



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

October 21, 1999

Board of Commissioners  
Waterworks District No. 3  
of Rapides Parish  
P.O. Box 578  
Tioga, LA 71477

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date 10-25-99

We have performed certain agreed-upon procedures as requested by the Board at its September 2, 1999, meeting. It is understood that this report is solely for your information and is not to be referred to or distributed for any other purpose to anyone who is not a member of management.

The agreed-upon procedures consisted of verifying the responses (Exhibits B and C) of Doug Byrd and Mel Cook to the twelve allegations made against them (Exhibit A). The results of these verifications are as follows:

**ALLEGATION 1 - METER LOCATED AT RAPIDES KARATE SCHOOL IS NOT BEING READ AND SERVICE IS NOT BEING BILLED**

**ALLEGATION** - We received conflicting responses concerning this meter. Doug and Mel both indicated similar recollections of events. Both indicated the meter had been installed only four or five months ago. Mel and Doug indicated the instructions not to read the meter were only because of it's recent installation at the time of the instructions were given. Doug had a memo from the manager of Winn Dixie which paralleled the account given by he and Mel.

Interviews of service personnel and meter readers indicated that the meter had been installed several years ago. We were furnished a computer printout indicating a 5/97 installation date. Also, the meter readers indicated that not reading the meter was not perceived as a one time instruction, but was a standing order.

**RESPONSE** - The Karate school had operated without water from the time it opened in the summer of 1997 until approximately February of March. At that time, a leak was reported in the parking lot of Winn Dixie by David Taylor and a meter was sent to assist Winn Dixie in locating the leak. The meter was left at the location when Winn Dixie did not notify the District that the leak had been resolved.

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**VERIFICATION OF RESPONSE** - I first met with David Taylor, the manager of Winn Dixie. He said he thought he had one of his people call the District about the leak and that Doug Byrd called him back. Taylor does not remember whether he heard of the temporary meter at that time or later when contacted by Doug to get a statement.

Taylor said that the people from the karate school came over to the store to get water and use the bathroom when the school first opened. Shortly thereafter, they quit coming over. I asked him if they had water at the school since they quit coming over. He said he assumed so.

I next talked to Danny Gilliland and had him give me a statement (Exhibit D-1). He told me a meter was installed by Mel Cook (or Mel had someone install it - not sure which). The meter was put in sometime after moving in and prior to Robert Nugent fixing the plumbing. Prior to Robert Nugent fixing the plumbing, Danny tried to fix it on his own. He said every time he turned on the water, it ran all over the place. After Nugent fixed the plumbing, the water was on thereafter. He told me the leak in the parking lot was earlier this year and was repaired by Budd Construction.

I went to Budd Construction. They checked their records and said that no work has been done at the shopping center since August, 1998.

I next checked with Robert Nugent concerning the repairs made. He at first told me he thought that the repairs had been made about three years ago. He further stated that part of the leaks were under the parking lot and that Budd Construction fixed the concrete after he fixed the plumbing. When he located the invoice for the repairs (Exhibit D-2), the date was June 20, 1997.

I revisited the school and the location of the meter with Steve Williamson from the District. This was done after discussing my findings with Doug and his suggestion that we must be talking about different meters or something. On this visit I quizzed Steve about the meter again. He said it had been there about two years and that he thought Doug had told him to install it. When we returned to the District, Doug called Steve in his office and asked him who told him to install the meter. Steve told him "I think it was you, Doug."

**CONCLUSION** - Our verification indicates that the facts support the original allegation of the employees and not the responses of Doug and Mel.



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**ALLEGATION 2 - SAN RICH CONSTRUCTION IS RECEIVING EXCESS PAYMENTS FROM THE DISTRICT FOR WORK PERFORMED**

**ALLEGATION** - San Rich was paid \$43,010 for the period from June 1, 1998, through the date of this report to the Board. During the audit of the 1998 financial statements of the District, we questioned the amounts paid to this contractor. After having discussed this with Doug, we were under the impression that the boxes had been built and the paying completed by San Rich with the District buying the concrete and the blocks. Under the understanding, the charges seemed reasonable. We were not aware of district employees and equipment being used by the contractor to accomplish these jobs. These facts came to our attention during the employee interviews. Based upon the understanding that we now have concerning how these jobs were actually completed, it appears as though the amounts may not be reasonable.

