

EAST RICHLAND WATERWORKS DISTRICT

*Component Unit Financial Statements
For the Year Ended December 31, 2017*

EAST RICHLAND WATERWORKS DISTRICT
(A Component Unit of Richland Parish Police Jury)

FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
East Richland Waterworks District
Delhi, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of East Richland Waterworks District, a component unit of the Richland Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements of the Fire District 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

To the Board of Commissioners
East Richland Waterworks District
Delhi, Louisiana

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of East Richland Waterworks District, as of December 31, 2017, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurances.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Richland Waterworks District's basic financial statements. The introductory section and the schedule of compensation, reimbursements, benefits and other payments to agency head, political subdivision head or chief executive officer is the responsibility of management and was derived directly from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the introductory section and the schedule of compensation, reimbursements, benefits and other payments to agency head, political subdivision head or chief executive officer are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 1, 2018 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

David M. Hadd, CPA (APAC)

West Monroe, Louisiana
March 1, 2018

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

**EAST RICHLAND WATERWORKS DISTRICT
A COMPONENT UNIT OF RICHLAND PARISH POLICE JURY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

Our discussion and analysis of the East Richland Waterworks District (the District) financial statements provides an overview of its activities for the year ended December 31, 2017. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, provide information about the activities of the District as a whole.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District’s net position and changes in them. The District’s net position (the difference between assets and liabilities) measure the District’s financial position. Increases or decreases in the District’s net position are an indicator of whether its financial position is improving or not.

The District as a Whole

For the years ended December 31, 2017 and 2016, net position changed as follows:

	2017	2016
Beginning net position	\$ 607,532	\$ 576,462
Increase in net position	26,049	31,070
Ending net position	\$ 633,581	\$ 607,532

The District's Funds

The following schedule presents a summary of revenues and expenses for the years ended December 31, 2017 and 2016:

Revenues	2017	Percent of Total	2016	Percent of Total
Charges for Services	\$ 482,007	99%	\$ 477,715	99%
Other Fees and Charges	-	1%	117	1%
Total Revenues	\$ 482,007		\$ 477,832	

Expenditures	2017	Percent of Total	2016	Percent of Total
Operating Expenditures	\$ 456,523	100%	\$ 447,172	100%

CAPITAL ASSET AND DEBT ADMINISTRATION

At December 31, 2016, the District had \$524,860 invested in capital assets (\$157,764 net of accumulated depreciation) including land, water lines, and office equipment.

Assets	December 31, 2016	Additions	Disposals	December 31, 2017
Land	\$ 17,500	-	-	\$ 17,500
Building Improvements	58,879	-	-	58,879
Water Lines and equipment	439,381	-	-	439,381
Office Equipment	9,100	-	-	9,100
Construction in Progress	-	-	-	-
Total at historical cost	524,860	-	-	524,860
Less: Accumulated Depreciation:	(367,096)	(13,006)	-	(380,102)
Capital assets, net	157,764			144,758

Debt

At year end, the District had no debt.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The District's revenues are derived mainly from water and connection fees. The District is not aware of any significant increases or decreases in those revenues sources or associated expenditures but in light of the current economic volatility, the District must continue to monitor its limited resources to fit the needs of the citizens of Richland Parish and be aware of other funding opportunities that may present themselves.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the funds received by it. If you have any questions about this report or need additional financial information, contact: Sean Sykes at 1032 Highway 80, Delhi, LA 71232.

COMPONENT UNIT FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH POLICE JURY
STATEMENT OF NET POSITION
DECEMBER 31, 2017

Assets

Cash and Cash Equivalents	\$	427,865
Investments		32,838
Accounts Receivable, net of allowance of \$6,116		42,060
Due From Warden Water		280
Other Receivables		1,368
Total Current Assets		504,411
Restricted Assets		
Cash - Customer deposits		34,142
Capital Assets Net of Accumulated Depreciation		127,258
Land		17,500
Total Capital Assets Net of Accumulated Depreciation		144,758
Deferred Outflows		1,483
Total Assets		684,794

Liabilities

Accounts Payable		13,662
Safe Water Tax Payable		4,279
Accrued Salaries and Payroll Tax Liabilities		2,410
Customer Deposits		30,862
Total Liabilities		51,213

Net Position

Net Investment in Capital Assets		144,758
Net Position - Unrestricted		488,823
Total Net Position	\$	633,581

The accompanying notes are an integral part of this financial statement.

EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH POLICE JURY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Operating Revenue</u>	
Charges for services	\$ 482,007
Other fees and charges	-
Total Operating Revenue	482,007
 <u>Operating Expenses</u>	
Water and Sewer Purchases	200,627
Salaries and Wages	104,231
Operator Fees	30,195
Administrative	1,652
Repairs and Maintenance	14,495
Office Supplies	4,256
Mileage Expense	14,739
Depreciation	13,006
Insurance	9,831
Professional Fees	7,500
Taxes and Licenses	10,578
Directors Fees	7,500
Utilities and Sewer	6,389
Contract Labor	28,488
Postage	2,889
Miscellaneous	147
Bad Debt Expense	-
Total Operating Expenses	456,523
<u>Operating Income</u>	25,484
 <u>Non-Operating Revenues (Expenses)</u>	
Interest Income	565
Total Non-Operating Revenues (Expenses)	565
<u>Net Change</u>	26,049
<u>Net Position - Beginning of the Year</u>	607,532
<u>Net Position - End of the Year</u>	\$ 633,581

The accompanying notes are an integral part of this financial statement.

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 480,386
Cash paid to suppliers	(333,420)
Cash paid to employees	(104,231)
Cash paid to others for services, taxes, etc.	(398)
Net Cash provided by operating activities	<u>42,337</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	<u>-</u>
Net cash used for capital financing activities	-

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on deposits	<u>565</u>
Net Cash provided by investing activities	565

NET DECREASE IN CASH	<u>42,902</u>
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CASH AT BEGINNING OF YEAR	384,963
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CASH AT END OF YEAR	<u>\$ 427,865</u>
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The accompanying notes are an integral part of this financial statement.

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$	26,049
Adjustments to reconcile operating income to net cash provided by operating activities:		
Bad debt expense		-
Depreciation		13,006
Changes in assets and liabilities:		
(Increase) Decrease in accounts receivable		(3,235)
(Increase) Decrease in other receivables		(114)
(Increase) Decrease in prepaid expenses		-
Increase (Decrease) in accounts payable and accrued expenses		5,866
Increase in customer deposits		765
		<hr/>
Total Adjustments		16,288
		<hr/>
Net Cash Provided by Operating Activities	\$	<u>42,337</u>

The accompanying notes are an integral part of this financial statement.

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

INTRODUCTION

East Richland Water Works District (the District) was created by the Richland Parish Police Jury, as authorized by Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950. The District is governed by a five-member board, appointed by the police jury. The District is responsible for maintaining and operating the water distribution system within the boundaries of the District. The District employs 5 people and an operator on a contract basis to operate the system. At December 31, 2017, the District had 747 residential customers.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the District is considered a component unit of the Richland Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The District's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board (FASB) statements and interpretations.

The District is a special purpose government engaged only in business type activities. All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities available to the District for the purpose of providing services to the public, are measured on the balance sheet. The activity statement includes all costs of providing goods and services during the period.

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, primarily the provision of water to rural areas of Richland Parish. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

B. CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

C. INVESTMENTS

Investments are limited by Louisiana R.S. 33:2955 and the District's investment policy. If the original maturities of investment exceed ninety days, they are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents.

D. ACCOUNTS RECEIVABLE

Receivables for water sales are shown net of an allowance for uncollectible accounts. The allowance is an estimate based on the amount of receivables that are past due and historical collection rates.

E. PREPAID ITEMS

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist primarily of prepaid insurance premiums.

F. RESTRICTED ASSETS

Certain assets are restricted to set aside funds for customer deposit accounts.

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

G. CAPITAL ASSETS

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$300, and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. Donated assets, including water systems donated for continued maintenance by the District, are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	15-30 years
Equipment and Furniture	3-7 years
Water System	20-40 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

H. COMPENSATED ABSENCES

The District's five part-time employees receive no vacation or sick leave each year.

I. LONG-TERM OBLIGATIONS

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. At December 31, 2017, the District had no long-term obligations.

J. NET POSITION

GASB Statement No. 34 required classification of net assets into three separate components. GASB Statement No. 63 revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required component of the residual measure and by renaming that measure at net position, rather than net assets. GASB No. 63 requires the following components of net position:

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted – The component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the assets result from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

K. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, GASB requires a government to delay the recognition of decreases in net position as expenditures or increases in net position as revenues until a further period. In these circumstances, deferred outflows of resources or deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There are no deferred inflows or deferred outflows as of December 31, 2017.

L. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk – deposits. The custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy to ensure there is no exposure to this risk is to require the financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2017.

The District has cash and cash equivalents (book balances), savings, and investments in certificates of deposit totaling \$494,845 at December 31, 2017 as follows:

Demand Deposits	\$	461,528
Petty Cash		479
Certificates of Deposit		<u>32,838</u>
<u>TOTAL</u>		<u>\$ 494,845</u>

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 on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2017, are secured as follows:

	Non-Interest <u>Bearing</u>	Time and <u>Savings</u>
Bank Balances	\$ 475,571	\$ 32,838
FDIC Insurance – Non-Interest Bearing Accounts	250,000	-
FDIC Insurance – Time & Savings Accounts	-	32,838
Pledged Collateral	<u>300,000</u>	<u>-</u>
Uninsured Amount	<u>\$ -</u>	<u>\$ -</u>

The accounts are managed by the District’s fiscal agent and consist of securities issued or guaranteed by the U.S. government. Investments are in accordance with LRS 33:2955(A)(1)(e) and are not required to be covered by the pledge of securities owned by the fiscal agent bank.

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 3 - INVESTMENTS

At December 31, 2017, the District's investment balances were in certificates of deposit. The investments are carried at cost, which approximates market value.

Note 4 - ACCOUNTS RECEIVABLE

At December 31, 2017 the District's accounts receivable consisted of the following:

Water Sales	\$ 47,013
Less: Allowance for uncollectible accounts	<u>(4,953)</u>
Net receivables	<u>\$ 42,060</u>

Note 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 and 2016 is as follows:

	December 31, 2016 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	December 31, 2017 <u>Balance</u>
Non-Depreciable Assets:				
Land	\$ 17,500	\$ -	\$ -	\$ 17,500
Depreciable Assets:				
Water Lines and Equipment	439,381	-	-	439,381
Building Improvements	58,879	-	-	58,879
Construction in Progress	-	-	-	-
Office Equipment	<u>9,100</u>	-	-	<u>9,100</u>
Totals at Historical Cost	524,860	-	-	524,860
Less Accumulated Depreciation:	<u>(367,096)</u>	<u>(13,006)</u>	-	<u>(380,102)</u>
<u>CAPITAL ASSETS, NET</u>	<u>\$ 157,764</u>	<u>\$(13,006)</u>	<u>\$ -</u>	<u>\$ 144,758</u>

Depreciation expense was \$13,006 in 2017.

Note 6 - LITIGATION AND CLAIMS

The District was not involved in any litigation at December 31, 2017, nor is it aware of any unasserted claims.

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 7 - ECONOMIC DEPENDENCE AND CREDIT CONCENTRATION

The District supplies water to residents in East Richland Parish. The District purchases all of its water supply from the Town of Delhi.

The District's customers are concentrated in East Richland Parish. The balance of receivables due from these customers is \$42,060.

Note 8 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 1, 2018, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

Note 9- RELATED PARTY

The District assesses sewer fees to Settlers Point Subdivision and remits the collections monthly to the homeowner's association.

OTHER SUPPLEMENTAL SCHEDULES

EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH POLICE JURY
SUPPLEMENTAL INFORMATION SCHEDULE
SCHEDULE OF WATER RATES
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Classification</u>	<u>Tariff</u>	<u>Rate</u>
Residential	Monthly minimum for 2,000 gallons	\$22.00
	2,000 - 4,000 gallons	22.00 + 5.50/1,000
	6,000 gallons and up	22.00 + 7.50/1,000
Two-Line Residential	Monthly minimum for 4,000 gallons	\$44.00
	4,000 - 6,000 gallons	44.00 + 5.50/1,000
	over 6,000 gallons	88.00 + 7.50/1,000
Commercial	0 - 15,000 gallons	\$98.85
	15,000 gallons and up	98.85 + 5.50/1,000
Bayou Macon Contract	Per 1,000 gallons	\$2.90
Government	Monthly minimum for 15,000 gallons	\$98.85
	15,000 gallons and up	98.85 + 5.50/1,000

EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH POLICE JURY
SUPPLEMENTAL INFORMATION SCHEDULE
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Policy Number</u>	<u>Amount of Coverage</u>	<u>Expiration</u>
General Liability	American Alternative Ins. Co.	GPPA - PF - 6053994	\$1,000,000/ 3,000,000	February 11, 2018
Fire	American Alternative Ins. Co.	GPPA - PF - 6053994	\$1,000,000	February 11, 2018
Medical Payments	American Alternative Ins. Co.	GPPA - PF - 6053994	\$10,000	February 11, 2018
Fidelity Bond	C N A Surety	161052203	\$30,000	September 19, 2018
Cyber Liability	Allied World Assurance Co.	5108-1546	\$1,000,000	February 11, 2018
Umbrella	American Alternative Ins. Co.	GPPA - PF - 6053994	\$1,000,000	February 11, 2018
Worker's Comp	StoneTrust Commercial	WCV 0087788 00	\$1,000,000	February 11, 2018

Schedule III

EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH POLICE JURY
SCHEDULE OF COMPENSATION, REIMBUREMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD,
POLITICAL SUBDIVISION HEAD, OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Name</u>	<u>Office</u>	<u>Director</u>	<u>Reimbursements,</u>
		<u>Fees</u>	<u>Benefits, Other</u>
Donald Green	Board Member	\$ 1,500	\$ -
Shane Lester	Board Member	1,500	-
Richard King	Board Member	1,500	-
Clarence McCall	Board Member	1,500	-
Mary Jo Clack	Board Member	1,500	-

COMPLIANCE REPORTING

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
East Richland Waterworks District
Delhi, Louisiana

I have audited the accompanying financial statements of the business-type activities of East Richland Waterworks District, of the parish of Richland, state of Louisiana, a component unit of Richland Parish Police Jury, as of December 31, 2017 and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District'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, detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies as item 2017-1.

To the Board of Commissioners
East Richland Waterworks District
Delhi, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Richland Waterworks District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

This report is intended for the use of management of East Richland Waterworks District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David M. Hatt, CPA (APAC)

West Monroe, Louisiana
March 1, 2018

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

To the Board of Commissioners
 East Richland Waterworks District
 Delhi, Louisiana

I have audited the financial statements of East Richland Waterworks District, a component unit of the Richland Parish Police Jury as of and for the year ended December 31, 2017, and have issued my report thereon dated March 1, 2018. I conducted my 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. My audit of the financial statements as of December 31, 2017, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ___ yes X no

Significant Deficiencies not considered to be
 Material Weaknesses X yes ___ no

Compliance

Compliance Material to Financial Statements ___ yes X no

B. Federal Awards – N/A

Material Weakness Identified ___ yes ___ no

Significant Deficiencies not considered to be
 Material Weaknesses ___ yes ___ no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified ___ Qualified ___

Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with the Uniform Guidance?
 N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster) CFDA Number(s) N/A

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a “low-risk” auditee, as defined by the Uniform Guidance? N/A

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Section I - Internal Control and Compliance Material to the Financial Statements

2017-1 Inadequate Segregation of Duties

Condition: Personnel perform functions that allow for errors or irregularity that is material to the financial statements to occur and remain undetected.

Cause: Limited number of employees

Criteria: A good system of internal control begins with adequate segregation of duties.

Effect of Condition: Errors could occur and remain undetected.

Recommendation: Management should review the need to segregate duties among employees.

Management Corrective Action Plan: Management, along with the Board, have taken an active roll in overseeing the day to day functions of the office. We feel that the cost far outweighs the benefits of hiring additional staff to help with the operations.

Section II - Financial Statement Findings

No findings were reported under this section.

Section III - Management Letter

No management letter was issued.

EAST RICHLAND WATERWORKS DISTRICT
DELHI, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

Section I - Internal Control and Compliance Material to the Financial Statements

2016-1 **Inadequate Segregation of Duties**

Status: See Reportable Condition 2017-1.

2016-2 **Inadequate Reconciliation of Customer Deposits to the General Ledger**

Condition: During the year ended December 31, 2016, the District did not reconcile the listing of customer deposits with the general ledger.

Recommendation: Management should ensure that customer deposits are reconciled monthly.

Action Taken: Management has taken the steps to ensure that the deposits are reconciled to the general ledger monthly.

2016-3 **Budget**

Condition: The District prepared a budget for the 2016 reporting year, but it was not in compliance with state budget law.

Recommendation: It was recommended that the District prepare the budget according to state guidelines.

Action Taken: The District prepared its 2017 budget in accordance with state guidelines.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter issued.