

**Kolin-Ruby Wise Waterworks District
No. 11A of Rapides Parish, Louisiana
(A Component Unit of the Rapides
Parish Police Jury)**

**Annual Financial Report
December 31, 2018**

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Introduction

Kolin-Ruby Wise Waterworks District No. 11A of Rapides Parish, Louisiana (the Waterworks District) is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments (hereinafter referred to as GASB 34), and related standards. GASB 34 provides financial statement users a more detailed and comprehensive analysis of the financial performance of the Waterworks District. Please read the following in conjunction with the Waterworks District's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets and deferred outflows for the years ended 2017 and 2018 were \$5,114,461 and \$4,950,689 and exceeded liabilities and deferred inflows in the amount of \$3,429,064 and \$3,352,709 (i.e., net positions). Of the total net assets, \$1,272,330 and \$1,301,751 for 2017 and 2018 were unrestricted and available to support short-term operations, with the balance invested in capital assets, net of related debt, or restricted for capital activity and debt service. Total net assets decreased by \$104,826.
- User fee revenues (water sales) for the fiscal year ending December 31, 2017 and 2018 were \$576,693 and \$615,483.
- The Waterworks District's operating expenses, consisting of those expenses resulting from the Waterworks District's ongoing operations totaled \$773,260 and \$819,151 for the fiscal years ended December 31, 2017 and 2018.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the Waterworks District's financial condition and performance.

The financial statements report information on the Waterworks District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the nature and amount of the Waterworks District's resources and obligations at year-end and provides a basis for evaluating the capital structure of the Waterworks District and assessing the liquidity and financial flexibility of the Waterworks District.

The Statement of Revenues, Expenses, and Changes in Net Position, accounts for the revenues and expenses for the fiscal year and provides information on how net assets changed during the year. This statement measures the success of the Waterworks District's operations in a format that can be used to determine if the Waterworks District has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the

source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the Waterworks District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes schedule of commissioners and per diem paid to each, summary accounts receivable information, water rates and a schedule of insurance.

Financial Analysis

The purpose of financial analysis is to help determine whether the Waterworks District is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the Waterworks District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Condensed Statement of Net Position

	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Current assets	\$ 1,387,481	\$ 1,418,732
Restricted assets	240,504	226,180
Fixed assets (net)	3,348,837	3,192,163
Non-current Assets	-0-	35,298
Deferred outflows of resources	<u>137,639</u>	<u>78,316</u>
Total Assets and Deferred Outflows	<u>\$ 5,114,461</u>	<u>\$ 4,950,689</u>
Current liabilities	\$ 37,498	\$ 26,655
Current liabilities (payable from restricted assets)	130,111	131,080
General obligation bonds payable	562,135	528,838
Non-current Liabilities	97,728	-0-
Long term debt	840,017	806,556
Deferred inflows of resources	<u>17,908</u>	<u>104,852</u>
Total Liabilities and Deferred Inflows	1,685,397	1,597,981
Net Position	<u>3,429,064</u>	<u>3,352,708</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 5,114,461</u>	<u>\$ 4,950,689</u>

Current assets include current assets for operations, receivables and prepaid expenses. Restricted assets include cash and certificates of deposit restricted for bond indentures and customer deposits.

Capital Assets increased by \$10,442 in 2018. Depreciation of \$167,116 is included in net fixed assets and is reflected as net capital decrease of \$156,674.

Total long-term debt decreased by \$65,224 during 2018, which reduced the balance at December 31, 2018 to \$1,367,383.

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Operating revenue	\$ 592,882	\$ 626,988
Operating expenses	<u>773,260</u>	<u>819,151</u>
Operating (Loss)	(180,378)	(192,163)
Nonoperating Income (net)	<u>107,175</u>	<u>115,808</u>
Change in Net Positions	(73,203)	(76,355)
Net Position, Beginning of Year	<u>3,468,979</u>	<u>3,429,064</u>
Net Position, End of Year	<u>\$ 3,429,064</u>	<u>\$ 3,352,709</u>

While the Balance Sheet shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers to the nature and scope of these changes. The above table shows a decrease in net position of \$76,355 for the fiscal year ending December 31, 2018, as does the Condensed Balance Sheet on the prior page.

The Waterworks District's total revenues include the sales of water, connection fees, tap fees and late charges.

The Waterworks District's major operating expenses include depreciation expense, insurance, wages and retirement, and utilities. Nonoperating income includes ad valorem tax, state revenue sharing, rent and interest and nonoperating expenses include interest expense.

Other Significant Account Changes and Financial Trends

One key measure of a Waterworks District's profitability, and the ability to generate positive cash flows, is the ability of the water system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31.