**RESPONSE** - The response included supporting information from Pan American Engineers as well as pointing out subsequent bids on a box at the Pine Grove Apartments. Both indicated costs to be reasonable.

**VERIFICATION OF RESPONSE** - I met with the engineer, Tom David of Pan American Engineers. I reviewed his supporting information and how it was arrived at. I also talked to one of his staff engineers who had helped to develop the information.

Regarding the subsequent bid, I examined the completed pit which was bid out and as well as pits built by San Rich Construction. They appeared comparable. I also secured a copy of the meter pit bid proposal and had an independent contractor furnish us with the amount he would charge to construct a meter pit. His bid was much higher than the amount awarded by the district to construct the Pine Grove Apartments pit.

**CONCLUSION** - Our verification indicates that the amounts paid to San Rich Construction were reasonable.

**ALLEGATION 3 - POWELL LANE METER INSTALLATION PAID FOR AND AMOUNTS RECEIVED IN CASH BY EMPLOYEES**

**ALLEGATION** - Mel and three employees worked on weekend for a contractor installing meters on Powell Lane. They were paid in cash by the contractor. On Monday, Doug told them that accepting the money was illegal and to give it back. All interviews of people involved agree up to this point. The interviews differ on the return of the money. Mel says he gave his cash back to the contractor and the other three turned theirs into the office. Two of the others say they gave the cash back to Mel. These two have receipts from Mel for



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returning the cash to him. The third employee no longer works for the District and was not interviewed. The employees interviewed did indicate they were paid for the overtime on their next check.

One employee indicated that Mel later offered to make up to them the cash they had to give back by cutting them in on a "brass deal." They refused.

**RESPONSE** - Although an unintentional error was made, Mr. Byrd and Mr. Cook took the appropriate steps to rectify the situation.

**VERIFICATION OF RESPONSE** - I met with James Brown, the plumber who had made the cash payments to the 4 employees for the tap work on the Powell Lane apartments. Mr. Brown verified the story given by Mel concerning the cash payments. He gave me a statement that Mel came to him the week after the payment and gave him back his portion of the money and told him that the other three had turned their money in to the Waterworks.

**CONCLUSION** - Our verification indicates that once the error in accepting the money was discovered, appropriate steps were taken to either give the money back to the contractor or deposit into the Waterworks. We found no evidence to indicate that anyone profited from this transaction.

#### **ALLEGATION 4 - DISTRICT EMPLOYEES MADE A TAP ON HIGHWAY 28 WEST**

**ALLEGATION** - We were told that Mel and an employee spent approximately a half day making a tap on a water line on Highway 28 West. Did not know who the line belonged to that they tapped into. Mel said he was told the tap was made for John Feazell. This property would be outside of the District.

**RESPONSE** - The tap was made for the benefit of the Gardner Water System and appears to be in accordance with Louisiana Law for cooperative endeavors.

**VERIFICATION OF RESPONSE** - I called John Feazell, the contractor. The project for which the tap was made was to hook a 4 inch line installed on Brown's Creek Road by John Feazell to the 8 inch main line. John indicated that the tap had inadvertently been left out of his agreement with the Gardner Water District. He had WWill make the tap and in exchange he went to Pollock to consult with Doug on how to remove sand from between the pilings. Mr. Feazell offered the information that there had been an exchange without my asking for it. I asked him if he had been contacted by Doug Byrd regarding the controversy surrounding the tap. (Doug had told Greg Aymond and I that day that he had not called Mr. Feazell) Mr. Feazell said he had been contacted by Doug back when it first came up several months ago. The statement of Lynda Winegeart, presented as Exhibit D-3, indicates that he passed this notification along to her several months ago also.



