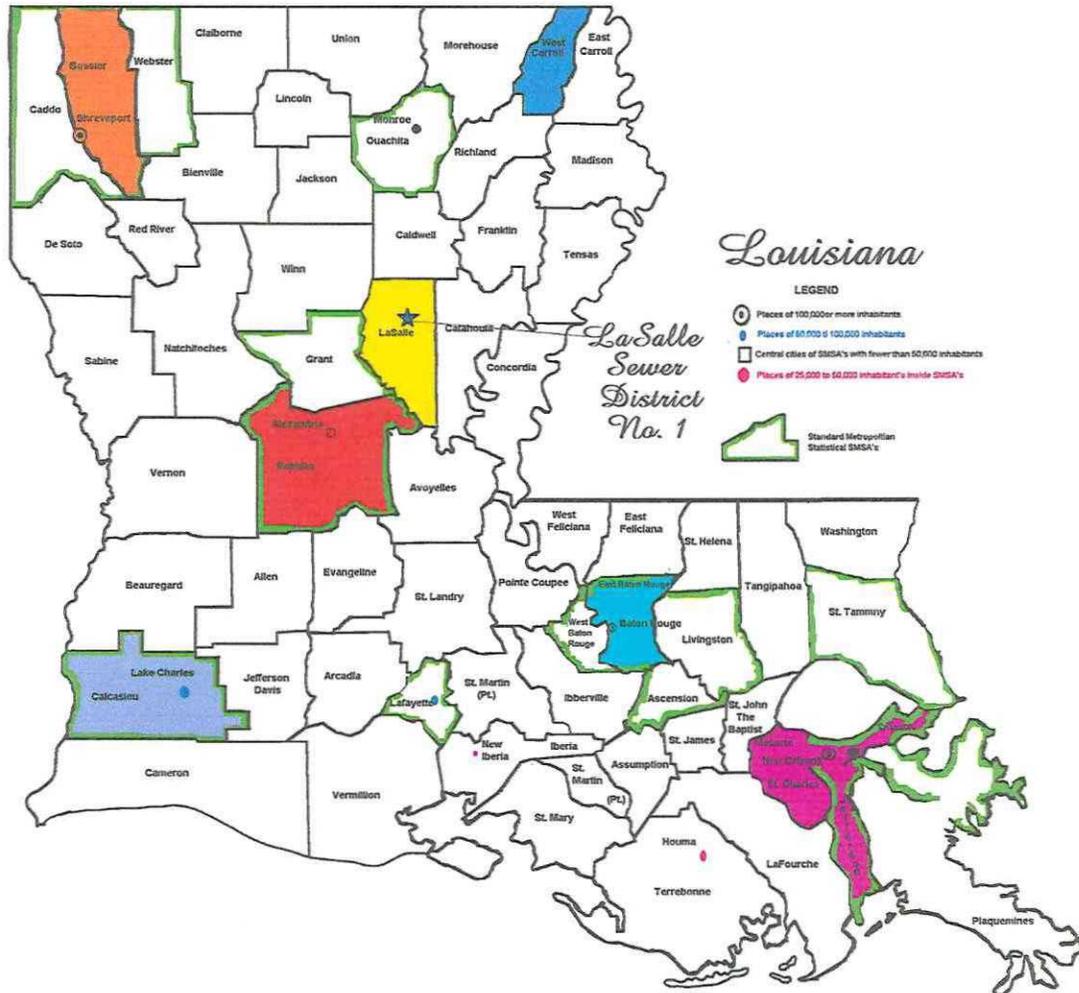


**LASALLE PARISH SEWERAGE
DISTRICT NO. 1**

Basic Financial Statements

December 31, 2017

LASALLE SEWERAGE DISTRICT NO. 1 TROUT, LOUISIANA



*** LaSalle Sewerage District No. 1**

LaSalle Sewerage District No. 1 was created by the LaSalle Parish Police Jury, as authorized by Louisiana Revised Statute 33:4562. The Sewerage District is administered by a board of commissioners who are appointed by the LaSalle Parish Police Jury. The district owns and operates sewerage facilities and engages in activities designed to provide sewerage disposal to the Trout, Goodpine and Midway Communities.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
LASALLE PARISH POLICE JURY
TROUT, LOUISIANA**

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INDEPENDENT ACCOUNTANT'S REPORT

LaSalle Parish Sewerage District No. 1
Trout, Louisiana

We have reviewed the accompanying financial statements of the business-type activities of the LaSalle Parish Sewerage District No. 1, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the LaSalle Parish Sewerage District No. 1. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

The management of the LaSalle Parish Sewerage District No. 1 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Other Information

The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

The Vercher Group

Jena, Louisiana
June 25, 2018

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the District, we offer readers of the LaSalle Sewage District No. 1's financial statements, this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the District's audited financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,009,908 (*net position*).