	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Current	\$ 47,261	\$ 36,857
Over 30 Days Past Due	<u>10,692</u>	<u>19,319</u>
Total Accounts Receivable (Before Allowance for Bad Debts)	57,953	56,176
Allowance for Bad Debts	(2,535)	(2,535)
Unbilled services	<u>13,874</u>	<u>15,186</u>
Total Accounts Receivable	<u>\$ 69,292</u>	<u>\$ 68,827</u>

Total receivables for water service remained fairly constant reflecting the Waterworks District's efforts in collecting bills and in writing off accounts as they become past due. Past due accounts are referred for collection.

Capital Assets

At the end of the fiscal years ending December 31, 2017 and 2018, the Waterworks District had \$3,348,837 and \$3,192,163 (net of accumulated depreciation) recorded in capital assets. This includes water systems and improvements in the Kolin-Ruby Wise area.

Other significant capital assets include the Waterworks District's investment for the office building and storage for water system equipment and supplies, land owned for the office building site and for water well locations, and equipment and machinery, including vehicles, for water system operation. The changes in capital assets are presented in the table below.

	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Land	\$ 16,359	\$ 16,359
Water Distribution System	5,819,889	5,830,331
Software	83,604	83,604
Vehicles	<u>98,477</u>	<u>98,477</u>
Subtotal	6,018,329	6,028,771
Less: Accumulated Depreciation	<u>(2,669,492)</u>	<u>(2,836,608)</u>
Net Capital Assets	<u>\$ 3,348,837</u>	<u>\$ 3,192,163</u>

Long-Term Debt Activity

The primary source of long-term financing for the Waterworks District water system improvements is revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS). Interest rates for long-term debt financed through RUS at December 31, 2018, range from 4% to 5.4%, with initial payment terms for bonds generally at 40 years. Bonds financed for the Waterworks District do not generally require a specific debt to net income or net cash flow ratio, but bond restrictions do state that the Waterworks District must set its water rates at a level necessary to fund debt service requirements and to pay for the normal operating expenses of the Waterworks District.

Requests for Information

This financial report is designed to provide a general overview of Kolin-Ruby Wise Waterworks District No. 11A of Rapides Parish, Louisiana's finances and to demonstrate the Waterworks District's accountability. If you have questions regarding this report or need additional information, contact the Waterworks District at P. O. Box 3100, Pineville, LA 71361. The phone number for the Waterworks District is (318) 445-4178.

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**Report on Financial Statements Issued in Accordance with
Government Auditing Standards**

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
Kolin-Ruby Wise Waterworks District No. 11A
Pineville, Louisiana 71360

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Kolin-Ruby Wise Waterworks District No. 11A, a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Kolin-Ruby Wise Waterworks District No. 11A's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of business-type activities of Kolin-Ruby Wise Waterworks District No. 11A, as of December 31, 2018, and the changes in financial position, and, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis comparison information on pages 1–5 and schedules of required supplementary information pertaining to pension obligations on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, on our consideration of Kolin-Ruby Wise Waterworks District No. 11A's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kolin-Ruby Wise Waterworks District No. 11A's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kolin-Ruby Wise Waterworks District No. 11A's internal control over financial reporting and compliance.



Adler and Pias, LLC

Alexandria, Louisiana

June 27, 2019

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Established 1961

Government Auditing Standards Report on Internal Control over Financial Reporting and on Compliance and Other Matters—with No Material Weaknesses, Significant Deficiencies, or Reportable Instances of Noncompliance or Other Matters Identified

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners of
Kolin-Ruby Wise Waterworks District No. 11A
Pineville, Louisiana 71360

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of Kolin-Ruby Wise Waterworks District No. 11A, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Kolin-Ruby Wise Waterworks District No. 11A's basic financial statements, and have issued our report thereon dated June 27, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kolin-Ruby Wise Waterworks District No. 11A's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kolin-Ruby Wise Waterworks District No. 11A's internal control. Accordingly, we do not express an opinion on the effectiveness of Kolin-Ruby Wise Waterworks District No. 11A's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kolin-Ruby Wise Waterworks District No. 11A's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Adler & Pias, LLC
Adler and Pias, LLC

Alexandria, Louisiana
June 27, 2019

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Statement of Net Position - Proprietary Fund
December 31, 2018

