

Waterworks District No. 2 of St. Helena Parish  
Parish of St. Helena  
Greensburg, Louisiana  
Annual Financial Statements

As of and for the Years Ended December 31, 2017 and 2016  
with Supplemental Information Schedules

**ANTHONY B. BAGLIO, CPA**  
CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Accounting Corporation

**Waterworks District No. 2 of St. Helena Parish  
Greensburg, Louisiana**

**Annual Financial Statements  
As of and for the Years Ended December 31, 2017 and 2016  
With Supplemental Information Schedules**

**TABLE OF CONTENTS**

	Statement	Schedule	Page
<b>Report</b>			
Independent Auditor's Report .....			1
<b>Management's Discussion and Analysis (Required Supplemental Information):</b>			
Financial Highlights .....			5
Overview of Annual Financial Report .....			6
Financial Analysis .....			6
Condensed Statement of Net Position .....			7
Condensed Statement of Revenues, Expenses, and Changes in Net Position .....			8
Budgetary Highlights .....			9
Other Significant Trends and Account Changes .....			10
Capital Assets .....			11
Long-Term Debt .....			12
Future Economic Plans .....			13
Request for Information .....			13
<b>Financial Statements:</b>			
Statement of Net Position .....	A		15
Statement of Revenues, Expenses, and Changes in Net Position .....	B		16
Statement of Cash Flows .....	C		18
Notes to the Financial Statements .....			20
<b>Required Supplemental Information (Part II)</b>			
Schedule of Revenues, Expenses, and Changes in Net Position- Budget (GAAP) Basis and Actual .....		1	37
<b>Other Supplementary Information</b>			
Schedule of Insurance Coverages .....		2	40
Schedule of Compensation Paid Board of Commissioners .....		3	41
Schedule of Compensation, Benefits, and other Payments to Agency Head...		4	42
Schedule of Water Rates and Schedule of Water Customers .....		5	43

**Waterworks District No. 2 of St. Helena Parish  
Greensburg, Louisiana**

**Annual Financial Statements  
As of and for the Years Ended December 31, 2017 and 2016  
With Supplemental Information Schedules**

	<b>Statement</b>	<b>Schedule</b>	<b>Page</b>
<b>Report Required by Governmental auditing Standards</b>			
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 <i>Government Auditing Standards</i> .....			46
<b>Schedule of Current Year Audit Findings</b> .....			49
<b>Report Required by the Louisiana Legislative Auditor</b>			
Independent Accountant's Report on Applying Agree-Upon Procedures.....			51

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**Anthony B. Baglio, CPA**  
**A Professional Accounting Corporation**  
2011 Rue Simone  
Hammond, Louisiana 70403

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Waterworks District No. 2 of St. Helena Parish  
Greensburg, Louisiana 70441

**Report on the Financial Statements**

I have audited the accompanying financial statements of the business-type activities of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana, a component unit of the St. Helena Parish Police Jury, as of and for the years ended December 31, 2017 and 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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 from material misstatements.

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.

Waterworks District No. 2 of St. Helena Parish  
Greensburg, Louisiana 70441

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

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana as of December 31, 2017, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 - 13 and 37 and 38 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 inquires 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 my 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 assurance.

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's basic financial statements. The supplemental information schedules on pages 39-43 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Waterworks District No. 2 of St. Helena Parish  
Greensburg, Louisiana 70441

The supplementary information schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Independent Accountant's Report on Applying Statewide Agreed-Upon Procedures (pages 51 - 62) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated June 11, 2018 on my consideration of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting and Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana 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 *Government Auditing Standards* in considering Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting and compliance.

Respectfully submitted,



Anthony B. Baglio, CPA  
A Professional Accounting Corporation  
Hammond, Louisiana

June 11, 2018

**Required Supplemental Information**  
**Management's Discussion and Analysis**

## Waterworks District No. 2 of St. Helena Parish

### Management's Discussion and Analysis As of and for the Years Ended December 31, 2017 and 2016

#### **Introduction**

The Waterworks District No. 2 of St. Helena Parish (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards are more fully described in *Footnote 1 – Summary of Significant Accounting Policies – Section A “Measurement Focus and Basis of Accounting and Financial Statement Presentation”*.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements in this report.