The District had total revenue of \$374,409 in its enterprise fund, including interest income of \$194.

Expenses totaled \$368,376, including depreciation expense in the amount of \$74,216, which is a non-cash transaction.

The change in net position of the enterprise fund was \$6,033.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The District is a special-purpose entity engaged in business-type and governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, December 31, 2004, the District adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

MD&A

Table 1
Balance Sheet (*Enterprise Fund*)

The following table represents a Comparative Balance Sheet as of December 31, 2017:

Assets	2016	2017	% Change
Current Assets	\$ 254,102	\$ 252,660	-0.6
Restricted Assets	213,839	220,236	3.0
Capital Assets, Net	981,070	913,282	-6.9
Total Assets	<u>1,449,011</u>	<u>1,386,178</u>	-4.3
Liabilities & Net Position			
Current Liabilities	24,975	23,007	-7.9
Current Liabilities Payable From Restricted Assets	105,055	107,633	2.5
Long-Term Liabilities	313,480	245,630	-21.6
Total Liabilities	<u>443,510</u>	<u>376,270</u>	-15.2
Net Position			
Net Investment in Capital Assets	605,268	601,985	-0.5
Restricted for Debt Service	103,853	107,659	3.7
Unrestricted	296,380	300,264	1.3
Total Net Position	<u>1,005,501</u>	<u>1,009,908</u>	0.4
Total Liabilities & Net Position	<u>\$ 1,449,011</u>	<u>\$ 1,386,178</u>	-4.3

Table 2
Changes in Net Position (*Enterprise Fund*)

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2017:

	2016	2017	% Change
Revenues			
Operating Revenues	\$ 346,277	\$ 374,215	8.1
Non-Operating Revenues	592	194	-67.2
Total Revenues	<u>346,869</u>	<u>374,409</u>	7.9
Expenses			
Operating Expenses	336,214	351,980	4.7
Non-Operating Expenses	20,407	16,396	-19.7
Total Expenses	<u>356,621</u>	<u>368,376</u>	3.3
Increase (Decrease) in Net Position	(9,752)	6,033	161.9
Prior Period Adjustment	-0-	(1,626)	100.0
Beginning Net Position	<u>1,015,253</u>	<u>1,005,501</u>	-0.1
Ending Net Position	<u>\$ 1,005,501</u>	<u>\$ 1,009,908</u>	0.4

MD&A

CAPITAL ASSETS

Capital Assets

At December 31, 2017, the District had \$913,282 invested in a broad range of capital assets, including the sewer system, leasehold improvements, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$67,788, or 6.9% from last year.

Capital Assets at Year-End

	<u>2016</u>	<u>2017</u>
Sewer System, Machinery & Equipment	\$ 3,324,532	\$ 3,274,919
Accumulated Depreciation	(2,343,462)	(2,361,637)
Total Capital Assets, Net	<u>\$ 981,070</u>	<u>\$ 913,282</u>

CHANGES IN LONG-TERM DEBT

The following is a summary of payable transactions of the LaSalle Sewerage District No. 1 for the year ended December 31, 2017.

	<u>Truck Note</u>	<u>Revenue Bonds</u>	<u>Total</u>
Beginning - Bonds & Notes Payable	\$ 20,150	\$ 355,652	\$ 375,802
Additions	-0-	-0-	-0-
Reductions	(6,452)	(58,053)	(64,505)
Ending - Bonds & Notes Payable	<u>\$ 13,698</u>	<u>\$ 297,599</u>	<u>\$ 311,297</u>

USING THIS ANNUAL REPORT

The District's annual report consists of financial statements that show information about the District's fund, an enterprise fund.

Our accountant has provided limited assurance in his independent accountant's report, located immediately preceding this Management's Discussion and Analysis. Varying degrees of assurance are being provided by the accountant regarding the other information included in this report. A user of this report should read the independent accountant's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

MD&A

CONTACTING THE SEWER DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the LaSalle Sewerage District No. 1's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Jessica Babin, Clerk, at the Sewerage District, PO Box 1, Trout, Louisiana 71371, telephone number (318) 992-4777.

