussed with each employee and approved by three council members.

### **Time Recording**

Town Hall and maintenance personnel will have to punch in/out on a time clock. Police personnel will continue to utilize the time sheets (which will be revised). Effective September 2005 all time sheets must be signed by the Chief of Police and approved by a Council Member.

### **Advances for Salary Employees**

No advances have ever been presented to us (signed council members) to be approved and would not have been approved if it was presented. Ms. Daniels' action is clearly an example of the Mayor's family controlling the Town of Campti. We (signed council members) had no prior knowledge and would not have approved the action. Yet again, this is a perfect example of nepotism in our town government.

The council will include a schedule of time and attendance in the policy and procedure manual.

### **Receipts**

Property Taxes---

We (the signed council members) are committed to proper procedure for collecting, documenting, and receiving all taxes received in this tax year. All procedures will be followed to the letter. Records maintained, payments receipted and documented. Delinquent notices will be sent following the policies and procedures set forth.

The present Town Clerk is very knowledgeable and has begun to direct all taxes to proper accounts and as monies become available will reimburse incorrectly withdrawn accounts.

Billing and Collection of Water Fees---

This has been done monthly and in a timely manner.

Effective March, 2005 we (signed council members) took an active roll in restoring and re-structuring the water and sewer system. With the dedicated services of our present office staff, we started from "ground zero" identifying our customers, reading meters accurately, sending bills manually, until we could get our data system restored. We are presently billing 578 customers. We have identified 100+ idle meters that will be monitored periodically. We are billing late charges, disconnecting none paying customers and adding a reconnection fee as appropriate. We are strictly adhering to the 1997 agreement with the USDA procedures.

### **Property Rental**

Mrs. Deans, our Town Clerk, has contacted Weyerhaeuser to secure a copy of the lease and insurance. Regarding Willie Daniels, a letter and a copy of the lease will be mailed to demand past due rent owed, proof of insurance, or vacate the premises within a specified time.

### **Grants**

#### Rapides Foundation Grant---

As it is clear to this governing body at this present time, the council and the Town of Campti has been used to apply and receive numerous grants. The grants were received and monies spent without the Town and Council monitoring expenditures. We were not given the opportunity to ensure the grant was spent for the purpose rewarded. If the Town of Campti which was named on the grants did not have monies in place at time issued these grants were done fraudulently. The mayor (Donald Davis), Mrs. Judy Daniels, and Tamara Daniels should be held accountable. It is evident that the sole purpose of the grants was to secure an astronomically high salary for the Mayor's sister-in-law, Judy Daniels, utilizing very few of the funds to enhance the health and wellness of the town's senior citizens. We feel that these grants were received under fraudulent pretense by the Mayor, (Donald Davis) his sister-in-law (Judy Daniels) and niece (Tamara Daniels), which is the former town clerk.

#### Lt. Governor Grant---

The procedure that took place in securing the award of this grant is another example of the Mayor undermining the Town Council to satisfy family commitment and Ms. Daniels lack of integrity for misleading the town's citizens for personal gain.

#### Citations Books/Mayor's Court---

This has been corrected with the return of former water clerk, Mrs. Donnisha Mims. Policies and procedures have been put in place but have not been documented for future references. The mayor has failed to represent the citizens of the community by enforcing laws that were adopted by the Town of Campti. Reconciliation of disbursement of funds will begin immediately.

#### Water Revenue Bonds---

As previously stated, this governing body took an active role in March 2005 to rectify the requirements set by the USDA/Town of Campti. New rates went into effect June 2005 to be in line with those requirements. Policies and procedures will be adopted to specify procedures to follow according to the USDA Agreement of 1997.

#### Computer Control---

Town governing body has limited access to the office at this present time. The only keys are those held by the Town Clerk, Maintenance Supervisor, and the Mayor. In the past the office was wide open to the Mayor's family members. Locks will be changed to the entrance of the Town Clerk's office. A policy and procedure will be written for the Town's computer and their users, requiring passwords that will be confidential and required to change quarterly. Town staff will write a policy regarding usage of the computers.

#### Capital Assets---

This governing body will begin researching and compiling our assets utilizing the court house records, deeds, bill of sale, a visual inventory and any other documents which will suffice as assets.

#### Chemical Inventory---

As of this writing, we (signed council members) will establish and review chemical handling, storage, and create material safety data sheets and complete inventory and correct storage. We will be seeking training, from outside resources, for all staff that will be required to handle chemicals.

8-9-05

To La Legislative Auditor.

I, Rosa Cabut by this letter do  
confirm that I agree with the  
attached statements. I have answered  
them to the best of my knowledge -

Rosa L Cabut  
Council person  
Town of Compti.

Sworn to and subscribed before me,  
Jee Ann Edmonds, a Notary Public  
in Natchitoches Parish Louisiana  
on this 9th day of August 2005.

Jee Ann Edmonds  
#042936

Town Council

OTHA BERNSTINE  
MARY DONAWAY  
DAVID JACKSON  
CY'NITA NASH  
~~LISA TAYLOR~~

*Lara Calvet*

# TOWN OF CAMPTI

P.O. Box 216  
CAMPTI, LOUISIANA 71411  
Telephone (318) 476-3321  
Fax (318) 476-2622

DONALD R. DAVIS  
Mayor

GREGORY ELDRIDGE  
Chief of Police

Dear Mr. Theriot,

This letter is in response to the finding of the audit.

#### Records:

All future records, receipts and minutes will be kept at least three years or longer as designated by the State. Every minutes will be kept, published and bound in books as dictated by State Law and also published. We will establish a retention date and seek approval from Secretary of State.

#### Financial Accounts and Reporting:

All transactions will be recorded correctly as of this date. Each council meeting will include a financial statement of financial obligations.

