

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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James L. Nicholson, Jr., CPA
G. Kenneth Pavy, II, CPA
Michael A. Roy, CPA
Lisa Trouille Manuel, CPA
Dana D. Quebedeaux, CPA



JOHN S. DOWLING & COMPANY
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
www.jsdc-cpas.com

Van L. Auld, CPA

1
John S. Dowling, CPA
1904-1984
John Newton Stout, CPA
1936-2005
Chizal S. Fontenot, CPA
1955-2012

Retired

Harold Dupre, CPA
1996
Dwight Ledoux, CPA
1998
Joel Lanclos, Jr., CPA
2003
Russell J. Stelly, CPA
2005

ACCOUNTANT'S COMPILATION REPORT

The Board of Commissioners of
Water Works District No. 5
of the Parish of St Landry, Louisiana
Opelousas, Louisiana

Management is responsible for the accompanying financial statements of the business-type activities of Water Works District No. 5, a component unit of the St. Landry Parish Government, as of and for the year ended June 30, 2018, 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 contained on pages 11 through 13 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 Water Works District No. 5.

A handwritten signature in cursive script that reads "John S. Dowling & Company".
Opelousas, Louisiana
March 1, 2019

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2018

CURRENT ASSETS

American Bank	
Operating	\$ 41,037
Savings	9,783
Accounts receivable	2,403
Prepaid insurance	390
<u>Total current assets</u>	<u>53,613</u>

RESTRICTED ASSETS

American Bank	
Reserve	10,224
<u>Total restricted assets</u>	<u>10,224</u>

PROPERTY, PLANT, AND EQUIPMENT

Water system	937,504
Less: Accumulated depreciation	<u>(187,500)</u>
<u>Total property, plant, and equipment</u>	<u>750,004</u>
<u>Total assets</u>	<u>813,841</u>

LIABILITIES AND NET POSITIONCURRENT LIABILITIES

Memberships	\$ 9,643
Note payable current portion	6,961
<u>Total current liabilities</u>	<u>16,604</u>

LONG-TERM LIABILITIES

Note payable	312,964
<u>Total long-term liabilities</u>	<u>312,964</u>
<u>Total liabilities</u>	<u>329,568</u>

NET POSITION

Net investment in capital assets	430,079
Net position - restricted	10,224
Net position - unrestricted	43,970
<u>Total net position</u>	<u>484,273</u>
<u>Total liabilities and net position</u>	<u>813,841</u>

See accountant's compilation report.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

BUSINESS – TYPE ACTIVITIES
PROPRIETARY FUND

OPERATING REVENUES

Charges for Services	
Surcharge income	\$ 34,085
<u>Total operating revenues</u>	<u>34,085</u>

OPERATING EXPENSES

Water utility	
Insurance	2,685
Legal and accounting	2,000
Depreciation	37,500
Office expense	56
Meals	698
<u>Total operating expenses</u>	<u>42,939</u>

OPERATING LOSS (8,854)

NON-OPERATING REVENUES (EXPENSES)

Interest income	38
Interest expense	<u>(8,453)</u>
<u>Total non-operating revenues (expenses)</u>	<u>(8,415)</u>

CHANGE IN NET POSITION (17,269)

NET POSITION, beginning of year 501,542

NET POSITION, end of year 484,273

See accountant's compilation report.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers	\$ 34,370
Cash paid to suppliers	(5,439)
Interest earned	38
Interest paid on loan	(8,453)
Membership received	200
<u>Net cash provided by operating activities</u>	<u>20,716</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</u>	
<u>ACTIVITIES</u>	
Principal payment on loan	<u>(17,220)</u>
<u>Net cash used by capital and</u>	
<u>related financing activities</u>	<u>(17,220)</u>
 <u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	 3,496
 <u>CASH AND CASH EQUIVALENTS, beginning of year</u>	 <u>57,548</u>
 <u>CASH AND CASH EQUIVALENTS, end of year</u>	 <u>61,044</u>
 <u>RECONCILIATION OF INCOME (LOSS) TO NET CASH</u>	
<u>PROVIDED (USED) BY OPERATING ACTIVITIES</u>	
Income (loss)	\$ (17,269)
Adjustments to reconcile operating loss to net	
cash provided by operating activities:	
Depreciation expense	37,500
(Increase) decrease in accounts receivable	285
(Increase) decrease in memberships	200
 <u>Net cash provided by operating activities</u>	 <u>20,716</u>

See accountant's compilation report.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE (1) -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Water Works District No. 5 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The following is a summary of certain significant accounting policies and practices of Water Works District No. 5.