#### **Financial Highlights**

- At December 31, 2017, total assets were \$11,333,228, and exceeded liabilities in the amount of \$5,504,290 (i.e., net position). Of the total net position, \$846,056 was unrestricted and available to support short-term operations; \$659,439 was restricted primarily for capital projects and debt service, with a balance of \$3,998,795 as the investment in capital assets.
- For the year ended December 31, 2017, user fee revenues (water sales) decreased by \$2,294 to \$882,220 as compared to \$884,514 for the fiscal year ending December 31, 2016.
- The District's operating expenses, other than depreciation expense, increased by \$63,168 to \$663,609 as compared to \$600,441 for the prior fiscal year. The increase is due primarily to repairs and maintenance and other operating expenses.
- Total bonds payable decreased \$108,636 at December 31, 2017, due to principal payments on long-term debt.

Waterworks District No. 2 of St. Helena Parish

Management's Discussion and Analysis  
As of and for the Years Ended December 31, 2017 and 2016

**Overview of the Annual Financial Report**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of Waterworks District No. 2 of St. Helena Parish's financial condition and performance.

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

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

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule and key information schedules on operation of the District.

**Financial Analysis**

The purpose of financial analysis is to help determine whether Waterworks District No. 2 of St. Helena Parish is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position, are presented below in condensed format. These statements report the net position, the difference between assets and liabilities, and the change in net position, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Waterworks District No. 2 of St. Helena Parish

Management's Discussion and Analysis  
As of and for the Years Ended December 31, 2017 and 2016

**Condensed Statements of Net Position  
2017 and 2016**

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b>Assets:</b>				
Current and Other Assets	\$ 1,845,565	\$ 1,845,350	\$ 215	0.01%
Capital Assets	<u>9,487,663</u>	<u>9,521,277</u>	<u>(33,614)</u>	-0.35%
Total Assets	<u>11,333,228</u>	<u>11,366,627</u>	<u>(33,399)</u>	-0.29%
<b>Liabilities:</b>				
Long-Term Debt Outstanding	5,488,868	5,597,504	(108,636)	-1.94%
Other Liabilities	<u>340,070</u>	<u>609,337</u>	<u>(269,267)</u>	-44.19%
Total Liabilities	<u>5,828,938</u>	<u>6,206,841</u>	<u>(377,903)</u>	-6.09%
<b>Net Position:</b>				
Investment in Capital Assets	3,998,795	3,923,773	75,022	1.91%
Restricted for Capital Projects and Debt Service	659,439	469,283	190,156	40.52%
Unrestricted	<u>846,056</u>	<u>766,730</u>	<u>79,326</u>	10.35%
Total Net Position	<u>\$ 5,504,290</u>	<u>\$ 5,159,786</u>	<u>\$ 344,504</u>	6.68%

The major component of change for "Current and Other Assets" is an increase in cash and cash equivalents, partially offset by a decrease in restricted cash and cash equivalents and an increase in receivables.

"Capital Assets" decreased for the fiscal year ending December 31, 2017. The District purchased additions that included \$9,919 in machinery and equipment for a lawn mower, security camera system for \$3,115, and vehicle equipment for \$1,587. Construction costs increased \$267,695 as detailed in *Footnote 6 – Capital Assets*. The District had no asset disposals during the fiscal year.

Total debt decreased by \$108,636 related to principal payments on long-term debt.

"Total Net Position" (total assets less total liabilities) increased by \$344,504 for the fiscal year ending December 31, 2017 as a result of the activity outlined above.

Waterworks District No. 2 of St. Helena Parish

Management's Discussion and Analysis  
As of and for the Years Ended December 31, 2017 and 2016