Basic Financial Statements

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**Statement of Net Position
December 31, 2017**

	ENTERPRISE FUND
ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 162,587
Receivables (Net of Allowances for Uncollectables)	90,073
TOTAL CURRENT ASSETS	<u>252,660</u>
NON-CURRENT ASSETS	
Restricted Cash	220,236
Capital Assets (Net of Accumulated Depreciation)	913,282
TOTAL NON-CURRENT ASSETS	<u>1,133,518</u>
TOTAL ASSETS	<u>1,386,178</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	10,086
Accrued Wage/Payroll Taxes Payable	4,837
Accrued Compensated Absences	5,757
Deduction from Ad Valorem Tax	2,327
TOTAL CURRENT LIABILITIES	<u>23,007</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Customer Deposits	30,651
Accrued Interest	11,315
Notes & Bonds Due Within One Year	65,667
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>107,633</u>
NON-CURRENT LIABILITIES	
Notes & Bonds Due in More Than One Year	245,630
TOTAL NON-CURRENT LIABILITIES	<u>245,630</u>
TOTAL LIABILITIES	<u>376,270</u>
NET POSITION	
Net Investment in Capital Assets	601,985
Restricted for Debt Service	107,659
Unrestricted	300,264
TOTAL NET POSITION	<u>\$ 1,009,908</u>

See accompanying notes and independent accountant's review report.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**Statement of Revenues, Expenses, & Changes in Net Position
December 31, 2017**

	ENTERPRISE FUND
OPERATING REVENUES	
Service Charge	\$ 297,172
Ad Valorem Tax	72,753
Miscellaneous Revenue	4,290
TOTAL OPERATING REVENUES	374,215
 OPERATING EXPENSES	
Cost of Sales & Services	156,466
Administration	121,298
Depreciation	74,216
TOTAL OPERATING EXPENSES	351,980
 OPERATING INCOME (LOSS)	22,235
 NON-OPERATING REVENUES (EXPENSES)	
Interest Earnings	194
Interest Expense	(16,396)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(16,202)
 CHANGE IN NET POSITION	6,033
 PRIOR PERIOD ADJUSTMENT	(1,626)
 TOTAL NET POSITION - BEGINNING	1,005,501
TOTAL NET POSITION - ENDING	\$ 1,009,908

See accompanying notes and independent accountant's review report.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**Statement of Cash Flows
Year Ended December 31, 2017**

	<u>ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers & Users	\$ 289,422
Receipts from Ad Valorem Taxes	73,031
Receipts from Other Operating	2,086
Payments to Suppliers	(156,040)
Payments to Employees	(123,970)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>84,529</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(8,054)
Additions of Long-Term Debt	-0-
Interest Expense	(16,396)
Principal Payment on Long-Term Debt	(64,505)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(88,955)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investments	-0-
Interest Earnings	194
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>194</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(4,232)
CASH - BEGINNING OF YEAR	387,055
CASH - END OF YEAR	<u>\$ 382,823</u>
RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	162,587
Restricted Cash	220,236
TOTAL CASH & CASH EQUIVALENTS	<u>\$ 382,823</u>

See accompanying notes and independent accountant's review report.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**Statement of Cash Flows
Year Ended December 31, 2017**

Reconciliation

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ <u>22,235</u>
Depreciation Expense	74,216
(Increase) Decrease in Accounts Receivable	(9,187)
Increase (Decrease) in Accounts Payable	426
Increase (Decrease) in Accrued Wage/Payroll Taxes Payable	(325)
Increase (Decrease) in Accrued Compensated Absences	(2,347)
Increase (Decrease) in Deduction From Ad Valorem Tax	278
Increase (Decrease) in Customer Deposits	1,437
Increase (Decrease) in Accrued Interest	<u>(2,204)</u>
TOTAL ADJUSTMENTS	<u>62,294</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>84,529</u>
 LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES	
Contributions of Capital Assets From Government	\$ <u>-0-</u>

See accompanying notes and independent accountant's review report.

**Notes to the Basic
Financial Statements**

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LaSalle Sewerage District No. 1 was created by the LaSalle Parish Police Jury, as authorized by Louisiana Revised Statute 33:4562. The Sewerage District is administered by a board of five commissioners who are appointed by the LaSalle Parish Police Jury. The district owns and operates sewerage facilities and engages in activities designed to provide sewerage disposal to the Trout, Goodpine, and Midway Communities.