Assets		
Current Assets		
Cash	226,739	
Certificates of Deposit	969,032	
Receivable(net of allowance for doubtful accounts)	199,884	
Prepaid Expenses	<u>23,077</u>	
Total Current Assets		1,418,732
Restricted Assets		
Cash	174,501	
Certificates of Deposit	<u>51,679</u>	
Total Restricted Assets		226,180
Fixed Assets(net of accumulated depreciation)		3,192,163
Non-Current Assets:		
Net Pension Asset		<u>35,298</u>
Total Assets		4,872,373
Deferred Outflows of Resources		
Deferred Amounts Related to Pension Liability	72,262	
Revenue Bond Issue Costs (net)	<u>6,054</u>	
Total Deferred Outflows of Resources		78,316
Liabilities		
Current Liabilities (payable from current assets)		
Accounts Payable and Accrued Expenses	3,071	
Accrued Interest - General Obligation Bonds	13,916	
Retirement Payable	<u>9,668</u>	
Total Current Liabilities (payable from current assets)		26,655
Current Liabilities (payable from restricted assets)		131,080
General Obligation Bonds Payable (Current)		33,811
Long-Term Debt		
General Obligation Bonds Payable	495,027	
Revenue Bonds Payable	<u>806,556</u>	
Total Long-Term Debt		<u>1,301,583</u>
Total Liabilities		1,493,129
Deferred Inflows of Resources		
Deferred Amounts Related to Pension Liability		104,852
Net Position		
Net Investment in Capital Assets	1,824,778	
Restricted for Debt Service	226,180	
Unrestricted	<u>1,301,751</u>	
Total Net Position		3,352,709

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

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Statement of Revenues, Expenses, and
Changes in Fund Net Position - Proprietary Fund
For the Year ended December 31, 2018

Operating Revenues		
Water Sales and Tap Fees	615,483	
Late Charges and Connection Fees	11,505	
Total Operating Revenues		<u>626,988</u>
Operating Expenses		
Advertising	1,232	
Truck Expense	3,567	
Bad Debts	3,714	
Bank Charges	1,095	
Chemicals	19,326	
Depreciation	167,116	
Dues and Subscriptions	4,024	
Equipment Rent	3,119	
Environmental Expense	13,538	
Fuel and Oil	11,040	
Garbage Collection	2,372	
Insurance	52,909	
Office Supplies	4,161	
Payroll Taxes	5,608	
Per Diem - Board Members	10,720	
Postage and Freight	5,724	
Professional Fees	32,204	
Repairs and Maintenance	20,870	
Retirement Expense	40,567	
Salaries and Wages	323,780	
Supplies	28,110	
Taxes and Licenses	1,068	
Telephone	15,947	
Utilities	41,894	
Bond Fees	1,325	
Administrative and General	4,121	
Total Operating Expenses		<u>819,151</u>
Operating (Loss)		(192,163)
Nonoperating Revenues(Expenses)		
Ad Valorem Taxes	142,468	
State Revenue Sharing	4,231	
Interest Income	11,511	
Interest Expense	(54,275)	
Non-Contributing Employer Revenue	3,535	
Rental Income	8,338	
Total Nonoperating Revenues(Expenses)		<u>115,808</u>
Change in Net Position		(76,355)
Net Position, Beginning of Year		<u>3,429,064</u>
Net Position, End of Year		<u><u>3,352,709</u></u>

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

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Statement of Cash Flows-Proprietary Fund
For the Year ended December 31, 2018

Cash Flows From Operating Activities	
Cash Received from Customers	628,651
Cash Paid to Suppliers for Goods and Services	(275,584)
Cash Paid to Employees for Services	<u>(373,192)</u>
Net Cash Provided by Operating Activities	(20,125)
Cash Flows From Noncapital Financing Activities	
Tax Receipts Collected by Other Governmental Agency	149,322
Rental Income	8,338
Non-Contributing Employer revenue	3,535
State Revenue Sharing	<u>4,231</u>
Net Cash Provided by Noncapital Financing Activities	165,426
Cash Flows From Capital and Related Financing Activities	
Cash Payments for Purchase of Capital Assets	(10,442)
Principal Payments on Bonds	(65,223)
Interest Paid	<u>(56,915)</u>
Net Cash Used by Capital and Related Financing Activities	(132,580)
Cash Flows From Investing Activities	
Interest Income	<u>11,511</u>
Net Cash Provided by Investing Activities	<u>11,511</u>
Net Change in Cash	24,232
Cash at Beginning of Year	<u>377,008</u>
Cash at End of Year	<u><u>401,240</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating (Loss)	(192,163)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation	167,116
Amortization	376
Change in Assets and Liabilities:	
Customer Receivables	465
Prepaid Expenses	(622)
Customer Deposits	1,198
Deferred Amounts Related to Pension Liability	145,890
Net Pension Liability Gasb 68	(133,026)
Retirement Payable	(5,050)
Certificates of Deposit	607
Accounts Payable and Accrued Expenses	<u>(4,915)</u>
Net Cash Used by Operating Activities	<u><u>172,039</u></u>
Net Cash Used by Operating Activities	<u><u>(20,125)</u></u>

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

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Introduction

The Kolin-Ruby Wise Waterworks District No. 11A (the Waterworks District) was created by the Rapides Parish Police Jury, as authorized by Louisiana Revised Statute 33:3811. The Waterworks District is governed by a five-member board of commissioners who are residents of and own real estate in the Waterworks District. The board members are compensated for meetings attended. The board is appointed by the Jury and is responsible for providing water service to approximately 1,608 users within the boundaries of the Waterworks District. The Waterworks District employs five full-time employees.