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Per interview with Lynda Winegeart of the Gardner Water Association, they are not a municipal entity. They are a member organization. She furnished me with a copy of the invoice paid to John Feazell for the work which is presented as Exhibit D-4. It does not indicate a tap is included in the amount paid Mr. Feazell.

**CONCLUSION** - While it was very disturbing to find that the denial of calling Mr. Feazell not true, there was nothing discovered which indicated Mr. Byrd or Mr. Feazell gained from the transaction. The response that this was merely an unwritten intergovernmental agreement is not valid since Gardner is a member organization and not a political subdivision.

**ALLEGATION 5 - LOT CLEARED AT CORNER OF PINECREST DRIVE AND LOWER LINE RD USING DISTRICT EQUIPMENT AND LABOR**

**ALLEGATION** - There was a lot cleared at the corner of Pinecrest Drive and Lower Line Road that was private property. Doug and Mel both indicated the lot was cleared in exchange for an easement to lay a line from Pinecrest Drive to the back of what is now the new WalMart. Easement was not in writing.

**RESPONSE** - The response indicated the lot clearing was in exchange for the easements. Attached to the response was copies of the easements.

**VERIFICATION OF RESPONSE** - I examined the original easements as filed in the clerk of courts office.

**CONCLUSION** - The facts indicate the response correctly indicates the actual events that transpired.

**ALLEGATION 6 - FRIEND OF DOUG'S IS BUSHHOGGING FOR DISTRICT WHEN THE DISTRICT HAS THEIR OWN BUSHHOG**

**ALLEGATION** - A friend of Doug's is bushhogging for the District even though the District has equipment and personnel to do their own. In Doug's interview, he indicated that he did not have an operator to run the bushhog owned by the district. Other employees indicated Oddice Paddy has been the bushhog operator since he was hired.

**RESPONSE** - The response was that Oddice Paddy had not been proven to be qualified to operate the bushhog and that the District was somehow avoiding any potential liability or exposure by having non-employees do this hazardous job.



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**VERIFICATION OF RESPONSE** - I performed no additional verification with regards to this allegation. It seems logical for employees to question this simply because of the relationship between Doug and the contractor. The fact of whether Oddice Paddie was qualified or not is irrelevant. The fact that there was nothing to indicate that the payments were unreasonable should leave the decision to management as to whether to do this internally or contract it out.

**CONCLUSION** - I found nothing to indicate that the payments were unreasonable and that anything wrong had taken place.

**ALLEGATION 7 - CUSTOMERS ARE BEING ALLOWED TO USE ONE METER FOR MULTIPLE STRUCTURES BY PAYING A DOUBLE MINIMUM**

**ALLEGATION** - Customers are being allowed to use one meter for multiple structures by paying a double minimum. We had an employee list the 15 residential and one commercial accounts paying multiple minimums. Of the 16 accounts, Doug indicated he was aware of 7 of them. Regarding the account for a friend of Doug's, he and Mel both said that they had tried to bore the road at that location and had hit something in the middle which prohibited it.

**RESPONSE** - Mr. Byrd acknowledged the existence of inherited, as well as some new, double minimum accounts. He also pointed out the recent change in board policy which permits the double minimums in certain situations. He pointed out the inability to bore the Monroe Highway in front of one of the accounts in question.

**VERIFICATION OF RESPONSE** - I contacted Donald Parker in Glenmora. He confirmed that he had tried to bore the Monroe Highway in front of the Lott Insurance Agency. He further confirmed that he was unable to bore it as he hit something in the middle which prohibited him from completing the bore.

**CONCLUSION** - Based on the information obtained in the verification, I feel the response to the Monroe Highway account is sufficient. It would appear all other accounts would fall under the recently enacted board policy on double minimums.

**ALLEGATION 8 - MEL'S LAPTOP COMPUTER AND USE OF THE INTERNET IS NOT NECESSARY**

**ALLEGATION** - Mel's laptop computer and use of the internet is not necessary. The computer in questions was in excess of \$5,000. Internet usage has run as high as 175 hours per month. Mel indicates that the laptop has district data and programs on it. Use of the



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internet is for OSHA and Department of Health regulations research. Also used for Y2K updates. Mel indicated that he recently repaid the District for personal use in excess of the 100 hour minimum.

