

**SOUTHWEST AVOYELLES WATERWORKS DISTRICT**

**Bunkie, Louisiana**

**Financial Statements**

**For the Year Ended December 31, 2017**

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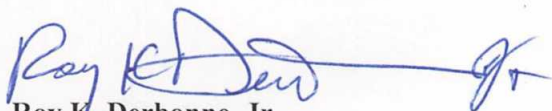
## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors  
Southwest Avoyelles Waterworks District  
Bunkie, Louisiana

Management is responsible for the accompanying financial statements of the business-type activities of Southwest Avoyelles Waterworks District, which comprise the statement of financial position as of and for the year ended December 31, 2017, 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. I 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. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive and the Schedule of Current Year Findings and Prior Year Findings are presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to my compilation engagement. I have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any form of assurances on such supplementary information.

Management has omitted Management's Discussion and Analysis 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 Government 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.



**Roy K. Derbonne, Jr.**  
Certified Public Accountant

Alexandria, Louisiana  
December 7, 2019

**FINANCIAL STATEMENTS**

SOUTHWEST AVOYELLES WATERWORKS DISTRICT

Bunkie, Louisiana

Business-Type Activities

Statement of Net Position

December 31, 2017

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 220,138
Investments	56,783
Property Taxes Receivable	34,749
Accrued Interest Receivable	10
Accounts Receivable, Water Sales	24,545
Total Current Assets	336,225
Restricted Assets	
Cash and Cash Equivalents	16,885
Capital Assets	
Nondepreciable Capital Assets	1,200
Capital Assets, Net of Accumulated Depreciation	734,137
Total Capital Assets	735,337
<b>TOTAL ASSETS</b>	<b>\$ 1,088,447</b>

LIABILITIES AND NET POSITION

Current Liabilities (Payable from Current Assets)	
Accounts Payable	\$ 12,229
Notes Payable	12,000
Contract and Retainage Payable	23,140
Accrued Interest Payable	2,864
Total Current Liabilities (Payable from Current Assets)	50,233
Current Liabilities (Payable from Restricted Assets)	
Customer Deposits	13,490
Long-Term Liabilities	
Notes Payable	206,000
Total Liabilities	269,723
Net Position	
Net Investment in Capital Assets	517,337
Restricted Net Position	16,885
Unrestricted Net Position	284,502
Total Net Position	818,724
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,088,447</b>

See Accompanying Notes and Independent Accountant's Compilation Report.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Business-Type Activities  
Statement of Revenues, Expenses and Changes in Net Position  
Year Ended December 31, 2017  
(Unaudited)

Operating Revenues	
Charges for Services - Water Sales and Fees	\$ 157,824
Operating Expenses	
Cost of Water Sold	740
Rent	3,900
Office	3,207
Telephone and Utilities	19,409
Bad Debts	1,344
Repairs and Maintenance	25,339
Professional Services	6,540
Contract Services	46,800
Director Per Diem	7,500
Insurance	2,036
Depreciation	71,294
Other Operating Costs	6,374
Total Operating Expenses	<u>194,483</u>
Operating Loss	(36,659)
Nonoperating Revenues (Expenses)	
Interest Income	467
Property Tax Revenue	32,540
Other Income	51
Interest Expense	<u>(8,850)</u>
Total Nonoperating Revenues (Expenses)	<u>24,208</u>
Net Income	(12,451)
Net Position, Beginning	<u>831,175</u>
Net Position, Ending	<u>\$ 818,724</u>

See Accompanying Notes and Independent Accountant's Compilation Report.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Business-Type Activities  
Statement of Cash Flows  
Year Ended December 31, 2017  
(Unaudited)

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 155,940
Cash Payments to Suppliers for Goods and Services	<u>(118,464)</u>
Net Cash Provided by Operating Activities	37,476
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Notes and Bonds Payable	(12,000)
Interest Paid on Notes and Bonds Payable	(6,525)
Purchase of Fixed Assets	(221,015)
Payment on Contracts and Retainages Payable	23,140
Tax Revenue Collected, Net of Fees	<u>35,196</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	(181,204)
Cash Flows from Investing Activities	
Increase in Investments	(254)
Interest Received on Investments	<u>518</u>
Net Cash Provided by Investing Activities	<u>264</u>
Net Decrease in Cash and Cash Equivalents	(143,464)
Cash and Cash Equivalents, Beginning of Year	<u>380,487</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 237,023</u></u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Revenue (Loss)	\$ (36,659)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	71,294
Changes in Assets and Liabilities:	
Decrease (Increase) in Accrued Receivable, Water Sales	(2,034)
Increase (Decrease) in Accounts Payable	4,725
Increase (Decrease) in Customer Deposits	<u>150</u>
Total adjustments	<u>74,135</u>
Net Cash Provided by Operating Activities	<u><u>\$ 37,476</u></u>

See Accompanying Notes and Independent Accountant's Compilation Report.

# SOUTHWEST AVOYELLES WATERWORKS DISTRICT

Bunkie, Louisiana

## Notes to the Financial Statements

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Nature of Activities

The Southwest Avoyelles Waterworks District is governed by a six member board of directors, appointed by the Avoyelles Parish Police Jury, who are authorized to construct, maintain, and improve the system within the District.