Note 1 - Summary of Significant Accounting Policies

A. *Basis of Presentation*

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments. Generally accepted principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled "Audits of State and Local Government Units" and by the Financial Accounting Standards Board (FASB), when applicable. As allowed under GASB Statement No. 62, the Waterworks District has elected to follow (1) all GASB pronouncements and (2) all FASB Statements and Interpretations, APB Opinions and ARBs, no matter when issued, except those that conflict with GASB pronouncements.

B. *Financial Reporting Entity*

GASB No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Waterworks District includes all funds that are within the oversight responsibility of the Waterworks District. The Waterworks District is a component unit of the Rapides Parish Police Jury. Certain units of local government over which the Waterworks District exercises no oversight responsibility, such as the police jury, parish school board, other independently elected officials, and municipalities within the parish, are excluded from the accompanying financial statements. Under GASB Codification Section 2600, these units of government are considered separate reporting entities and issue financial statements separate from those of the Waterworks District. GASB Statement No. 61, The Reporting Entity: Omnibus, amended No. 14 and No. 34 to better meet user needs.

C. *Fund Accounting*

The Waterworks District uses a proprietary-enterprise fund to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies, (continued)

A proprietary-enterprise fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided by the Waterworks District to outside parties, the cost of which is recovered primarily through user fees.

D. Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all liabilities associated with the operation of these funds are included on the statement of net assets. The proprietary funds use the accrual basis of accounting. Operating revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

Ad valorem taxes are accounted for using the modified accrual basis of accounting, whereby, revenues are recognized when they become measurable and available as net current assets (within sixty days after year-end). Taxes paid under protest in years prior to 2004 are retained in escrow by the Rapides Parish tax collector and are not recorded as income until released to the Waterworks District after completion of favorable litigation. Now, all of the protested taxes are distributed to the respective tax districts. When the lawsuit is settled, the district may have to issue a refund which is determined by the court. In 2018 there were no taxes refunded for protested taxes.

E. Cash

Cash includes amounts in demand deposits, bank money market accounts and certificates of deposit.

F. Fixed Assets

All fixed assets and infrastructure assets are stated at historical cost. Depreciation of all exhaustible assets is charged as an expense against operations. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

G. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance for doubtful accounts.

H. Contributed Capital

Grant funds received from federal and state agencies restricted for use in financing capital improvements are not reflected as revenues. They are recorded in fund equity as contributed capital. This policy changed with the enactment of GASB 63, which calls for Capital Contributions to be shown on the "Statement of Revenues, Expenses and Changes in Fund Position" as a separate line item. The change is effective after December 31, 2011.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies, (continued)

I. Budget

A budget has been adopted for the USDA Rural Development Service, however, budgets for proprietary funds are not required by Louisiana law.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Deferred Charges

The cost of issuing revenue bonds in 2010 was deferred and is being amortized and charged to expense over the life of the bonds.

L. Accrued Unbilled Revenue

During the year, customer water meters are read and bills rendered throughout monthly periods. Because there are approximately ten days of unbilled water usage at the end of each month, revenue for water distributed but not yet billed is accrued at fiscal year end to match revenues with related expenses.

Note 2 - Cash and Certificates of Deposit

Under state law, the Waterworks District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Waterworks District may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2018, the Waterworks District had cash (in checking accounts) and certificates of deposit as follows:

Demand Deposits (includes \$174,501 of restricted assets)	\$401,140
Petty Cash	100
Certificates of Deposit (greater than 90 days maturity)	<u>1,020,711</u>
Total	<u>\$1,421,951</u>

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 2 - Cash and Certificates of Deposit, (continued)

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The Waterworks District does not have a deposit policy for custodial credit risk. The market value of the pledged securities plus the federal deposit insurance must equal the amount on deposit with the fiscal agent. Cash and C.D.'s at December 31, 2018 are as follows:

Bank Balances	<u>\$1,421,851</u>
Federal Deposit Insurance	750,000
Pledged Securities(uncollateralized)	1,158,155
Total Insurance and Pledged Securities	<u>\$1,908,155</u>

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 40, 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 Waterworks District that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - Receivables

The following is a summary of receivables at December 31, 2018:

Water Sales:		
Billed Services	\$56,176	
Unbilled Services	<u>15,186</u>	71,362
Less: Allowance for Doubtful Accounts		<u>(2,535)</u>
		68,827
Ad Valorem Taxes		<u>131,057</u>
Total		<u>\$199,884</u>