**RESPONSE** - The laptop computer and internet usage for District purposes are justified.

**VERIFICATION** - Absent any way to determine what the past usage was for and due to the termination of service since the allegation was made, no verification of response was deemed necessary.

**CONCLUSION** - I would recommend acceptance of the response as presented.

#### **ALLEGATION 9 - MONEY FROM SCRAP METAL SALES IS NOT BEING TURNED IN**

**ALLEGATION** - Money from scrap metal sales is not being turned in. In his interview, Doug Byrd indicated the only sale he was aware of that had not gotten deposited was a 3\99 sale to Alexandria Iron. He indicated that the day before our interviews, he and Mel reviewed the recorded sales. The 3\99 sale was not recorded. Mel told Doug that Doug was not there when the money was turned in and that he had put it in the safe and told Doug's secretary to tell Doug it was there. Doug had the bookkeeper look in the safe to see if the money was still there. She did not find it at first. With Doug's help, they did find it in an envelope in the safe.

Mel's version was the same. Both Doug and Mel indicated that they knew of no other undeposited amounts.

Employees indicated to us that the scrap going to Alexandria Iron is only old meter boxes and scrap steel. Old meters (brass) are picked up by a salesman for the company which the district buys meters from. One employee told us of Mel instructing them to break the glass in new meters a few months ago.

Could not find where any money was received from Louisiana Utilities for scrap meter sales.

**RESPONSE** - Meters are turned in to Louisiana Utilities under a long standing agreement which permits the District to buy new meters at a substantial savings.

**VERIFICATION OF RESPONSE** - I met with Mark Zuvich, branch manager for Louisiana Utilities in Shreveport. I reviewed with him the manner in which meters were being picked up at Water Works District III. He indicated this is normal for the industry. An allowance is given on each new meter for the old meter regardless of the number of meters turned in. His sales people pick up the old meters on their rounds and bring to Shreveport. They keep



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them there in a bin until they get enough to justify selling them for scrap. He verified that they have been getting the WWIII meters and have not been paying anyone for them.

To illustrate his point of this being normal for the industry, he showed me their invoice where they bought meters from the supplier which indicated an allowance for each trade-in meter even though they don't send in any returns.

Mark Zuvich furnished me with a statement, Exhibit D-5 attached.

**CONCLUSION** - My verification indicated there are no monies from scrap meter sales which are not being turned in.

#### **ALLEGATION 10 - 300' PIPE LEFT FOR CUSTOMER ON GILLEY WILLIAMS ROAD**

**ALLEGATION** - Employees indicated that they made a tap on Gilley Williams Road and that the foreman was told by someone at the office to leave 300' of pipe at the tap for the customer. Did not interview the foreman as he no longer works for the District.

**RESPONSE** - The tap in question was made and pipe left for the customer. A copy of the invoice charging the customer for the pipe was included in the response.

**VERIFICATION OF RESPONSE** - I examined the cash deposits of the District for the period of time in question. The invoice presented as an exhibit to the response was paid and the money deposited in the District's account.

**CONCLUSION** - Based upon our verification of the response, it appears as though the customer was billed and paid for the pipe in question.

#### **ALLEGATION 11 - MADE "REMAKE" TAPS WHEN THEY SHOULD HAVE BEEN NEW TAPS**

**ALLEGATION** - Several employees indicated this had happened on various occasions. One location mentioned by several people was the parents of one of Doug's friends. The benefit to the customer is that a remake tap fee is considerably cheaper than a new tap fee.

**RESPONSE** - The response cites the lack of sufficient maintenance records to determine if a previous tap has existed for the purpose of deciding if a new or "remake" tap is appropriate. The response also cites factors used in making this decision.

**VERIFICATION OF RESPONSE** - I discussed the remake tap on Rifle Range Road with the customer. The site in question was the customer's home place. When he was growing up,





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there was a well which provided water to the residence. After he left home, the District laid the water line in front of the house. At that time, his mother still lived there. She told him at that time that she was not planning to hook onto the new line, but that she had requested them to leave her a tap in case she later wanted to connect. She told him they had agreed to this. Later, when he requested a meter, he told Doug the above facts and was allowed a remake tap.