#### B. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District reports its' operation in a Proprietary Fund.

The District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded in accounts receivable. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the continuing operations of the fund. Principle operating revenues for proprietary funds are charges to customers for sales and services. Principal operating expenses are the cost of providing goods and services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

Purchases of operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year, unless material.

#### C. Reporting Entity

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 Avoyelles Parish Police Jury, the Avoyelles Parish Police Jury appoints the Board of Directors and has the ability to impose its will on the District, and therefore, the District is considered a component unit of the Avoyelles Parish Police Jury, (Primary Government), the financial reporting entity.



SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

C. Reporting Entity - (Continued from the previous page)

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish government, the general government services provided by the governmental unit, or other governmental units that comprise the financial entity.

D. Investments

Investments, which consist of insured money market accounts and interest-bearing demand deposit accounts, are stated at cost, which approximates market.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Depreciation is considered an estimate.

F. Capital Assets

Fixed assets are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5-8 Years
Buildings	40 Years
Storage Tanks	50 Years
Distribution System	50 Years

All fixed assets are stated at historical cost. Donated fixed assets, if any, are stated at their estimated fair value on the date donated.

The District follows the policy of capitalizing interest as a component of the cost of property, plant and equipment for its own use. For the year ended December 31, 2017 there were no interest charges capitalized on fixed assets acquired or constructed.

G. Budget Accounting

Southwest Avoyelles Waterworks District is not required to adopt a budget for its Proprietary Fund.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT

Bunkie, Louisiana

Notes to the Financial Statements

H. Statement of Cash Flows

Cash and Cash Equivalents includes all demand, savings accounts and certificate of deposits with an initial maturity of three months or less.

I. Bad Debts

The allowance method is used to recognize bad debts of accounts receivable. The allowance is determined based upon past history and the aging of accounts receivable as of year-end. The allowance for bad debts at December 31, 2017 was \$8,076.

J. Restricted Assets

Security deposits paid by customers are classified as restricted assets since they are refundable to the customer once the customer leaves the water system.

K. Compensated Absences

The District has no set policy for accumulated vacation, sick pay or other employee benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

L. Net Position

Net Position is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- b. Restricted net position - Consists of net assets 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.
- c. Unrestricted net position - All other resources that do not meet the definition of "restricted" or "net investment in capital assets".

The District has a policy that when an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT

Bunkie, Louisiana

Notes to the Financial Statements

NOTE 2. Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the law of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017, the District had cash and interest-bearing deposits (book balances) totaling \$237,023 and the bank balances were \$238,231. All the bank balances were covered by FDIC.

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 the 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 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 of funds 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. The District's deposit balances (bank balances) at December 31, 2017, were fully insured by the FDIC.

NOTE 3. Investments

The investments held by the District are comprised of time deposits with a maturity of six months and one year. The carrying amount approximates market. The book and bank balance for investments at December 31, 2017 was \$56,783 and was secured by FDIC.

NOTE 4. Accounts Receivable

The accounts receivable balance at December 31, 2017 consisted of the following:

Billed			
Current	\$	11,825	49%
Arrears		12,221	51%
Total Billed		24,046	100%
Unbilled		8,575	
Less Allowance for Doubtful Accounts		(8,076)	
	\$	24,545	

Unbilled receivables represent the estimated billings for water sales from the last date the meters were read in the year of 2017 (approximately the 15th of December) to the end of the year.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

NOTE 5. Property Tax Receivable

The property tax revenue for 2017 and the receivable balance at December 31, 2017 consisted of the following:

Taxable Assessments	\$ 4,852,537
Millage Rate	0.00670
Property Tax	<u>32,512</u>
Collections of Interest and Late Fees	28
Total Tax Revenue	<u>\$ 32,540</u>
Property Tax Receivable	<u>\$ 34,749</u>

The taxes are levied in October of each year and are payable by January 1 of the following year. The Avoyelles Parish Sheriff bills and collects the taxes. The tax rolls are prepared and certified by the Avoyelles Parish Assessor. These revenues are securing the Public Improvement Bonds payable at FHA. The 6.7 tax millage expires in the year 2027.

NOTE 6. Capital Assets

A summary of changes in capital assets is as follows:

	Beginning Balances	Additions	Disposals	Ending Balances
Nondepreciable Assets - Land	\$ 1,200	\$ -	\$ -	\$ 1,200
Depreciable Assets				
Equipment	\$ 30,908	211,631	-	242,539
Distribution System	1,318,083	42,239	-	1,360,322
Less Accumulated Depreciation	<u>(797,430)</u>	<u>(71,294)</u>	-	<u>(868,724)</u>
Net Depreciable Assets	<u>551,561</u>	<u>182,576</u>	-	<u>734,137</u>
Total Capital Assets	<u>\$ 552,761</u>	<u>\$ 182,576</u>	<u>\$ -</u>	<u>\$ 735,337</u>

Depreciation expense for 2017 was \$71,294.