Note 4 - Restricted Assets

Certain proprietary - enterprise fund resources are classified as restricted assets on the statement of net position because their use is restricted by applicable bond covenants or for other legal purposes. The "Revenue Bond Sinking Fund" account is used to accumulate monies to be used for debt service payments within the next twelve months. The "Depreciation and Contingency Fund" account is used to provide for extensions, additions, improvements, renewals and replacements necessary to properly operate the Waterworks District. The "Revenue Bond Reserve Fund" is used to report resources set aside to make up potential future deficiencies in the Revenue Bond Sinking Fund Account. Customers' deposits are not associated with the revenue bond indenture. However, these are required deposits from customers to insure against nonpayment of billings or property damage.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 4 - Restricted Assets, (continued)

Amounts included in the above listed accounts are as follows:

Revenue Bond Sinking Fund	\$4,695
Revenue Bond Reserve Fund	119,323
Depreciation and Contingency Fund	50,483
Customers' Deposits	51,679
	<u>\$226,180</u>

The balance of all three accounts associated with the revenue bonds were in compliance with the bond indenture.

Note 5 - Fixed Assets

A summary of changes in fixed assets for the year ended December 31, 2018 follows:

	Balance January 1, 2018	Additions	Disposals	Balance December 31, 2018
Land	\$16,359	-0-	-0-	\$16,359
Water System and Equipment	5,819,889	10,442	-0-	5,830,331
Software	83,604	-0-	-0-	83,604
Vehicles	98,477	-0-	-0-	98,477
Total	6,018,329	10,442	-0-	6,028,771
Less Accumulated Depreciation	(2,669,492)	(167,116)	-0-	(2,836,608)
Net Fixed Assets	<u>\$3,348,837</u>	<u>(156,674)</u>	-0-	<u>\$3,192,163</u>

Depreciation Expense for the year ended December 31, 2018 was \$167,116.

Note 6 - Long-Term Debt

In 2005 the Waterworks District issued \$742,000 in water revenue bonds and \$850,000 in general obligation bonds (Series 2005) secured by revenues to be derived from the operation of the water system. The registered bonds were delivered to the United States Department of Agriculture, Rural Development Office. The bonds were issued to finance water system improvements. The bonds carry interest rates of 4.25% and mature in February, 2045 and May, 2030, respectively. The revenue bond is payable semiannually for principal and interest of \$19,567 and the general obligation bond is payable annually for principal and interest of \$57,188.

Kolin-Ruby Wise Waterworks District No. 11A
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Notes to Financial Statements

Note 6 - Long-Term Debt, (continued)

In 2010 the Waterworks District issued a \$550,000 water revenue bond of which \$385,000 is bonds payable (Series 2010) secured by revenues to be derived from the operation of the water system and \$165,000 is ARRA principal forgiveness. The registered bonds were issued by the Department of Health and Hospitals, State of Louisiana. The bonds were issued to finance water system improvements. The bond carries an interest rate of 2.95% and matures in February, 2030. The revenue bond is payable semiannually for principal and interest of approximately \$28,000.

The following is a summary of debt transactions for the year ended December 31, 2018:

	Gen. Obl. Bond 2005	Revenue Bond 2005	Revenue Bond 2010B	Total
Beg. Balance	\$562,135	\$596,472	\$274,000	\$1,432,608
Additions	-0-	-0-	-0-	-0-
Reductions	(33,297)	(13,926)	(18,000)	(65,223)
Ending Balance	<u>\$528,838</u>	<u>\$582,546</u>	<u>\$256,000</u>	<u>\$1,367,385</u>

The future annual requirements to amortize long-term debt are as follows:

Year End	Principal	Interest	Total
2019-2023	353,655	258,016	611,672
2024-2028	410,263	196,712	606,975
2029-2033	269,580	89,877	359,457
2034-2038	132,991	62,674	195,665
2039-2043	164,114	31,551	195,665
2044-2045	36,781	2,349	39,130
Total	<u>\$1,367,383</u>	<u>\$641,179</u>	<u>\$2,008,562</u>

All sinking fund requirements have been funded in advance(see note 4).

Note 7 - Liabilities Payable From Restricted Assets

The amounts payable from restricted assets, referred to in Note 4, are as follows:

Customer Deposits	\$86,256
Revenue Bonds Payable (Series 2005) - Current Portion	12,990
Revenue Bonds Payable (Series 2010) - Current Portion	19,000
Accrued Interest on Revenue Bonds	12,834
	<u>\$131,080</u>

Note 8 – Retirement Plan

Plan Description

Parochial Employees' Retirement System of Louisiana (the System) is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute (LRS). Substantially all employees of the Waterworks District participate in Plan A of the System.

Benefits Provided

Employees hired prior to January 1, 2007 who retire at or after age 65 with a minimum of seven (7) years of service, at or after age 60 with 10 years of service, at or after age 55 with 25 years of service, or with 30 years of service regardless of age are entitled to a retirement benefit.

Employees who were hired after January 1, 2007 who retire at age 67 with 7 years of experience, age 62 with 10 years of experience or age 55 with 30 years of experience are entitled to a retirement benefit.