For financial reporting purposes the District is a component unit of the LaSalle Parish Police Jury, the governing body of the parish. The accompanying financial statements present financial information only on the funds and account groups maintained by LaSalle Sewerage District No. 1 and do not present information on the Police Jury and the general government services provided by that governmental unit or any of its other component units.

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Equity Classifications – In the Government-Wide Financial Statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets – Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

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

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major proprietary funds:

- Sewer Fund – The Enterprise Fund is the municipality’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government’s enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues are utility billings. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. CASH & INVESTMENTS – (C.D.'S IN EXCESS OF 90 DAYS)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Deposits

It is the District's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The District's deposits are categorized to give an indication of the level of risk assumed by the District at year end. The categories are describes as follows:

- ***Category 1*** – Insured or collateralized with securities held by the District or by its agent in the District's name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- ***Category 3*** – Uncollateralized.

<u>Bank</u>	<u>Bank Balance</u> <u>At 12/31/2017</u>
Southern Heritage Bank	\$ <u>383,839</u>

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Amounts on deposit are secured by the following pledges:

Description	Southern Heritage Market Value
FDIC (Category 1)	\$ 383,839
Securities (Category 2)	175,585
Total	\$ 559,424

All deposits were fully secured as of December 31, 2017.

D. INVENTORIES

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

E. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The entity maintains a threshold level of \$1,500 or more for capitalizing capital assets.

All fixed assets are recorded at cost and are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Water System & Building	40-50 years
Vehicles	7 years
Equipment	5-7 years

F. ACCOUNTS RECEIVABLE & ALLOWANCES FOR BAD DEBTS

Uncollectable amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectable of the receivable. Below is a summary of accounts receivable and allowance for bad debts by funds:

Proprietary-

Accounts Receivable	\$ 25,144
Allowance for Bad Debt	(1,257)
Ad Valorem Tax Receivable	66,186
Total Receivables	\$ 90,073

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

G. AD VALOREM TAXES

The LaSalle Parish Sewerage District No. 1 levies taxes on real and business personal property located within its boundaries. The LaSalle Parish Sheriff bills and collects property taxes.

Property Tax Calendar

Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On Or About October 15
Total Taxes Are Due	December 31
Penalties And Interest Are Added	January 1
Lien Date	January 1

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>	<u>Total Tax</u>
Sewerage District	9.780	9.780	December 31	71,598

2. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At December 31, 2017, restricted assets for the proprietary fund were applicable to the following:

Bond Reserve Account	\$	58,907
Bond Contingency Account		67,942
Customers' Deposit		23,391
Sinking Fund		57,792
Customer Deposit Savings		12,204
Total	\$	<u>220,236</u>

3. CHANGES IN FIXED ASSETS – PROPRIETARY FUNDS

A summary of proprietary fund type property, plant and equipment at December 31, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
System (Cost)	\$ 3,324,532	\$ 8,054	\$ (57,667)	\$ 3,274,919
Less Allowance for Depreciation	(2,343,462)	(74,216)	56,041	(2,361,637)
Net Plant	<u>\$ 981,070</u>	<u>\$ (66,162)</u>	<u>\$ (1,626)</u>	<u>\$ 913,282</u>

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

4. ACCOUNTS PAYABLE

The payables of \$23,007 at December 31, 2017, were as follows:

Accounts Payable	\$	10,086
Accrued Wages/Payroll Taxes Payable		4,837
Accrued Absences		5,757
Deduction from Ad Valorem Tax		2,327
Total	\$	<u>23,007</u>

5. CHANGES IN LONG-TERM DEBT

The following is a summary of payable transactions of the LaSalle Sewerage District No. 1 for the year ended December 31, 2017.

	<u>Truck Note</u>		<u>Revenue Bonds</u>		<u>Total</u>
Beginning - Bonds & Notes Payable	\$ 20,150	\$	355,652	\$	375,802
Additions	-0-		-0-		-0-
Reductions	(6,452)		(58,053)		(64,505)
Ending - Bonds & Notes Payable	<u>\$ 13,698</u>	<u>\$</u>	<u>297,599</u>	<u>\$</u>	<u>311,297</u>

Bonds and lease payables at December 31, 2017, are comprised of the following individual issues:

Truck Note (Enterprise Fund)

\$33,371 Ford F-250 Truck Purchase dated 11/19/15; due in annual installments through 11/20/2019, interest at 4%. \$ 13,698

Revenue Bonds (Enterprise Fund)

\$427,000 Sewer Revenue Bonds dated 3/30/1978; due in annual installments of \$25,600 through 3/30/2019, interest at 5%. 23,900