NOTE 7. Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2017:

Long-Term Obligations Payable, Beginning of the Year	\$ 230,000
Additions	-
Deductions	<u>(12,000)</u>
Long-Term Obligations Payable, End of the Year	<u>\$ 218,000</u>

SOUTHWEST AVOYELLES WATERWORKS DISTRICT

Bunkie, Louisiana

Notes to the Financial Statements

NOTE 7. Changes in Long-Term Debt (Continued from Previous Page)

Notes payable (current and long-term portions) are financed with the Farmers Home Administration (FHA).

Notes payable at December 31, 2017 consist of the following individual liability:

Notes Payable - Cottonport Bank

\$173,000 of 2016 notes, bearing interest at 4.5% per annum, final maturity on December 31, 2031	\$ 161,000
\$57,000 2016 of notes, bearing interest at 4.5% per annum, final maturity on December 2027.	57,000
Total Notes Outstanding at December 31, 2017	218,000
Less Amount Due in the Next Year	(12,000)
Long-Term Portion of Notes Payable at December 31, 2017	\$ 206,000

Principal and interest payments on the Notes Payable are due on January 6th of each year.

The Notes Payable are secured by the revenue derived from operation of the system and by the annual levy of ad valorem taxes on all taxable property within the corporate limits of the Waterworks District.

The annual requirements to amortize all notes outstanding as of December 31, 2017 are as follows:

Period Ending December 31,	Principal	Interest	Total
2018	\$ 12,000	\$ 8,640	\$ 20,640
2019	13,000	8,213	21,213
2020	14,000	7,740	21,740
2021	14,000	7,245	21,245
2022	14,000	6,750	20,750
2023-2027	77,000	26,010	103,010
2028-2031	74,000	8,550	82,550
Total	\$ 218,000	\$ 73,148	\$ 291,148

NOTE 8. Retirement Commitments

All work is done by subcontractors, therefore, the District has no responsibility to provide retirement benefits.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT

Bunkie, Louisiana

Notes to the Financial Statements

NOTE 10. Board Member's Compensation

The Board of Directors compensation for the year ending December 31, 2017 is as follows:

Board Members and Compensation		Per Diem
Byrns Eves	President	\$ 1,500
Fletcher Bubenezer	Board Member	1,500
Phyllis Tubre	Board Member	1,500
Donnie Newton	Board Member	1,500
Theresa Edison	Board Member	1,500
Total Compensation		\$ 7,500

NOTE 11. Customers and Rates

The District has 353 residential and 5 commercial customers at December 31, 2017.

The District's residential rates are as follows:

Minimum charge of \$19.75 for the first 2,000 gallons of water used, with an additional charge of \$4.55 per each additional 1,000 gallons used.

The District's commercial rates are as follows:

Minimum charge of \$27.75 for the first 2,000 gallons of water used, with an additional charge of \$4.55 per each additional 1,000 gallons used.

NOTE 12. Operating Lease

The District is leasing office space on a month-to-month basis for \$325 per month. Lease expense during the year ended December 31, 2017 was \$3,900.

NOTE 13. Litigation

At December 31, 2017, there is no litigation pending against the District.

NOTE 14. Subsequent Events

Management has evaluated events through December 7, 2019, the date which the financial statements were available for issue. There were no items to be reported for subsequent events.

NOTE 15 Changes to Net Position

Prior to this year amounts received as Grants for Capital purposes was accounted for as Contributed Capital on the Statement of Net Position. Each year the Grant was amortized, with the amortized amount being included in Unrestricted Net Position. During the current year \$189,887 was transferred from Contributed Capital to Unrestricted Net Position. The net effect of the transfer on the Statement of Net Postion for the year was to eliminated Contributed Capital and increase Unrestricted Net Position by the \$189,887.

**SUPPLEMENTARY INFORMATION**

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

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

Name of Agency Head: Byrnes Eves, President

Purpose		
Salary	\$	1,500
Benefits - Insurance		-
Benefits - Retirement		-
Car Allowance		-
Vehicle Provided by Agency		-
Reimbursements		-
Travel		-
Registration Fees		-
Conference Travel		-
Unvouchered Expenses		-
Special Meals		-
Total of Compensation, Benefits and Other Payments	<u>\$</u>	<u>1,500</u>

See Accompanying Notes and Independent Accountant's Compilation Report.



SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Schedule of Current Year Finding for Year Ended December 31, 2017

Finding 2017 - Failure to Complete Financial Report within six months after close of the year.

Criteria: Louisiana RS 24:513 requires completion of the financial report be completed and filed with the Legislative Auditor's office within six months after the close of the District's fiscal year.

Condition: Not in compliance with La. RS 24:513.

Cause: Accounting records are not available within six months of District's year end.

Effect: Placing the District in non-compliance status until report is submitted.

Recommendation: The District should make sure that the accounting records are available as soon as possible after the close of the District's year end.

Management's

Response: We concur in the finding and will strive to comply with the above

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Schedule of Prior Year Findings for Year Ended December 31, 2017

Finding 2014, 2015 and 2016 - Timely Completion of the Financial Report

Louisiana Rev. Statue 24:513 requires the District to furnish the completed Financial Report to the Legislative Auditor's Office within six months after the close of the District's year end.