Generally, the monthly amount of the retirement allowance shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

1. Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married no less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

2. Deferred Retirement Option Program (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of the Plan must agree that the benefits payable to the participant are not the obligations of the state or PERS, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

3. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and are not eligible for normal retirement and have been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the years ended December 31, 2018 and 2017, the actuarially determined contribution rates were 9.99% and 9.35%, respectively, of member's compensation for Plan A. However, the actual

rates for years ended December 31, 2018 and 2017 were 11.50% and 12.50%, respectively. Contributions to the pension plan from the Waterworks District were \$27,597 for the year ended December 31, 2018.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the Employer reported an asset of \$35,298 for its proportionate share of the Net Pension Asset. The Net Pension Asset was measured as of December 31, 2017 and the total pension asset used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date. The Waterworks District's proportion of the Net Pension Asset was based on a projection of the Waterworks District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Waterworks District's proportion was 0.047555%, which was an increase of 0.044679% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Waterworks District recognized pension expense of \$44,114 plus the Waterworks District's amortization of the difference between employer contributions and proportionate share of contributions of (\$118).

At December 31, 2018, the Waterworks District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 22,849
Changes in assumptions	44,551	-
Net difference between projected and actual earnings on pension plan	-	81,548
Changes in proportion and differences between employer contributions and proportionate share of contributions	114	455
Employer contributions subsequent to the measurement date	27,597	-
Total	<u>\$ 72,262</u>	<u>\$ 104,852</u>

\$27,597 reported as deferred outflows of resources related to pensions resulting from Waterworks District contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31:

2019	\$ 4,970
2020	\$ (5,383)
2021	\$ (27,452)
2022	\$ (32,322)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension asset as of December 31, 2017, the valuation date, are as follows:

Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years
Investment rate of return	6.75%, net of investment expenses

Projected salary increases	5.25% (2.75% Merit/2.50% Inflation)
Cost-of-living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present value do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

The discount rate used to measure the total pension asset was 6.75% for Plan A. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from participating employers and non-employer contributing entities will be made at actuarially determined contribution rates and, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real Assets	2%	0.12%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Sex Distinct Tables (set forward 2 years for males and 1 year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

Sensitivity of the Employer's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the Employer's proportionate share of the Net Pension Asset using the discount rate of 6.75%, as well as what the Employer's proportionate share of the Net Pension Asset would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	Current Discount		
	1.0% Decrease (5.75%)	Rate (6.75%)	1.0% Increase (7.75%)
Employer's proportionate share of the net pension liability	\$ 174,030	\$ (35,298)	\$ (221,690)

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Waterworks District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2018, the Waterworks District recognized revenue as a result of support received from non-employer contributing entities of \$3,535 for its participation in PERS.

Payables to the Pension Plan

At December 31, 2018, the Waterworks District had \$5,294 and \$4,374 payable to the pension plan for employer and member contributions, respectively. The payable is based on the legally required contributions by the Waterworks District and members and is derived from the quarterly payroll periods ended December 31, 2018.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 9 - Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Waterworks District in September or October and are billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

For the year ended December 31, 2018, taxes of 4.53 and 3.50 mills were levied on property with taxable valuations totaling \$18,335,988 and were dedicated respectively to general maintenance and bond issuance payments of the water system.

Note 10 - Vacation and Sick Leave

Employees of the Waterworks District, depending on their length of service, earn from one to twenty five days of vacation leave each year, and all employees are granted twelve days of sick leave annually. At December 31, 2018, there were no material accumulated and vested benefits relating to vacation and sick leave that should be accrued or disclosed to conform with generally accepted accounting principles.

Note 11 - Risk Management

The Waterworks District is exposed to various risks of loss. It is the policy of the Waterworks District to purchase commercial insurance for the risks of loss to which it would be exposed. In the past year, there have been no claims or settlements in excess of insurable limits.

Note 12 - Concentrations of Credit Risk

Credit risk for accounts receivable from water sales is concentrated because substantially all of the balances are receivable from customers located within the same geographic region. Future water sales are dependent on the economic and weather conditions in the area serviced by the Waterworks District.

Note 13 - Leases

 Lessor - Operating Lease

The Waterworks District has a lease agreement with AT&T to lease a water tower as a site for their communication antennas. The lease is for \$750.75 per month and is open ended.

Rental income from the rental of the water tower to AT&T amounted to \$8,338 for the year. Future minimum rentals related to this lease are as follows:

Year ended December 31:	2019	\$9,009
	2020	9,009
	2021	9,009
	2022	9,009
	2023	9,009
	Total	\$45,045

Kolin-Ruby Wise Waterworks District No. 11A
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 Notes to Financial Statements

Note 13 - Leases, (continued)

Lessee - Operating Lease

There is also a lease with Automation Service & Controls, Inc. for \$625 for monthly service and equipment for the Telemetry and Scada System.