**Condensed Statements of Revenues, Expenses and Changes in Net Position  
2017 and 2016**

	<u>Year ended December 31, 2017</u>	<u>Year ended December 31, 2016</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Revenues:				
Operating Revenues	\$ 1,081,920	\$ 970,641	\$ 111,279	11.46%
Nonoperating Revenues	30,761	28,988	1,773	6.12%
Total Revenues	<u>1,112,681</u>	<u>999,629</u>	<u>113,052</u>	11.31%
Expenses:				
Depreciation Expense	315,930	260,356	55,574	21.35%
Other Operating Expense	663,609	600,441	63,168	10.52%
Nonoperating Expense	122,238	152,806	(30,568)	-20.00%
Total Expenses	<u>1,101,777</u>	<u>1,013,603</u>	<u>88,174</u>	8.70%
Income (Loss) Before Contributions	<u>10,904</u>	<u>(13,974)</u>	<u>24,878</u>	-178.03%
Capital Contributions	<u>333,600</u>	<u>485,700</u>	<u>(152,100)</u>	-31.32%
Changes in Net Position	344,504	471,726	(127,222)	-26.97%
Beginning Net Position	<u>5,159,786</u>	<u>4,688,060</u>	<u>471,726</u>	10.06%
Ending Net Position	<u>\$ 5,504,290</u>	<u>\$ 5,159,786</u>	<u>\$ 344,504</u>	6.68%

While the Statement of Net Position shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers to the nature and scope of these changes. The above table gives an indication of how Waterworks District No. 2 of St. Helena Parish is being conservatively managed.

Total "Operating Revenues" increased by \$111,279. "Non-Operating Revenues" increased \$1,773. Water sales revenues decreased slightly in Operating Revenues; however FEMA Grant revenue increased \$74,231 and other revenues increased \$26,520. Non-Operating Revenues increased primarily related to an increase in interest income.

"Other Operating Expenses" increased by \$63,168. The increase is due primarily to increases in repairs and maintenance of \$23,665 and other operating expenses of \$24,700.

Waterworks District No. 2 of St. Helena Parish

Management's Discussion and Analysis  
As of and for the Years Ended December 31, 2017 and 2016

**Budgetary Highlights**

Waterworks District No. 2 of St. Helena Parish adopts an annual operating budget in accordance with requirements of the United States Department of Agriculture, Rural Utilities Service. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual financial reports. A summary of the approved budget is presented below in condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 1 - Budgetary Comparison Schedule", as supplementary information, following the footnotes to the financial statements.

**Budget vs. Actual - Fiscal Year ended December 31, 2017**

	<b>Budget Year ended December 31, 2017</b>	<b>Actual Year ended December 31, 2017</b>	<b>Favorable (Unfavorable) Variance</b>
<b>Revenues:</b>			
Operating Revenues	\$ 969,775	\$ 1,081,920	\$ 112,145
Nonoperating Revenues	25,400	30,761	5,361
<b>Total Revenues</b>	<b>995,175</b>	<b>1,112,681</b>	<b>117,506</b>
<b>Expenses:</b>			
Depreciation Expense	310,000	315,930	(5,930)
Other Operating Expense	681,914	663,609	18,305
Nonoperating Expense	160,000	122,238	37,762
<b>Total Expenses</b>	<b>1,151,914</b>	<b>1,101,777</b>	<b>50,137</b>
Capital Contributions	-	333,600	333,600
<b>Change in Net Position</b>	<b>\$ (156,739)</b>	<b>\$ 344,504</b>	<b>\$ 501,243</b>

Actual revenues were 12% greater than budgeted revenue while expenses were 4% percent less of budgeted amounts for the year.

Capital contributions primarily consisted of \$333,600 for grant revenue from the USDA – Phase V North project.

Waterworks District No. 2 of St. Helena Parish

Management's Discussion and Analysis  
As of and for the Years Ended December 31, 2017 and 2016

**Other Significant Trends and Account Changes**

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the District. This is followed by an analysis of any significant account changes, not included within other sections of the Management's Discussion and Analysis.

**General Operating Data**

The District had the following number of customers:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Increase (Decrease)</u>
Customers			
Residential	2,474	2,392	82
Commercial and Dairy	70	69	1
Total Customers	<u>2,544</u>	<u>2,461</u>	<u>83</u>
Number of customers having a meter size larger than the residential size (3/4")			<u>56</u>

One key measure of the District's profitability, and the ability to generate positive cash flows, is the ability of the water system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2017 and 2016.