**CONCLUSION** - Based upon our verification of the response, we found nothing to indicate a remake tap had been improperly made.

#### **ALLEGATION 12 - DISTRICT EQUIPMENT IS USED FOR PERSONAL PURPOSES**

**ALLEGATION** - A skylift was rented for three weeks to be used at the plant. It was used two weeks at the plant and Mel had it the third week at his house.

**RESPONSE** - Responses of both Doug and Mel indicate that Mel personally rented the skylift for the period of time that it was at his house. Doug's response indicated he was informed of this by Mel. Attached to the response were invoices for the District's use and for Mel's personal use.

Mel's response indicates he was billed and paid personally for the rental. Attached to the response were invoices for the District's use and for Mel's personal use.

**VERIFICATION OF RESPONSE** - I went to the rental company, RSC Industrial. I asked the office personnel to give me originals of both invoices submitted. The one for the District's use was no problem. However, after having looked for Mel's invoice for some time, the clerk informed me that something was wrong with it. I then asked to see the manager. I then met with Tim Baggett, branch manager of RSC Industrial. He went into the computer to try to determine what the invoice was. He told me that what I had could not be an invoice. It did not have a drivers license number on it which their system requires in order to process the transaction. He also told me that the numbering was not for an invoice. He told me that if someone had submitted this for an actual invoice, that it was fraudulent. He told me that number was a proposal. He could not reprint it as that number had already dropped out of the system.

Later, I went back to RSC and met with Jim Moody, sales rep for RSC. He indicated that he had originally given Mel the use of the skylift at no charge just prior to the District's use of it at the plant. When the usage was questioned, Mel had called him and said he needed something to show what the cost of the usage would have been. He sent Mel a "Quote" for the usage. Attached as Exhibit D-6 is a "Quote" which Jim Moody ran for me. Missing from the one submitted by Mel would be the term "QUOTE" in all capital letters and the system



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date. I received a statement from Jim Moody that the quote was not altered prior to sending it to Mel (Exhibit D-7).

**CONCLUSION** - No evidence was found to indicate that Mel used the skylift while the District was paying rent. To the contrary, Jim Moody stated that his use was a favor from him to Mel. However, the evidence to prove it was not used during the District's rental period which was submitted by Mel (and included in Doug's response) was altered and therefore fraudulent. Mel's response that he paid for the usage would also not be the truth.

**GENERAL**

We will forward a copy of this report to the Legislative Auditor for the State of Louisiana.

We would like to take this opportunity to thank the board and employees of the Waterworks District No. 3 of Rapides Parish for their cooperation and assistance during our procedures.

*Payne, Moore & Herrington, LLP*  
Certified Public Accountants

October 21, 1999



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Office of Legislative Auditor

STATE OF LOUISIANA

P.O. Box 94397

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**RE: Rapides Parish Waterworks District #3  
Tioga, Louisiana**

Gentlemen:

As you will recall, Rapides Parish Waterworks District Number 3, of Tioga, Louisiana, (hereinafter referred to as the "District") attended the August 26, 1999, Joint Committee hearing at the State Capitol. That hearing concerned twelve (12) allegations of illegality and misconduct, made by a former employee of the District, against the general manager, Mr. Douglas B. Byrd, and the assistant manager, Mr. Mel Cook. The District's auditor, Mr. Robert L. Litton, C.P.A., sent these unanswered allegations to the Legislative Auditor. Subsequently, in August, 1999, the District's Board of Commissioners heard the allegations, as well as the responses of the accused and their respective counsel. As a result of those hearings, the Board of Commissioners held that there was no proof of illegal or unethical conduct. However, both employees were publicly reprimanded for inappropriate managerial practices, and warned that any such future conduct would be dealt with harshly.

