

ROCKY BRANCH WATERWORKS DISTRICT

Farmerville, Louisiana

Compiled Financial Statements
Year Ended December 31, 2017

Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 Fax (318) 388-0724

ROCKY BRANCH WATERWORKS DISTRICT
Union Parish Police Jury
Farmerville, LA

Compiled Financial Statements
Year Ended December 31, 2017

TABLE OF CONTENTS

	<u>STATEMENTS</u>	<u>PAGE NO.</u>
Independent Accountant's Compilation Report		1
General Purpose Financial Statements		
Statement of Net Position	A	3
Statement of Revenues, Expenses, and Changes in Net Position	B	4
Statement of Cash Flows	C	5
Notes		
Notes to the Financial Statements		7-12
Supplementary Information		
Schedule of Compensation Paid to Board Members		14
Schedule of Findings and Responses		15
Schedule of Compensation, Benefits, and Other Payments to Agency Head, or Chief Executive Officer		16

JIMMIE SELF, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 0 Fax (318) 388-0724

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Rocky Branch Waterworks District
Farmerville, Louisiana

Board of Directors of
Rocky Branch Waterworks District

I have compiled the accompanying statement of net position of Rocky Branch Waterworks District, a component unit of the Union Parish Police Jury, State of Louisiana, as of December 31, 2017, and the related statements of activities and cash flows for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the Rocky Branch Waterworks District in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

The Schedule of Compensation Paid Commissioners, the Schedule of Findings and Responses, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on pages 14 -16 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have compiled each of those schedules from information that is the representation of management of Rocky Branch Waterworks District, without audit or review. Accordingly, I do not express an opinion or provide any assurance on the supplementary information.

The Rocky Branch Waterworks District did not adopt the provisions of Governmental Accounting Standards Board Statement No. 34 for the year ended December 31, 2017. The effects of this departure from generally accepted accounting principles has not been determined.



JIMMIE SELF, CPA
MONROE, LOUISIANA
June 18, 2018

ROBR17

IndAcctCompRep

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

**ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE
UNION PARISH POLICE JURY
FARMERVILLE, LOUISIANA**

STATEMENT A

**Statement of Net Position
Proprietary Funds
as of December 31, /2017**

	<u>2017</u>
ASSETS	
Current Assets::	
Cash and Cash Equivalents	431,209
Investments	221,202
Restricted assets:	
Cash and Cash Equivalents	37,097
 Receivables, Net	 0
Total Current Assets	<u>689,508</u>
Noncurrent assets:	
Capital Assets	
Land-Not depreciated	4,500
Computer Software	1,562
Water system	827,025
Building	59,983
Total Capital Assets	<u>893,070</u>
Less Accumulated Depreciation	<u>-733,671</u>
Total noncurrent assets	<u>159,399</u>
Total Assets	<u>\$ 848,907</u>
 LIABILITIES	
Current Liabilities	
Accounts payable	1,766
Total liabilities	<u>1,766</u>
 NET POSITION	
Net Investment in capital assets	159,399
Restricted for Meter Deposits (24958), Depreciation, and Contingencies (10716)	37,097
Unrestricted	650,645
Total net Position	<u>847,141</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 848,907</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE
UNION PARISH POLICE JURY
FARMERVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Year Ended December 31, 2017

STATEMENT B

	<u>2017</u>
OPERATING REVENUES	
Charges for services and sales	\$ 167,950
Investment Earnings	2,226
Other	6,520
Total Operating Revenues	<u>176,696</u>
OPERATING EXPENSES	
Ads	528
Bad Checks/Bank Charges	474
Deposit Refunds	2,556
Depreciation	32,254
Salaries	31,398
Dues and Fees	4,837
Payroll Taxes	2,449
Education	160
Utilities	10,291
Office-Postage	45
Insurance	9,325
Materials and Supplies	13,782
Miscellaneous	2,800
Per Diem	1,200
Refunds for on site purchases of materials and suppli	22,349
Reserve Fund	125
	<u>136,338</u>
Operating Income	40,358
Net position-beginning of year	806,783
Net position -end of year	<u>\$ 847,141</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.

ROBRStmtRevExpChg inAssets

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE
UNION PARISH POLICE JURY
FARMERVILLE, LOUISIANA
STATEMENT OF CASH FLOWS

STATEMENT C

Proprietary Funds
As of December 31, 2017

	2,017
	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$170,157
Cash payments to employees for services	-31,398
Cash paid to suppliers for goods and services	-103,215
Other receipts	4,814
	<hr/>
Net cash provided (used) by operating activities	40,358
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction to water system	-39,187
Net cash provided (used) by capital and related financing activities	-39,187
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	2,226
Net cash provided by investing activities	2,226
	<hr/>
Net increase in cash and cash equivalents	3,397
	<hr/>
Cash and cash equivalents at Beginning of Year	464,909
	<hr/>
Cash and cash equivalents at End of Year	\$468,306
	<hr/> <hr/>
Reconciliation of net Operating Income (Loss) to Net Cash provided by operating activities	
Operating Income (Loss)	40,358
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	32,254
Net changes in assets and liabilities:	
Increase (decrease) in receivables and payables	1,171
Increase (decrease) in Water System assets net	-33,425
Net cash provided(used) by operating activities	\$40,358
	<hr/> <hr/>