A. NATURE OF ACTIVITIES

Water Works District No. 5 was created on March 10, 2010, at a St. Landry Parish council meeting. The District is governed by a five member Board of Directors. Presently, the Board of Directors receive no compensation for their service.

Water Works District No. 5 exists to provide the residents of the District high quality drinking water. The source of the drinking water will be from the existing Town of Krotz Springs water plant. Users will be billed by the Town of Krotz Springs at a flat fee in addition to their water consumption and, in turn, the Town of Krotz Springs will remit the flat fee to the District per user every billing cycle.

B. MEASUREMENT FOCUS AND 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

On the Statement of Net Position, business-type activities are presented using the economic resources 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 and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the Statement of Net Position, business-type activities are presented using 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 asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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.

Operating income reported in 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 or services. Principle operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE (1) -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. INVESTMENTS

Investments are recorded at cost, which approximates market. Water Works District No. 5 did not have any investments as of June 30, 2018.

D. 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. Depreciation is considered an estimate.

E. CAPITAL ASSETS

Capital assets (including infrastructure assets), which constitute assets of the Proprietary Fund, are recorded at cost and depreciation is computed under the straight-line method. The service lives by type of asset are as follows:

Water system 25 years

Interest costs during construction are not capitalized.

F. BUDGET ACCOUNTING

Formal budgetary integration is not employed as a management control device for Water Works District No. 5.

G. STATEMENT OF CASH FLOWS

For purposes of reporting cash flows, all highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

H. ENCUMBRANCES

Water Works District No. 5 does not employ the encumbrance system of accounting.

I. BAD DEBTS

Water Works District No. 5 recognizes uncollectible surcharges at the time information becomes available which would indicate the uncollectibility of the receivable.

J. RETIREMENT

Water Works District No. 5 maintains no retirement system.

K. COMPENSATED ABSENCES

No accrual has been made for vacation or sick pay due there being no employees at Water Works District No. 5 as of June 30, 2018.

L. DEFICITS IN INDIVIDUAL FUNDS

Water Works District No. 5 did not have a deficit net position as of June 30, 2018.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. EQUITY CLASSIFICATIONS

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

1. Net investment in capital assets – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributed to the acquisition, construction, or improvements of those assets.
2. Restricted net position – consist 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.
3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

N. ACCOUNTS RECEIVABLE

Water Works District No. 5 collects surcharge income billed to customers on the District's water system. The Town of Krotz Springs provides the water and prepares, submits, and collects all water bills then submits surcharge income to Water Works District No. 5 monthly. Accounts receivable at June 30, 2018, was \$2,403.

NOTE (2) - CASH AND INVESTMENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

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 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.

The District does not have a policy for custodial credit risk.

At June 30, 2018, the bank balance and carrying amount of cash at American Bank was \$61,189 and \$ 61,044, respectively. At June 30, 2018, all of the bank balance was covered by the FDIC.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE (3) - PROPERTY, PLANT, AND EQUIPMENT

Capital asset activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Business-type activities:				
Water system	\$ 937,504	\$ -	\$ -	\$ 937,504
<u>Total capital assets</u>	<u>937,504</u>	<u>-</u>	<u>-</u>	<u>937,504</u>
Less: accumulated depreciation:				
Water system	(150,000)	(37,500)	-	(187,500)
<u>Total accumulated depreciation</u>	<u>(150,000)</u>	<u>(37,500)</u>	<u>-</u>	<u>(187,500)</u>
<u>Total capital assets, net</u>	<u>787,504</u>	<u>(37,500)</u>	<u>-</u>	<u>750,004</u>

Depreciation expense for the year ended June 30, 2018, was \$37,500.