Lease expense from the lease of the Telemetry and Scada equipment amounted to \$7,500 for the year.

Future minimum lease payments related to this lease are as follows:

Year ended December 31:	2019	\$7,500
	2020	7,500
	2021	7,500
	2022	7,500
	2023	7,500
	Total	\$37,500

Note 14 - Schedule of Commissioners

Name	Office Held	Term	Meetings Attended	Per Diem
Jim Atkins 2703 Hills Road Pineville, LA 71360 (318)640-3900	President	11/08/2020	14	\$2,240
Les West 5637 Pinekraft Drive Pineville, LA 71360 (318)443-0753	Vice President	07/13/2020	12	\$1,920
David Bates 548 Palmer Chapel Road Pineville, LA 71360 (318)442-0079	Secretary	07/08/2020	14	\$2,240
Manuel Henry 5630 Pinekraft Drive Pineville, LA 71361 (318)308-9033	Commissioner	07/02/2022	14	\$2,240
Kenny Wilson 1450 Palmer Chapel Rd. Pineville, LA 71360 (318)445-5612	Commissioner	07/13/2023	14	\$2,240
Total				\$10,880

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 15 - Evaluation of Subsequent Events

The Waterworks District has evaluated subsequent events through June 27, 2019, the date which the financial statements were available to be issued.

Note 16 - Schedule of Compensation, Benefits and Other Payments to Agency Head

Agency Head - Gary Boone(Jan-May)		Agency Head - Carl Willis(June-Dec)
Salary, net of health insurance	\$65,075	\$32,760
Health Insurance Premiums	\$22,896	\$6,511
Retirement	\$5,240	\$4,516

Note 17 - Accounts Receivable

Current	\$36,857
Over 30 days	19,319
Total	\$56,176

Note 18 - Water Rate Schedule
Effective January 1, 2014

<u>Residential</u>	
0-1,000 gallons	\$16.00
\$2.85 for each additional thousand.	
 <u>Commercial</u>	
0-10,000 gallons	\$43.00
\$2.85 for each additional thousand.	
 <u>Wholesale</u>	
per thousand gallons	\$1.35
 <u>LT Commercial</u>	
0-1,000 gallons	\$16.00
\$2.85 for each additional thousand.	

There are 1,584 residential and 24 commercial users on the system.

Kolin-Ruby Wise Waterworks District No. 11A
 (A Component Unit of the Rapides Parish Police Jury)
 Notes to Financial Statements

Note 19 - Insurance

Expiration	Coverage	Amount
12/18/2019	General Liability	
	General Aggregate	\$3,000,000
	Products/Compl. Oper. Aggr.	\$3,000,000
	Personal & Advertising Injury	\$1,000,000
	Each Occurrence	\$1,000,000
	Damage to Rented Premises	\$1,000,000
	Medical Expense(Any One Person)	\$10,000
12/18/2019	Crime	
	Employee Theft	\$100,000
	Forgery or Altercation	\$100,000
	Theft of Money or Securities	\$100,000
	Computer Fraud	\$100,000
12/18/2019	Business Auto	
	Liability-CSL	\$1,000,000
	Uninsured Motorists-CSL	\$1,000,000
12/18/2019	Public Employee Dishonesty	\$100,000
12/18/2019	Public Officials	
	Aggregate Limit	\$3,000,000
	Each Wrongful Act	\$1,000,000
12/18/2019	Property	
	Real Property & Business Personal	
	Property Blanket Limit	\$2,568,000
	Coverage Extension Blanket	
	Limit	\$750,000
12/21/2019	Workers Compensation	
	Bodily Injury:	
	Each Accident	\$100,000
	Disease-Policy Limit	\$500,000
	Disease-Each Employee	\$100,000

Insurance is provided by Louisiana Insurance, LLC.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Schedule of Findings and Questioned Cost
For the Year Ended December 31, 2018

Part 1 Summary of Auditor's Results

Financial Statements

Auditor's Report

An unmodified opinion has been issued on the Waterworks District's basic financial statements as of and for the year ended December 31, 2018.

Reportable Conditions

There were no significant deficiencies in internal control over financial reporting required to be disclosed during the audit of the financial statements.

Part 2 Compliance

There were no significant deficiencies in compliance over financial reporting required to be disclosed during the audit of the financial statements.

ADLER & PIAS
LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of Kolin-Ruby Wise Waterworks District No. 11A
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by XYZ Entity (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation 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 this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):¹
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

- c) **Disbursements**, including processing, reviewing, and approving
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**², including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Finding: The Entity does not have any written policies concerning the above financial and administrative procedures.

Board or Finance Committee³

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

³ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.⁴ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.
N/A

Finding: The Board met monthly with a quorum. The Entity is not required to adopt an annual budget, but monthly financial statements are reviewed.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁵ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Finding: Bank reconciliations are prepared on a timely basis. No Board member has reviewed the bank reconciliations and management has not researched reconciling items that have been outstanding for more than twelve months.