\$58,000 Sewer Revenue Bonds dated 6/8/1979; due in annual installments of \$3,500 through 3/30/2019, interest at 5%. 4,000

\$820,000 Sewer Revenue Bonds dated 8/30/1990; due in annual installments of \$48,191 through 3/30/2030, interest at 5%. 269,699

Total **\$ 311,297**

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

The annual requirement to amortize all debt outstanding as of December 31, 2017, including interest payments are as follows:

Year Ending December 31	Truck Note	Equipment Note	Sewer Revenue Bonds	Total
2018	\$ 7,268	\$ -0-	\$ 75,591	\$ 82,859
2019	7,268	-0-	50,291	57,559
2020	-0-	-0-	48,191	48,191
2021	-0-	-0-	48,191	48,191
2022	-0-	-0-	48,191	48,191
2023 – 2027	-0-	-0-	240,955	240,955
2028 – 2032	-0-	-0-	144,573	144,573
Total	\$ 14,536	\$ -0-	\$ 655,983	\$ 670,519

6. FLOW OF FUNDS; RESTRICTIONS ON USE - ENTERPRISE FUND REVENUE

Under the terms of the bond indenture relating to Sewer Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Sewer System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

- (A) Out of revenue to the "Operations and Maintenance Fund", an amount sufficient to provide for expenses of the system.
- (B) Out of revenue to the "Operations and Maintenance Fund", an amount sufficient to provide for expenses of the system.
- (C) Each month, there will be set aside into a fund called the "Bond and Interest Redemption Fund", an amount constituting 1/12 of the next maturing yearly installment of principal and interest payments. These funds may be used only for payment of bond principal and interest.
- (C) There shall also be set aside into a "Bond Reserve Fund" an amount equal to 5% of the monthly payment being made into the sinking fund until it equals the highest combined annual debt service in any future year on the outstanding bonds or \$77,913. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the "Bond and Interest Redemption Fund".
- (D) Funds will also be set aside into a Contingency Fund at the rate of \$375 per month. Money in this fund may be used for the making of extraordinary repairs to the system which are necessary to keep the system in operating condition. Money in this fund may be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(E) All of the revenue received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose of the District.

Reservations of net position have been made for funds in restricted accounts that exceed current interest and principal

7. RESTRICTED NET POSITION- PROPRIETARY FUND

The following represents restricted net position for the proprietary fund as of December 31, 2017:

Total Restricted Cash	\$	220,236
Customer Deposit Cash		(23,391)
Customer Deposit, Savings		(12,204)
Accrued Interest		(11,315)
Current Notes & Bonds Payable		<u>(65,667)</u>
Total Restricted Net Position	\$	<u>107,659</u>

8. BOARD MEMBERS

The following is a list of board members for the year ended December 31, 2017:

John Jenkins- Chairman
Johnny Beard
Josh Corley
Danny Brown
John Johnston

Board members are each paid \$80 per meeting when present.

9. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

10. ACCRUED SICK LEAVE AND VACATION

The following is a summary of changes in compensated absences payable at December 31, 2017:

		<u>Current</u>		<u>Noncurrent</u>		<u>Total</u>
Beginning of year	\$	8,104		-0-		8,104
Additions/(Retirements)		(2,347)		-0-		(2,347)
End of year	\$	<u>5,757</u>		<u>-0-</u>		<u>5,757</u>

The accrued sick leave and vacation is as follows:

<u>Employee</u>		<u>Amount</u>
Charles Smith	\$	3,763
Aubrey Brown		1,994
Jessica Babin		-0-
Marie Carter		-0-
Mike Gibson		-0-
Total Accrued Sick Leave & Vacation	\$	<u>5,757</u>

11. LITIGATION

The District had no outstanding judgments or pending litigations as of December 31, 2017.

12. RETIREMENT PLANS

The system does not offer its employees a retirement plan. All employees are in the social security system.

13. SEWER RATES

The District's current sewer rates are as follows:

<i>Residential</i>	\$ 18.00 per month flat rate plus \$3.25 for each 1,000 gallons of water
<i>Commercial</i>	\$ 50.00 per month flat rate plus \$3.50 for each 1,000 gallons of water
<i>Industrial</i>	\$ 150.00 per month flat rate plus \$3.50 for each 1,000 gallons of water

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

14. JOINT VENTURE WITH TOWN OF JENA

The Town of Jena owns and maintains the sewer treatment plant that processes the District's sewerage. The Town of Jena charges the District 1/3 of the operation and maintenance costs of the sewer plant.

