

WARD FIVE WATERWORKS DISTRICT
#1 OF EVANGELINE PARISH
St. Landry, Louisiana

Financial Report

Year Ended December 31, 2017

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The Board of Commissioners
Ward Five Waterworks District #1 of Evangeline Parish
St. Landry, Louisiana

Management is responsible for the accompanying proprietary fund financial statements of the Ward Five Waterworks District #1 of Evangeline Parish (District), a component unit of the Evangeline Parish Police Jury, as of and for the year ended December 31, 2017, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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.

The supplementary information on page 13-14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to the Ward Five Waterworks District #1 of Evangeline Parish.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
March 29, 2018

PROPRIETARY FUND FINANCIAL STATEMENTS

WARD FIVE WATERWORKS DISTRICT #1 OF
EVANGELINE PARISH, LOUISIANA
St. Landry, Louisiana

Proprietary Fund -Enterprise Fund
Statement of Net Position
December 31, 2017

ASSETS

| | |
|--|----------------|
| Cash and interest bearing deposits | \$ 77,333 |
| Accounts receivable | 10,105 |
| Restricted assets - | |
| Revenue bond reserve account - interest-bearing deposits | 16,882 |
| Revenue bond contingency account - interest-bearing deposits | 5,648 |
| Customer deposits - interest bearing deposits | 1,390 |
| Capital assets, net | <u>718,816</u> |
| Total assets | <u>830,174</u> |

LIABILITIES

| | |
|--|----------------|
| Accounts payable | 1,108 |
| Long-term liabilities: | |
| Portion due within one year - | |
| Certificates of indebtedness | 5,062 |
| Payable from restricted assets - revenue bonds payable | 8,990 |
| Portion due after one year - | |
| Payable from restricted assets - customers' deposits | 1,288 |
| Certificates of indebtedness | 22,083 |
| Revenue bonds payable | <u>238,418</u> |
| Total liabilities | <u>276,949</u> |

NET POSITION

| | |
|----------------------------------|-------------------|
| Net investment in capital assets | 458,315 |
| Restricted for debt service | 13,540 |
| Unrestricted | <u>81,370</u> |
| Total net position | <u>\$ 553,225</u> |

See accompanying notes and accountant's report.

WARD FIVE WATERWORKS DISTRICT #1 OF
EVANGELINE PARISH, LOUISIANA
St. Landry, Louisiana

Proprietary Fund -Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2017

| | |
|--|-------------------|
| Operating revenues: | |
| Water sales | \$ 101,936 |
| Connection charges | 1,375 |
| Late charges | 4,462 |
| Other income | <u>4,726</u> |
| Total operating revenues | <u>112,499</u> |
| | |
| Operating expenses: | |
| Salaries and related expenses | 32,857 |
| Repairs and maintenance | 6,517 |
| Office supplies | 2,306 |
| Supplies | 1,016 |
| Utilities | 6,632 |
| Insurance | 6,302 |
| Depreciation expense | 42,077 |
| Rent | 1,800 |
| Licenses | 2,767 |
| Per diem | 2,350 |
| Professional fees | 3,245 |
| Miscellaneous | 4,319 |
| Taxes | 952 |
| Travel | <u>13,520</u> |
| Total operating expenses | <u>126,660</u> |
| Operating loss | <u>(14,161)</u> |
| | |
| Nonoperating revenues (expenses): | |
| Interest income | 97 |
| Interest expense | <u>(12,465)</u> |
| Total nonoperating revenues (expenses) | <u>(12,368)</u> |
| Change in net position | (26,529) |
| Net position, beginning | <u>579,754</u> |
| Net position, ending | <u>\$ 553,225</u> |

See accompanying notes and accountant's report.

WARD FIVE WATERWORKS DISTRICT #1 OF
EVANGELINE PARISH, LOUISIANA
St. Landry, Louisiana