Note:

Cash and cash Equivalents	\$431,209
Restricted Cash :	
CD- 19573	19,573
CD-17524	17,524
Total Cash and Cash Equivalents	<hr/> <hr/> \$468,306

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

NOTES

ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2017

INTRODUCTION

The Rocky Branch Waterworks District (BTA) was created by the Union Parish Police Jury, as authorized by Louisiana Revised Statute 33:3811. The following is a brief description of the operations of Rocky Branch Waterworks District (BTA), and includes the parish in which the BTA is located:

The District is governed by a five-member board of commissioners who are residents of and own real estate in the District. The board is appointed by the police jury and is compensated for its responsibility of providing water service to users within the boundaries of the District. The District serves approximately 400 residential and 50 commercial customers. The District has two employees.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Rocky Branch Waterworks District (BTA) present information only as to the transactions of the Rocky Branch Waterworks District (BTA) as authorized by Louisiana statutes and administrative regulations.

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

The accounts of the Rocky Branch Waterworks District (BTA) are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration of Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the period in which they are earned and become measurable.

Expense Recognition

ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2017

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

Revenues consist of income from users of the water line in the District. Billing is done monthly, and the payments are collected and deposited. Interest income is a result of bank accounts bearing interest.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

RECEIVABLES

The following is a summary of receivables at December 31, 2017:

Class of Receivable	Current Assets	Total
Accounts Receivable	0	0

Management has determined that the amounts of the receivables that are uncollectible are immaterial; therefore, no provision for uncollectible receivables has been included in these financial statements.

ACCOUNTS PAYABLE

The following is a summary of payables at December 31, 2017:

Accounts Payable	<u>\$1766</u>
------------------	---------------

NOTE B. BUDGETARY ACCOUNTING

As a Business-Type Activity, the district is not required to prepare a budget.

NOTE C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. For reporting purposes, deposits with financial institutions include demand deposits, time deposits, and certificates of deposit. Under state law the Rocky Branch Waterworks District (BTA) may deposit funds with a fiscal bank selected and designated by the Board. Further,

ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2017

the (BTA) may invest in savings accounts, and time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and registered cash and cash equivalents) and restricted cash and cash equivalents with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits 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. These pledged securities are required to be held in the name of the pledging fiscal agent or custodial bank in the form of safekeeping receipts.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department agent, but not in the entity's name.

	Cash	Time Deposits	Total
Deposits per Statement of Net Assets (Reconciled Bank Balance)			
Deposits per Bank	\$431,209	\$221,202	\$652,411
Bank Balances exposed to Custodial Risk	\$ 431,209	\$ 221,202	\$ 652,411

Total FDIC coverage of \$500,000 combined with pledged securities of \$230,960 market value and \$220,000 par value by Raymond James adequately provide collateral for the deposits.

The District is adequately collateralized.

Note: The "Deposits per Bank" will not necessarily equal the "Deposits per Balance Sheet", due to outstanding items.

The Rocky Branch Waterworks District (BTA) maintains investment accounts as authorized by OSRAP.

ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2017

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, and not registered in the name of the entity.

GASB Statement 40, amended GASB Statement 3, to eliminate the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one column since they are held in the entity's name. In addition, the total reported amount and fair value column must be reported for total investments regardless of exposure to custodial credit risk. The entity does not have a policy for custodial credit risk.

NOTE D. CAPITAL ASSETS

BALANCE FWD 12-31-17	FIXED ASSETS	ADDS/ DELETES	FIXED ASSETS	PRIOR DEPR	CURRENT DEPR	ACCUM DEPR	ASSETS	DEPR Method
LAND - NOT DEPRECIATED	4,500	-	4,500	-	-	-	4,500	None
WATER SYSTEM	752,229	-	752,229	637,674	30,089	667,763	144,644	S/L 25
BLDG IMPROV	15,160	-	15,160	15,160	-	15,160	-	Complete
ADDNS O4 bldg	43,065	-	43,065	12,919	1,077	13,996	31,223	S/L 40 Year Genl Depr - Yr 3 -
ADDNS 07 **	1,562	-	1,562	1,565	-	1,565	-	11.52%
ADDNS 08 2005 DEPR	1,758	-	1,758	954	198	1,152	1,002	S/L 25
	818,274		818,274	668,272	31,364	669,162	181,369	
	-		(4,500)				(4,500)	
BEG BAL 2015	818,274		813,774	636,908	31,364	668,272	176,866	
ADDNS		35,608	35,608		890	890		
	813,774	35,608	849,382	636,908	32,254	669,162	180,220	
2016 ADDNS	849,382	-	849,382	669,162	32,254	701,416	147,967	4,500 152,467
2017	849,382	39,187	888,569	701,416	32,254	733,666	154,899	4,500 159,399

Land is not
depreciated

ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2017

Capital assets of the District are valued at historical cost and are included on the balance sheet of the fund, net of accumulated depreciation. Construction period interest is immaterial and is not capitalized. Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of periods from 5 to 40 years. A summary of Capital Assets at December 31, 2017 follows:

NOTE E. INVENTORIES

District does not maintain inventories of any type.