15. PRIOR PERIOD ADJUSTMENT

A prior period adjustment in the amount of \$1,626 was made to correct fixed assets.

Other Supplemental Schedules

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

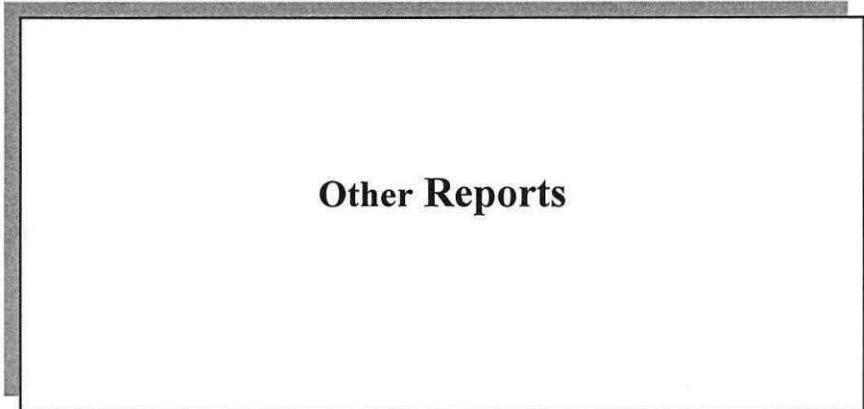
**Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2017**

LaSalle Parish Sewerage District No. 1
John Jenkins-Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 960
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-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent accountant's report.



Other Reports

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

MANAGEMENT LETTER COMMENTS

During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement and our recommendation for improvement.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No items to report.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the LaSalle Parish Sewerage District No. 1 has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended December 31, 2016.

PRIOR YEAR FINDINGS

2016-1 Small Size of Entity (Internal Control Finding)

Finding: Because of the small size of the Sewerage District and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Sewerage District's cash. Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Recommendation and Client Response: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written. Management continues to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

2016-2 Billing Reports (Internal Control Finding)

Finding: The auditor compared the billing reports to the books and found that the billing system billed and collected approximately \$289,609, while the books show approximately \$284,777 in revenue; a \$4,832 difference. The auditor was unable to determine the cause of the difference. Billing and payments as reported by the billing system program should reconcile to the books and bank deposits.

Recommendation and Client Response: The system should begin reconciling each month's billing reports to deposits made for the month and analyze and report any differences to the board. The sewer system will begin reconciling each month's billing reports to deposits made for the month and analyze and report any differences to the board.

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THE VERCHER GROUP

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MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the LaSalle Parish Sewerage District No. 1

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the LaSalle Parish Sewerage District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the LaSalle Parish Sewerage District No. 1's compliance with certain laws and regulations during the year ended December 31, 2017, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below whether for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$154,450. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

*During our review of expenditures, we found no such expenditures.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

*Management provided us with the requested information.

3. Obtain a list of all employees paid during the fiscal year.

*Management provided us with the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

*None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

*Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

*The District is an enterprise fund and budgeting is not required. The District prepares a budget on its operations on a governmental fund basis and therefore is not comparable to the financial statements on an enterprise fund basis.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

*Not applicable.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures, and report whether actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total).

*Not applicable.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

(a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

*We examined supporting documentation for the six selected documents and they all agreed.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

*All of the payments were properly coded to the correct fund and correct general ledger account.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

*The selected disbursements were approved by the proper authorities.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

*Discussions with the clerk and our review of the minutes found that the agendas for the meetings were posted.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

*The District did not enter into any long-term debt this fiscal year.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

*We inspected payroll records and minutes for the year and noted no instances which would indicated payments to employees which would constitutes bonuses, advances, and gifts.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

*The District's report is due on June 30, 2018, and was submitted timely.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

*The District did not enter into any new contracts this fiscal year.

Prior-Year Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

*The prior year report, dated May 31, 2017, did include two findings: 2016-1 Small size of Entity and 2016-2 Billing Reports. They have not been resolved.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

The Vercher Group

Jena, Louisiana
June 25, 2018

LaSalle Parish Sewerage District No. 1
LOUISIANA ATTESTATION QUESTIONNAIRE

The Vercher Group

A Professional Group of
Certified Public Accountants
P.O. Box 1608
Jena, Louisiana 71342
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Fax: (318) 992-4374

In connection with your review of our financial statements as of December 31, 2017, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 25, 2018, (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with RS 24:513.

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief financial officer.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Signed: 

Title: 