Representatives of the District were then notified that this matter would be placed upon the agenda of the Joint-Committee's August 26, 1999, hearing. At that hearing, it became apparent that there had been no final report issued, nor any verification of the responses presented by the two accused employees and their respective legal counsel. Therefore, Mr. Litton was instructed to issue a final report to the Committee, on behalf of the Legislative Auditor. Thereafter, staff of the Legislative Auditor's Office met with Mr. Litton and provided him with procedures he was to follow in verifying the responses submitted as to the original twelve allegations.

On October 12<sup>th</sup>, 15<sup>th</sup> and 21<sup>st</sup>, 1999, Mr. Litton presented his findings to the Board of Commissioners of Rapides Parish Waterworks District Number 3. What follows are the actions

and responses of the Board of Commissioners to the final report issued by Mr. Litton.

**ALLEGATION 1: Water meter located at Rapides Karate School Is Not Being Read and Service Is Not Being Billed:**

Mr. Litton's findings, presented to the Board, stated that his investigation supported the allegations made by the employees, and not the responses of Messrs. Byrd and Cook. The Board also listened to the testimony of the three employees who provided the facts for these allegations. The three employees, all meter readers, all agreed that it was Mr. Cook who instructed them to place the meter at the school and not to read it, as opposed to Mr. Byrd. In a 5 to 3 vote, with one abstention, the Board found that there was no evidence implicating Mr. Byrd to these charges. However, in a 7 to 2 vote, the Board did find that Mr. Cook, the assistant-manager, did supply the meter and instructed the employees not to read it.

**District's Response and Remedial Measures:** On July 12, 1999, the general manager of the District, Mr. Douglas B. Byrd, issued a memorandum to all employees of the District that they should immediately notify him of any meter the employee believes that is not being read on a monthly basis. This memorandum will become a part of the **policy and procedures manual** currently being prepared by Lumpkin & Associates of New Orleans, Louisiana.

In 1951, the District was created, under the provisions of Title 33 of the Louisiana Revised Statutes. Over the past 48 years, this District has grown from a small rural water district to an appreciable sized public utility. The District now serves approximately 30,000 citizens of northern Rapides and southern Grant Parishes, the largest industrial plants in Rapides Parish, numerous schools and fire districts, a Veterans Administration Hospital, the Louisiana National Guard's Camp Beauregard, much of the City of Pineville and all of the Town of Ball, as well as countless businesses and state and federal offices located within Ward 10 of Rapides Parish. As can be seen from Mr. Litton's report, 10 of the 12 allegations were proven to have been unfounded. However, the Board of Commissioners have come to recognize, from this process, that this District can no longer be operated and managed as it has been in the past 48 years. Recognizing the need for all of the District's employees to realize their exact duties, procedures for carrying out their duties and to provide more oversight from the Board, the Board has retained the Human Resources firm of Lumpkin & Associates to develop an employee handbook, a policy and procedures manual, an organizational chart, job descriptions and a comparative wage study. It is hoped that these manuals and studies will be completed and implemented within the next couple of months. An outline of the services underway by Lumpkin & Associates is attached hereto as "Exhibit "A".

As to this specific allegation, the already issued memorandum, as well as the new policies and procedures manual, will make it clear to all employees that no meters shall be improperly placed and none shall fail to be read. The new manuals will also contain employee grievance procedures, whereby any misconduct by the management can be reported to the Board, with the

reporting employee granted “whistle-blower” type protection.

**ALLEGATION 2: San Rich Construction is receiving excess payments from the District for work performed:**

Mr. Litton’s investigatory audit report found that the payments made unto San Rich Construction Company were reasonable.

**District’s Response:** This allegation seem to have arisen due to the general manager, Mr. Byrd’s, personal acquaintance to the principal of San Rich. The Board unanimously approved Mr. Litton’s finding that there were no violations of ethics or of the public-bid law in these payments to San Rich. Although the Board saw no need for any further action as to this allegation, it should be noted that Mr. Byrd, although not required to, has voluntarily ended this business relationship between San Rich and the District, in order to avoid even an appearance of impropriety. All meter pits are now let out for bid through the District’s engineers.