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 69,682	\$ 66,743	\$ 2,939
31-60 Days Past Due	19,906	15,574	4,332
61-90 Days Past Due	1,881	834	1,047
Over 90 Days Past Due	551	-	551
Subtotal	<u>92,020</u>	<u>83,151</u>	<u>8,869</u>
Allowance for Uncollectible Accounts	(2,112)	(2,112)	-
Net Accounts Receivable	<u>\$ 89,908</u>	<u>\$ 81,039</u>	<u>\$ 8,869</u>

Waterworks District No. 2 of St. Helena Parish

Management's Discussion and Analysis  
As of and for the Years Ended December 31, 2017 and 2016

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of the fiscal year ending December 31, 2017, Waterworks District No. 2 of St. Helena Parish had \$9,487,663 (net of accumulated depreciation) recorded in capital assets. This includes water systems and improvements, investments in an office building, land, vehicles and maintenance equipment used to operate the water system. The changes in capital assets are presented in the table below.

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Capital Assets				
Land	\$ 57,231	\$ 57,231	\$ -	0%
Building & Improvements	274,346	274,346	-	0%
Equipment	183,831	173,912	9,919	6%
Furniture and Fixtures	17,764	14,649	3,115	21%
Vehicles	139,377	137,790	1,587	1%
Utility System	10,571,616	10,571,616	-	0%
Construction in Progress	<u>2,891,587</u>	<u>2,623,892</u>	<u>267,695</u>	10%
Subtotal	14,135,752	13,853,436	282,316	2%
Less: Accumulated Depreciation	<u>(4,648,089)</u>	<u>(4,332,159)</u>	<u>(315,930)</u>	-7%
Net Capital Assets	<u>\$ 9,487,663</u>	<u>\$ 9,521,277</u>	<u>\$ (33,614)</u>	0%

“Capital Assets” decreased by \$33,614 for the fiscal year ending December 31, 2017. The District purchased additions that included \$9,919 in machinery and equipment for a lawn mower, security camera system for \$3,115, and vehicle equipment for \$1,587. Construction costs increased \$267,695.

During the year ending December 31, 2016, the District began the 2015 LCDBG Water System Improvement Project for a water system addition along LA Highway 38 and other local Parish roads. For the LCDBG project, the District pays engineering and planning costs, with estimated LCDBG construction costs of \$440,520 to be paid by St. Helena Parish Police Jury, based on a low-bid accepted January 24, 2017, by Police Jury. After construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance. Related to this project, the District incurred engineering costs of \$26,125 for the current fiscal year ended.

## Waterworks District No. 2 of St. Helena Parish

### Management's Discussion and Analysis As of and for the Years Ended December 31, 2017 and 2016

The most significant increases in construction in progress for the year ending December 31, 2017 included \$232,420 for costs related to the Phase V North project. At December 31, 2017, construction in progress totaled \$2,731,700 for the Phase V North project, with a maximum of \$3,700,000 to be provided for the Phase V North project. There was also an increase of \$300 in construction in progress costs related to the CWEF 2015 project. These CWEF costs were for engineering and planning costs paid directly by the District. On September 13, 2016, the St. Helena Parish Police Jury accepted a low bid of \$94,907 to complete construction for the 2015 CWEF project. After construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance. There was also an increase of \$8,850 in construction in progress costs related to the 2017 CWEF project. These CWEF costs were for engineering and planning costs paid directly by the District. On October 24, 2017, the St. Helena Parish Police Jury accepted a low bid of \$88,570 to complete construction for the 2017 CWEF project. After construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

The District had no asset disposals during the fiscal year. Depreciation expense for the fiscal year ending December 31, 2017 was \$315,930.

#### **Long-Term Obligations**

The primary source of long-term financing for Waterworks District No. 2 of St. Helena Parish is revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS) in addition to one revenue bond, which was refunded by a private lending institution as Revenue Refunding Bonds, Series 2002. Interest rates for long-term debt financed through RUS and a private lending institution at December 31, 2017, range from 2.25% to 6.375%, with initial payment terms for bonds generally at 40 years.

Bonds financed for Waterworks District No. 2 of St. Helena Parish do not generally require a specific debt to net income or net cash flow ratio, but bond restrictions do state that the District must set its water rates at a level necessary to fund debt service requirements and to pay for the normal operating expenses of the District. One measure of the operating performance of the District is the Debt to Net Position ratio. This measure, viewed over time, yields a comparison of how the District has maintained a workable ratio of total debt to net resources of the District. An increase over an extended period of time would indicate that the District is increasing debt in relation to its operating performance, and management should analyze other factors, such as overall profitability, to ensure that total debt is increased only in relation to the income that will be earned by financed expansions. As indicated, the ratio is only a measure of performance and should be reviewed over an extended period of time in combination with other factors that indicate the profitability of the District.