Collections

⁴ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

⁵ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

4. Obtain a listing of deposit sites⁶ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations⁷ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)⁸. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

⁶ A deposit site is a physical location where a deposit is prepared and reconciled.

⁷ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

⁸ If "bank reconciliations" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Finding: The Entity uses two outside collection locations in addition to the Entity's office. Personnel at the two outside locations are not bonded, but all Entity personnel are bonded. Deposits are made twice per month from the outside locations and they are made by Entity personnel. The Entity's secretary prepares the deposits for the bank and either the secretary or the the general Manager makes the deposit. There is only one cash drawer in the office and it is shared by more than one employee. Cash collections are posted to the general ledger by an outside CPA firm. The secretary post collections to the accounts receivable subsidiary ledger. Of the seventeen daily deposits that we looked at only one did not get deposited to the bank within one business day and that one was done in two days. All deposits are supported by proper documentation.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Finding: The Entity does not use purchase orders. Payments for purchases are approved by a Board member who also signs the check. The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system. The supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority. There is not a signature stamp.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Finding: There is evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. There were some finance charges assessed, but not late fees. All charges were supported by original receipts and all were for legitimate business purposes.

Travel and Travel-Related Expense Reimbursements⁹ (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Finding: There were only two items and they were supported by an original invoice and approved by management.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law¹⁰ (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe

⁹ Non-travel reimbursements are not required to be tested under this category.

¹⁰ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

that the invoice and related payment agreed to the terms and conditions of the contract.

Finding: There are four monthly contracts, but only one written contract.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Finding: Compensation is paid to each employee in strict accordance with the terms and conditions of the employment contract or pay rate structure. Changes to pay rates are initiated and approved by the Board. All employees documented their daily attendance and leave. The Entity only has five employees. There is written documentation that supervisors approved the attendance and leave of the employees. There is written documentation that the entity maintained written leave records. There were no terminations during the year. The employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines. The Entity contracts with an outside CPA firm for these tasks.

*Ethics*¹¹

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above¹², obtain ethics documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

Finding: All personnel, including Board members, attended Ethics training online and there were no reported instances of ethics violations.

*Debt Service*¹³

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Finding: There was no new debt issued during the year. The Entity paid existing debt according to loan covenants without exception. Millage collections did not exceed debt service payments by more than 10%. There are no collection of millages on debt that has been paid off.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

¹¹ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹² If “payroll and personnel” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

¹³ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

24. Observe that the entity has posted on its premises¹⁴ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁵

Finding: There were no misappropriations of public funds or assets. The posting required by R.S. 24:523.1 has been done.

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 those C/C areas identified in the SAUPs. 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 those C/C areas identified in the SAUPs, 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 LLA as a public document.

Adler and Pias, LLC

Alexandria, Louisiana
June 27, 2019

¹⁴ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁵ This notice is available for download or print at www.lla.la.gov/hotline.

Kolin-Ruby Wise Waterworks District 11A
Schedules of Required Supplementary Information
For the Year Ended December 31, 2018

Schedule of the Employer's Proportionate Share of the Net Pension Liability **Schedule 1**

Year Ended December 31	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
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Parochial Employees' Retirement System

2017	0.04756%	\$ (35,298)	\$ 292,713	-12%	102.0%
2016	0.04745%	\$ 97,728	\$ 281,412	35%	94.1%
2015	0.04458%	\$ 117,337	\$ 255,578	46%	92.2%

*Amounts presented were determined as of the measurement date (prior calendar year).

*This schedule is intended to show information for 10 years.
 Additional years will be displayed as they become available.*

Schedule of Employer Contributions **Schedule 2**

Year Ended December 31	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered payroll	Contributions as a percentage of covered payroll
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Parochial Employees' Retirement System

2018	\$ 27,597	\$ 27,597	\$ -	\$ 239,970	11.5%
2017	\$ 36,589	\$ 36,589	\$ -	\$ 292,713	12.5%
2016	\$ 36,584	\$ 36,584	\$ -	\$ 281,412	13.0%
2015	\$ 37,059	\$ 37,059	\$ -	\$ 255,578	14.5%

*Amounts presented were determined as of the end of the fiscal year (December 31).

*This schedule is intended to show information for 10 years.
 Additional years will be displayed as they become available.*

Notes to Required Supplementary Information

Changes of Benefit Terms

There were no changes of benefit terms for the three valuation years ended December 31, 2017.

Changes of Assumptions

For the valuation year ended December 31, 2017, the investment rate of return decreased from 7.00% to 6.75%. For the valuation year ended December 31, 2015, the investment rate of return decreased from 7.25% to 7.00%, projected salary increases decreased from 5.75% to 5.25% and inflation decreased from 3.00% to 2.50%