NOTE F. RESTRICTED ASSETS

Certain proceeds of the enterprise fund resources are set aside for specific payments and are classified on the balance sheet as restricted assets because their use is limited by applicable requirements. Restricted assets include “Depreciation and Contingency Account”, which is retained for maintenance and repairs and other contingencies and “Customer Deposits Account”, which is used to segregate water meter deposits used to pay any outstanding water bills when customers discontinue service.

Restricted assets in Rocky Branch Waterworks District (BTA) at 12-31-2017, are reflected at \$37,097 in the assets section on Statement A as Cash and Cash Equivalents. The purpose of the restrictions is for Customer Meter Deposits of \$24,958 and Depreciation and Contingencies of \$12,139.

NOTE G. LEAVE

The District does not have a formal leave policy.

NOTE H. RETIREMENT SYSTEM

The District has no pension plan, except social security benefits resulting from salary withholdings and employer mandated matching payments.

NOTE I. OTHER POST – EMPLOYMENT BENEFITS

None.

NOTE J. RISK MANAGEMENT

The waterworks district is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the district maintains coverage with The Lincoln Agency, Farmerville, LA, serving the following insurance companies: CNA Surety, American Alternative, and Louisiana

ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2017

Workers Compensation. The policies cover general liability, property, employee liability, workers compensation, and public officials' liability. No claims were paid on any of the policies during the past three years that exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2016.

NOTE K. RELATED PARTY TRANSACTIONS

None.

NOTE L. LITIGATION AND CLAIMS

None.

NOTE M. SUBSEQUENT EVENTS

Subsequent events were evaluated by management up to and including the issue date of this report, June 18, 2018. There were no subsequent events noted which would affect the financial statements for the year ended December 31, 2017.

NOTE N. OTHER SUPPORT

None

NOTE O. SIMPLIFIED STATEMENT OF ACTIVITIES

Rocky Branch Waterworks District A component unit of the Union Parish Police Jury Farmerville, LA Simplified Statement of Activities (BTA) For the Year Ended December 31, 2017	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	\$136,338	174,470	\$ 38.132
General Revenues:			
Interest			
Total General Revenues			<u>2,226</u>
Change in Net Assets			40,358
Net Assets – Beginning			<u>806,783</u>
Net Assets - Ending			<u>847,141</u>

SEE STATEMENT B, Page 4.

**SUPPLEMENTARY
INFORMATION**

ROCKY BRANCH WATERWORKS DISTRICT
FARMERVILLE, LA

COMPENSATION PAID TO BOARD MEMBERS
FYE 12/31/2017

The following 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.

	<u>2017</u>
J.C. Ainsworth, (President)	240
Jill A. Hodge, (Vice President)	240
Jerry Farrar	240
Phillip Smith	240
John E. Haye	<u>240</u>
Total per diem	<u>1,200</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S REPORT.

JIMMIE SELF, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 • Fax (318) 388-0724

SCHEDULE OF FINDINGS AND RESPONSES

ROCKY BRANCH WATERWORKS

Farmerville, Louisiana

FINDINGS 2017-1

CRITERIA: Duties should be distributed among employees

CONDITION: Inadequate segregation of duties

CONTEXT: The district has only one person for handling the duties of the office personnel. Office duties are a part-time job.

EFFECT OF CONDITION: Internal control is weakened by the limited staff

CAUSE OF CONDITION: The staff consists of only one person.

RECOMMENDATION: Hire more employees and redistribute duties.

CLIENT RESPONSE: This would be impractical and cannot be remedied due to lack of funds.

NUMBER OF YEARS FINDING HAS BEEN REPORTED: At least 10.

FINANCIAL IMPACT OF FINDING: Finding is without cause –under the control of the agency and would be cost effective.

Findings for the Prior Year Ended December 31, 2016

FINDING 2016-1

CRITERIA: Duties should be distributed among employees

CONDITION: Inadequate segregation of duties

CONTEXT: The district has only one person for handling the duties of the office personnel. Office duties are a part-time job.

EFFECT OF CONDITION: Internal control is weakened by the limited staff

CAUSE OF CONDITION: The staff consists of only one person.

RECOMMENDATION: Hire more employees and redistribute duties.

FINANCIAL IMPACT OF FINDING: Finding is without cause –under the control of the agency and would be cost effective.

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.

ROCKY BRANCH WATERWORKS DISTRICT

12-31-2017

*Schedule of Compensation,
Benefits and Other Payments to Agency Head
or Chief Executive Officer*

Agency Head Name: J. C. Ainsworth, President

Purpose	Amount
Salary	29,730
Benefits-insurance	0
Benefits-retirement	0
Benefits-<list any other here>	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses*	0
Special meals	0
	0

Jill Hodge receives \$12,486, and Bobby Hodge receives \$ 17,244. They receive no other benefits.

Each board member and the President, J.C. Ainsworth receives \$240 per diem annually, for each board , meeting, and **no** other benefits for the year ended 12-31-2017.