**ALLEGATION 3: Powell Lane Meter Installation paid for and amounts received in cash by employees:**

Several on-call employees of the District performed weekend work, which work was an obligation of the District. Besides District employees, District equipment was also utilized. The contractor paid the employees. On the following Monday morning, the District’s general manager, Mr. Byrd, learned of this and requested an opinion of the undersigned counsel for the District. Mr. Byrd then advised to assistant manager, Mr. Mel Cook, to return his and the other three (3) employees’ payments, and to advise the contractor that billing would come from, and therefore, payment made, to the District. Mr. Litton’s investigation has confirmed that those payments were, in fact, returned.

**District’s Response and Remedial Actions:** The Board accepted Mr. Litton’s findings. This confusion on the part of the employees involved, will be addressed and explained in the upcoming policies and procedures manual presently being compiled by Lumpkin & Associates. The Board felt that no further action is necessary as to this allegation.

**ALLEGATION 4: District employees made a tap on Highway 28 West:**

Mr. Byrd, the general manager, authorized a District crew to make a water-tap for the water district at Gardner, Louisiana, which is not within the boundaries of this Water District. Mr. Litton’s findings confirmed that Mr. Byrd had done this as a favor to the Gardner Water District, and that neither he nor the contractor profited from it in any way. However, the Gardner Water District is a non-profit rural water corporation, and is not a political subdivision as is this District.

**District's Response and Remedial Actions:** The Board voted unanimously that no action was necessary on this allegation. Mr. Byrd and this Board were advised by the District's legal counsel that governmental bodies can legally cooperate with each other, in such endeavors, through a written intergovernmental cooperative agreement approved by the Board. Also, it appeared that all parties were unaware of the different legal status existing between non-profit corporate water districts and those established as political subdivisions under the provisions of Title 33 of the Louisiana Revised Statutes. With this understanding by management, the Board expects no future endeavors of this sort.

**ALLEGATION 5: Lot cleared at corner of Pinecrest Drive and Lower Line Road using District equipment and Labor:**

**District's Response and Remedial Actions:** The Board unanimously voted to accept Mr. Litton's findings. Easements were recorded in the Rapides Parish Clerk of Court's Office. The policies and procedures manual will contain provisions requiring any exchanges of goods and services to be in writing, approved by the Board, and in conformity with state law.

**ALLEGATION 6: Friend of Doug Byrd's is Bushhogging for the District when the District has its own bushhog:**

**District's Response and Remedial Actions:** The Board unanimously accepted the findings of no wrongdoing presented by Mr. Litton. In further response, it should be noted that this mere appearance of impropriety was terminated when Mr. Byrd ended this bushhogging service back in July, 1999. Additionally, and partially due to the District being understaffed at the present time, an intergovernmental agreement is being drafted whereby bushhogging services will be provided by the Town of Ball, Louisiana.

**ALLEGATION 7: Customers being allowed to use one meter for multiple structures by paying a double minimum:**

**District's Response and Remedial Measures:** The Board unanimously voted to accept Mr. Litton's findings. Additionally, the Board recognized that there are times when it may be physically impossible to place separate meters and, that there may be hardship circumstances whereby that might justify two services upon one meter. Therefore, the Board adopted a regulation allowing for this situation. This regulation has been placed into the District's regulations publication.

**ALLEGATION 8: Mel's Laptop Computer and use of the Internet is Not necessary:**

**District's Response and Remedial Action:** The Board unanimously accepted the report of Mr. Litton, suggesting that the responses of Mr. Cook be accepted as true. It appears that the computer was used for District purposes, as also was the Internet. Additionally, Mr. Cook voluntarily terminated his use of the Internet, in order to avoid any appearance of impropriety. A couple of the Board members even suggested that the District reconnect to the Internet, as it provides online access to many of the scientific and regulatory matters dealing with the District's supply of water to the public.

**ALLEGATION 9: Money From Scrap Metal Sales not being turned in:**

**District's Response and Remedial Actions:** The Board unanimously adopted the findings of Mr. Litton's investigation and verification of the original responses. Pending inclusion of procedures on this issue in the forthcoming policy and procedures manual, being prepared by Lumpkin & Associates, the general manager, Mr. Douglas B. Byrd, issued a memorandum to all employees. That July 12, 1999, memorandum is attached as Exhibit "B". The Board felt that no further action is necessary on this allegation.