The town has rebuilt its water system. Bills are sent correctly and timely. We are looking at properties to offer sale and the surplus fire truck will be auction and the monies sent to IRS.

We will continue to cut cost and look for ways to generate revenue to meet present and past obligations.

#### Budgeting.

There is a budget for the 2005-2006 fiscal year. It is lean and every cost an expense will be balanced and accounted for. Each department is aware of our situation and will strive to keep within the bounds of set limits.

#### Disbursements:

The two hundred dollars to Linda Davis was to shop for the town supplies for Smoking On The Red business. This was a reimbursement for the supplies she paid for. The receipts were not found.

Three hundred and fifty dollars to Lakewood Inn was a individual pay from each person. I am presently getting affidaves stating that cash was given by each person present to Ms. Daneils.

The one hundred and forty eight dollars for gas was reimbursed. Mr. Dupont was given a copy of check.

As for the one hundred eighty seven dollars for flowers were for a funeral. We will seek reimbursement. We are truly remorseful and did not know this was not according to State Law.

In the future all transferals will be to an from the proper accounts and will be properly authorised.

At no time in the future will any checks be presigned.

The 1099's for 2004 have been sent and future 1099's will be sent by deadline to all persons who has earned more than (600 dollars).

Town Council

OTHA BERNSTINE  
MARY DONAWAY  
DAVID JACKSON  
CY'NITA NASH  
~~USA TAYLOR~~

*Rora Calvet*

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DONALD R. DAVIS  
Mayor

GREGORY ELDRIDGE  
Chief of Police

At this time the Mayor's office personnel and town are preparing a policy and procedure book that will cover all departments and all accounts of personal and payroll records.

All personnel records will be updated, verified and signed by the Chief of Police and myself. They will be reviewed for accuracy.

Maintenance of office personnel will continue with the time clock which will be reviewed for accuracy then signed by management.

No employee under any circumstance will receive pay in advance in the future. Again this will be included in the PAP.

## Property Taxes.

Our new tax clerk will document, record all payments for taxes. Notices will be sent out to everyone who has not paid their taxes to inform them of their situation that if not addressed the properties could go to "Sheriff Sale."

## Sales Tax Distribution:

New PAP will make sure that each tax goes into correct account. Our present clerk is very familiar with this procedure.

## Billing/Collection of Water and Sewer Users Fees:

The town now has implemented a new computer system to bill the customers and show the previous and present consumption of water and sewage usage on the bill. Fees of the actual deposits will be checked and recorded and deposited daily. As of this writing we are sending fees to Louisiana Department of Health and Hospital and working to pay the taxes for Louisiana Department of Revenue.

Written policies and procedures are being put in place for all water and sewage fees are billed, collected and deposited. Town Officials are working hard to identify all customers that use water and sewage. Also we are monitoring all of the water and sewer accounts. Receipts are given to every walk-in customer. All payments are recorded; cash and checks. Every payment received through mail and drop box are deposited every day. We are working to pay the fees and taxes currently in arrears. Also that all fees due to the Department of Health and Hospital and the Department of Revenue are remitted in a timely manner.

## Property Rental:

We are in the process of getting a copy of the lease agreement with Weyerhaeuser. The lease agreement for Mr. Daniels will be rewritten and it will explain in detail terms, payment provisions and indicate who is responsible for utilities, maintenance and insurance.

~~Private:~~

Town Council

OTHA BERNSTINE  
MARY DONAWAY  
DAVID JACKSON  
CY'NITA NASH  
LISA TAYLOR

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DONALD R. DAVIS  
Mayor

GREGORY ELDRIDGE  
Chief of Police

## Capital Assets:

Each month there will be a listing and checking of every capital asset and infrastructure assets. This will be maintained and records kept to reflect, description, year acquired, how purchased, estimated cost, salvage value and estimated useful life.

## Chemical Inventory:

Town Officials will have "Maintenance Supervisor and Water Operator to report on all chemical. They will document all usage, plus how much we have. Further more report about how much is needed. Bring all invoices to clerk so that they may be verified. There will also be placed a PAP book for this.

Town Council

OTHA BERNSTINE  
MARY DONAWAY  
DAVID JACKSON  
CY'NITA NASH  
~~LISA TAYLOR~~

*Lara Caloet*

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Mayor

GREGORY ELDRIDGE  
Chief of Police

## Grants:

From now on every grant submitted will be monitored, reviewed by the council for approval. Along with reviewing and approving all reimbursement and reports sent to the grantor.

## Louisiana Retirement Development Commission Grant:

I was informed that several council members was told about the grant and that the application was do on that very day. That is why I signed the letter. After finding out about my misconduct, it will never happen again.

## Citation Books and Mayor Court:

All books are issued by the town clerk, which in turn the officer has to sign for it and turn in the old one. Mayor's Court Clerk maintain all records of each citation issued an the ones turn in.

## Court Docket:

Mayor's Court Clerk prepares the court docket an keeps a record of all cases violations, along with docket number, court date and if there is an attorney of record.

Town Officials are working on a plan to reimburse Mayor's Court. The money is being sent to the proper agencies.. We are implementing policies and procedures to ensure compliance with Louisiana Law an also submit case abstrats to the state.

## Water Revenue Bonds:

All bonds are being worked on to maintain the proper amount in them. We are looking for ways to try to increase them.

Penalties and interest are being assessed to bills, plus we are disconnecting services. The water rates have been adjusted as the bond resolution required.

## Computer Control:

For the computers, a PAP plan was put in place. No one except office personnel can use them. Important data will be kept in a safe place

Yours trully,

*Donald R. Davis*

Mayor: Donald R. Davis