Proprietary Fund -Enterprise Fund
Statement of Cash Flows
For the Year Ended December 31, 2017

| | |
|---|-------------------|
| Cash flows from operating activities: | |
| Receipts from customers | \$ 103,601 |
| Other receipts | 10,563 |
| Payments to supplies | (116,991) |
| Payments to employees | <u>32,857</u> |
| Net cash provided by operating activities | <u>30,030</u> |
| Cash flows from capital and related financing activities: | |
| Change in meter deposits | 150 |
| Principal paid on revenue bonds and notes | (13,488) |
| Interest paid on revenue bonds and notes | <u>(12,465)</u> |
| Net cash used by capital and related financing activities | <u>(25,803)</u> |
| Cash flows from investing activities: | |
| Interest received on interest bearing deposits | <u>97</u> |
| Net increase in cash and cash equivalents | 4,324 |
| Cash and cash equivalents, beginning | <u>96,929</u> |
| Cash and cash equivalents, ending | <u>\$ 101,253</u> |
| Reconciliation of operating loss to net cash provided by operating activities: | |
| Operating loss | \$ (14,161) |
| Adjustments to reconcile operating loss to net cash provided by operating activities - | |
| Depreciation | 42,077 |
| Decrease in accounts receivable | 1,665 |
| Increase in accounts payable | <u>449</u> |
| Net cash provided by operating activities | <u>\$ 30,030</u> |

See accompanying notes and accountant's report.

WARD FIVE WATERWORKS DISTRICT #1
OF EVANGELINE PARISH, LOUISIANA
St. Landry, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Ward Five Waterworks District #1 of Evangeline Parish (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Ward Five Waterworks District #1 of Evangeline Parish (District) was created on March 9, 1992 by the Evangeline Parish Policy Jury, as authorized by Louisiana Revised Statutes 38:1751-1802. The District is governed by a four-member board of commissioners and is authorized to construct, maintain, and improve the system of water supply within the district.

For financial reporting purposes, these component unit financial statements include all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana. Although legally separate from the Evangeline Parish Policy Jury, the Evangeline Parish Police Jury appoints the Board of Commissioners and has the ability to impose its will on the District and therefore is considered to be a component unit of the Evangeline Parish Police Jury (primary government), the financial reporting entity.

The District serves approximately 220 residential customers, 1 commercial customer, and has 2 employees.

B. Basis of Presentation

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses an enterprise fund to account for its proprietary fund operations. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

WARD FIVE WATERWORKS DISTRICT #1
OF EVANGELINE PARISH, LOUISIANA
St. Landry, Louisiana

Notes to the Financial Statement (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used.

D. Assets, Liabilities and Equity

Cash and Cash Equivalents

Cash and interest-bearing deposits include all demand deposits, savings accounts, and certificates of deposits of the District. For purposes of the statement of cash flows, “cash and cash equivalents” include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Depreciation of all exhaustible fixed assets is recorded as an expense. Depreciation has been provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset, are as follows:

| | |
|---------------------------------|-------------|
| Equipment | 5 years |
| Buildings | 20 years |
| Utility System and Improvements | 25-40 years |

WARD FIVE WATERWORKS DISTRICT #1
OF EVANGELINE PARISH, LOUISIANA
St. Landry, Louisiana

Notes to the Financial Statement (Continued)

Compensated Absences

The District has not established a formal policy relating to the vesting and accrual of vacation and sick leave. At December 31, 2017, the District has no accumulated leave benefits required to be reported in accordance with GASB statement No. 16 "Accounting for Compensated Absences".

Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

Long-term debt

All long-term debt is reported as liabilities in the statement of net position. The long-term debt consists of revenue bonds and certificates of indebtedness payable.

Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the 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. Restricted net position is reduced by liabilities related to the restricted assets.
- c. Unrestricted net position – consist of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

E. Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

WARD FIVE WATER WORKS DISTRICT #1
OF EVANGELINE PARISH, LOUISIANA

Notes to Financial Statements (Continued)

F. 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 expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the 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 District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017, the District has cash and interest-bearing deposits (book balances) totaling \$101,253 as follows:

| | | |
|------------------|--|-------------------|
| Demand deposits | | \$ 56,542 |
| Time and savings | | 44,711 |
| Total | | <u>\$ 101,253</u> |

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security 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 bank. 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. Deposit balances (bank balances) at December 31, 2017 of \$104,595 were secured in total by federal deposit insurance. The District does not have a policy for custodial credit risk.