NOTE (4) - LONG-TERM OBLIGATIONS

On September 12, 2011, Water Works District No. 5 was approved for a loan from the U.S. Department of Agriculture Rural Development in the amount of \$374,000 to fund the construction of the water system. The loan bears interest at 2.75% and will be repaid in monthly installments of \$1,306 over a period of 40 years.

As part of the Rural Development Loan, Water Works District No. 5 is required to establish an emergency fund for maintenance and repairs and debt repayment should the need arise. The debt service reserve requires monthly deposits equal to 10% of the monthly installments of the loan until the account accumulates one annual installment. As of June 30, 2018, the balance in the reserve account was \$10,224.

<u>Description of Debt</u>	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2018</u>
USDA Loan	\$337,145	\$ -	\$ 17,220	\$319,925
	<u>337,145</u>	<u>-</u>	<u>17,220</u>	<u>319,925</u>

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The annual requirements to amortize the note payable are as follows:

<u>Years Ended</u> <u>June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 8,711	\$ 6,961	\$15,672
2020	8,517	7,155	15,672
2021	8,318	7,354	15,672
2022	8,113	7,559	15,672
2023	7,902	7,770	15,672
2024-2028	36,142	42,218	78,360
2029-2033	29,927	48,433	78,360
2034-2038	22,796	55,564	78,360
2039-2043	14,616	63,744	78,360
2044-2048	5,232	73,167	78,399
<u>Total</u>	<u>150,274</u>	<u>319,925</u>	<u>470,199</u>

NOTE (5) - SUBSEQUENT EVENTS

Subsequent events were evaluated through March 1, 2019, which is the date the financial statements were available to be issued. As of March 1, 2019, there were no subsequent events noted.

NOTE (6) - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Water Works District No. 5 does not provide any post-employment benefits to retirees and therefore is not required to report under GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
SCHEDULE OF PRIOR AND CURRENT YEAR FINDINGS AND
MANAGEMENT'S CORRECTIVE ACTION PLAN
JUNE 30, 2018

I. PRIOR YEAR FINDINGS:

Compliance

None

Internal Control

None

II. CURRENT YEAR FINDINGS:

Compliance

2018-1 – Timely Submittal of Compilation Report

Condition: Water Works District No. 5's compilation report was not completed and transmitted to the Legislative Auditor within six months of the close of the fiscal year.

Criteria: LA-RS 24:513 requires compilations to be completed within six months of the close of the entity's fiscal year.

Cause: The completion of the compilation was delayed due to an untimely engagement approval.

Effect: The compilation report was not submitted on a timely basis to the Legislative Auditor, which did not have a material effect on the financial statements.

Recommendation: We recommend that the compilation of Water Works District No. 5 be submitted on a timely basis in the future.

Management's corrective action plan: There was miscommunication in the engaging for the compilation report. Next year we will be timely.

Contact Person: Howard Wiltz

OTHER SUPPLEMENTARY SCHEDULES

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
FOR THE YEAR ENDED JUNE 30, 2018

<u>Insurer</u>	<u>Coverage</u>	<u>Coverage Limits</u>	<u>Policy Period</u>	
			<u>From</u>	<u>To</u>
Arch	Employee dishonesty	\$ 25,000	8/22/2017	8/22/2018
	Forgery or alteration	25,000		
	Theft, disappearance and destruction	10,000		
	Computer fraud	10,000		
	Bodily injury and property damage	1,000,000		
	Personal injury	1,000,000		
	Professional liability	1,000,000		
	Wrongful acts	1,000,000		
	Employee benefits	1,000,000		
	Damage to rented premises	1,000,000		
	Medical payments	10,000		

See accountant's compilation report.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
SCHEDULE OF DIRECTOR'S AND OFFICER'S COMPENSATION
FOR THE YEAR ENDED JUNE 30, 2018

<u>Name</u>	<u>Title</u>	<u>Per Diem</u>
Howard Wiltz	President	\$0
Sabrina Ellis	Vice-President	0
Vickie Fontenot	Secretary	0
Janie Neely	Board Member	0
Burt Williams	Board Member	0
		<u>0</u>

See accountant's compilation report.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2018

Agency Head Name: Howard Wiltz

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

See accountant's compilation report.