**ALLEGATION 10: 300' of pipe left for a customer on Gilley Williams Road:**

**District's Response and Remedial Action:** The Board unanimously accepted the findings of Mr. Litton's investigation into the verifications of the original responses of Messrs. Cook and Byrd. Furthermore, and even though the customer paid for the pipe, and those funds were accounted for, the Board will include in its future policies and procedures manual a prohibition against the sale of pipe to anyone.

**ALLEGATION 11: Made Re-Make Taps when they should have been new taps:**

**District's Response and Remedial Action:** The Board unanimously accepted Mr. Litton's findings that the re-make tap had been properly made. The Board discussed the fact that many of the older lines throughout the District had taps put in many years ago, when the water mains were first put down on several rural roads. Many of those older taps now have to be re-taped, for one reason or another. Therefore, this action was within current District policies, and the Board feels that no further action is necessary on this allegation.

**ALLEGATION 12: District equipment was used for personal purposes:**

**District's Response and Remedial Action:** The Board unanimously accepted the findings of Mr. Litton's investigation of the previous responses, as to Mr. Mel Cook, however,

the findings against Mr. Douglas B. Byrd were rejected. Mr. Cook, it was found, did not use the rented equipment at the Board's expense, but the Board agreed with Mr. Litton's findings that Mr. Cook's supporting documentation, from his initial response, had not been authentic.

Additionally, Mr. Byrd's employee memorandum, of July 12, 1999, directs all employees as to the policies and procedures for rental and District owned equipment (Attached hereto as Exhibit "C"). This policy will also become a part of the upcoming policies and procedures manual.

### **SUMMARY AND DISCIPLINE**

To recapitulate, Mr. Byrd's original responses were accepted as to all twelve allegations. Mr. Cook's original responses were rejected as to only allegations One (1) and Twelve (12). As stated above, many of these managerial lapses had been addressed by the Board back in August, 1999, when its public reprimands for Messrs. Byrd and Cook were published in the local newspaper. The Board also publicly stated that no such additionally lapses would be tolerated.

On October 21, 1999, after receiving the completion of Mr. Litton's final report, the Board also suspended Mr. Cook for ten (10) days without pay. Additionally, both Mr. Byrd and Mr. Cook were placed upon a six months probationary period, at the end of which the Board will re-examine their management and actions for that six months period.

This entire ordeal has served at least one useful purpose. From it, the Board of Commissioners has discovered the need to bring structure to this ever expanding water district, and to bring it "up-to-the-times" by the adoption of modern organizational structures and procedures. Pending the completion of the above mentioned manuals, the District has also formed a personnel committee and appointed one of its Board members, Mr. Tommy Hollingsworth, as its financial secretary. Mr. Hollingsworth personally goes over all expenditures of the District prior to their payment. The District is fortunate to have Mr. Hollingsworth's experience in this role, as he is a retired major of the Louisiana State Police, former Commander of Region III, Louisiana State Police, former mayor of Ball, Louisiana, and a former sheriff of Rapides Parish. All in all, the Board of Commissioners, while continuing to rely upon the day-to-day experience of Messrs. Byrd and Cook, is now taking a more direct supervisory role over the operations of Rapides Parish Waterworks District Number 3. Mr. Litton's most recent financial audit shows that this District remains in above average fiscal shape, and its recent award for the top rural water system in this State, show how much of an asset this District is to the area it serves. With the new procedures invoked, as a result of the investigation of these allegations, this district should become an even greater asset to the people it serves.



Respectfully Submitted:

By:   
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GRA\ccw

Enclosures

cc: Mr. Matt Lofton w/encls.  
Mr. William E. Kees, Jr. w/encls.  
Mr. E.D. White w/encls.  
Mr. Roy L. Smith w/encls.  
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Mr. Horace Daniels w/encls.  
Mr. Ray Adams w/encls.  
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