(3) Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

| | Balance 1/1/2017 | Additions | Deletions | Balance 12/31/2017 |
|-------------------------------|---------------------|--------------------|-------------|-----------------------|
| Land | \$ 1,000 | \$ - | \$ - | \$ 1,000 |
| Water System | 1,420,701 | - | - | 1,420,701 |
| Total | 1,421,701 | - | - | 1,421,701 |
| Less accumulated depreciation | 660,809 | 42,076 | - | 702,885 |
| Net capital assets | <u>\$ 760,892</u> | <u>\$ (42,076)</u> | <u>\$ -</u> | <u>\$ 718,816</u> |

WARD FIVE WATER WORKS DISTRICT #1
OF EVANGELINE PARISH, LOUISIANA

Notes to Financial Statements (Continued)

(4) Changes in Long-Term Liabilities

The following is a summary of the long-term liability transactions for the year ended December 31, 2017:

| | Balance | | | Balance | Amount due |
|------------------------------|-------------------|-------------|------------------|-------------------|------------------|
| | 1/1/2017 | Additions | Deletions | 12/31/2017 | in one year |
| Revenue bonds | \$ 256,004 | \$ - | \$ 8,596 | \$ 247,408 | \$ 8,990 |
| Certificates of indebtedness | 32,036 | - | 4,891 | 27,145 | 5,062 |
| | <u>\$ 288,040</u> | <u>\$ -</u> | <u>\$ 13,487</u> | <u>\$ 274,553</u> | <u>\$ 14,052</u> |

The \$366,000 Revenue Bonds dated March 21, 1996 are due in monthly installments of \$1,661.64 through March 21, 2036 with interest at 4.5%.

The \$50,000 Certificates of Indebtedness, Series 2012, dated September 27, 2012, is due in annual installments of \$5,062 - \$5,809 through September 1, 2022 with interest at 3.5% secured by excess annual revenues.

The long-term debt is due as follows:

| Year Ending | Principal | Interest |
|--------------|-------------------|-------------------|
| December 31, | Payments | Payments |
| 2018 | \$ 14,052 | \$ 11,900 |
| 2019 | 14,641 | 11,310 |
| 2020 | 15,257 | 10,694 |
| 2021 | 15,899 | 10,053 |
| 2022 | 16,567 | 9,384 |
| 2023-2027 | 61,680 | 30,019 |
| 2028-2032 | 77,210 | 22,488 |
| 2033-2036 | 59,247 | 5,554 |
| | <u>\$ 274,553</u> | <u>\$ 111,402</u> |

(5) Risk Management

The District is exposed to risks of loss in the areas of general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

WARD FIVE WATER WORKS DISTRICT #1
OF EVANGELINE PARISH, LOUISIANA

Notes to Financial Statements (Continued)

(6) Board Members' Compensation

The following is a summary of per diem paid to board members during the year ending December 31, 2017:

| | | |
|------------------|--|----------------|
| Don Deville | | \$ 600 |
| Hope Rasmussen | | 600 |
| Maxie Johnson | | 600 |
| Charles Strother | | 550 |
| | | <u>\$2,350</u> |

(7) Compensation, Benefits and Other Payments to President

For the year ended December 31, 2017, President Don Deville was paid per diem in the amount of \$600.

OTHER SUPPLEMENTARY INFORMATION

WARD FIVE WATERWORKS DISTRICT #1 OF
EVANGELINE PARISH
St. Landry, Louisiana

Schedule of Number of Utility Customers, Water Rates, and Aged Receivables
December 31, 2017

The following number of customers were being served during the month of December, 2017:

| | |
|-------------|-----|
| Residential | 220 |
| Commercial | 1 |

The following water rates were in effect during the month of December, 2017:

| <u>Gallons</u> | <u>Rate</u> |
|----------------|-------------|
| 0-2000 | \$21 |

After 2000 gallons, rate is .0058 cents for every gallon.

The following is a schedule of the aged accounts receivable at December 31, 2017:

| | |
|--------------|-----------------|
| Current | \$ 6,696 |
| 30-60 days | 2,388 |
| Over 60 days | <u>1,021</u> |
| Total | <u>\$10,105</u> |

See accountant's report.

WARD FIVE WATERWORKS DISTRICT #1 OF
EVANGELINE PARISH
St. Landry, Louisiana

Schedule of Insurance in Force
December 31, 2017

| Description of Coverage | Expiration Date | Coverage Amounts |
|--|-----------------|------------------|
| Workmen's compensation - Employer's liability | 7/1/2018 | \$ 100,000 |
| Surety bonds - | | |
| Board President | 12/15/2018 | \$ 25,000 |
| Secretary/Treasurer | 12/15/2018 | 25,000 |
| Board Member | 12/15/2018 | 25,000 |
| Business protection policy - | | |
| Water tower | 6/19/2018 | \$ 208,080 |
| Well pump | 6/19/2018 | 27,050 |
| General liability | 6/19/2018 | 1,000,000 |

See accountant's report.