Waterworks District No. 2 of St. Helena Parish

Management's Discussion and Analysis  
As of and for the Years Ended December 31, 2017 and 2016

	<u>December</u> <u>31, 2017</u>	<u>December</u> <u>31, 2016</u>
Total Long-Term Debt	\$ 5,488,868	\$ 5,597,504
Long Term	5,388,481	5,488,347
Revenue Bond - Current	100,387	109,157
Capital Lease - Current	-	-
Total Net Position	\$ 5,504,290	\$ 5,159,786
Total Long-Term Debt to Net Position Ratio	1.00	1.08

#### Future Economic Plans

The Waterworks District No. 2 of St. Helena Parish's management approach is conservative, but is oriented towards meeting the long-range needs of the District. The Board actively monitors revenues and expenses and evaluates the costs of proposed expansion projects. The board's emphasis is on managing operating costs and generating the level of revenues that provides for the most efficient operation of the District. The District has taken significant steps to improve the water system, including obtaining funding of \$7,150,000 for Phase V North and Phase V South water improvements. A description of these significant events is more fully described in *Footnote 6 – Capital Assets and Footnote 8 – Long-Term Obligations*.

#### Requests for Information

The financial report is designed to provide an overview of St. Helena Waterworks District No. 2's finances and demonstrate the District's accountability. If you have questions regarding this report or need additional information, contact the District at Post Office Box 658, Greensburg, LA 70441. The phone number for the District is (985) 748-4657.

# Financial Statements

**Waterworks District No. 2 of St. Helena Parish**  
**Statement of Net Position**  
**As of December 31, 2017 and 2016**  
**(with 2016 summarized comparative information)**

	2017	2016
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 754,583	\$ 683,608
Receivables, Net :		
Accounts	89,908	81,039
Other	76,050	68,053
Inventory	48,331	41,936
Prepaid Insurance	6,515	5,774
Total Current Assets	975,387	880,410
Restricted Assets:		
Restricted Cash and Cash Equivalents	870,178	964,940
Total Restricted Assets	870,178	964,940
Property, Plant, and Equipment		
Land	57,231	57,231
Construction in Progress	2,891,587	2,623,892
Property, Plant and Equipment, Net	6,538,845	6,840,154
Total Property, Plant, and Equipment	9,487,663	9,521,277
<b>Total Assets</b>	<b>11,333,228</b>	<b>11,366,627</b>
<b>Liabilities</b>		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	36,860	31,587
Other Accrued Payables	92,471	82,093
Total Current Liabilities (Payable From Current Assets)	129,331	113,680
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	99,255	95,555
Construction Payable	6,256	257,845
Retainage Payable	83,563	106,330
Current Revenue Bonds Payable	100,387	109,157
Accrued Interest - RUS Bonds	21,665	35,927
Total Current Liabilities (Payable From Restricted Assets)	311,126	604,814
Long Term Liabilities:		
Bonds Payable	5,388,481	5,488,347
Total Long Term Liabilities	5,388,481	5,488,347
<b>Total Liabilities</b>	<b>5,828,938</b>	<b>6,206,841</b>
<b>Net Position</b>		
Investment in Capital Assets	3,998,795	3,923,773
Restricted for Capital Projects and Debt Service	659,439	469,283
Unrestricted	846,056	766,730
<b>Total Net Position</b>	<b>\$ 5,504,290</b>	<b>\$ 5,159,786</b>

The accompanying notes are an integral part of this statement.

## Statement B

**Waterworks District No. 2 of St. Helena Parish**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating Revenues</b>		
Water Sales	\$ 882,220	\$ 884,514
Service and Connection Fees	60,310	50,556
Penalties	34,684	31,616
Grants - Federal	74,231	-
Other Revenues	30,475	3,955
<b>Total Operating Revenues</b>	<u>1,081,920</u>	<u>970,641</u>
<b>Operating Expenses</b>		
Advertising	4,182	3,782
Bad Debts	5,690	4,060
Postage	8,772	8,300
Chemicals/Chlorination	15,708	13,703
Deferred Compensation	15,651	15,173
Depreciation	315,930	260,356
Director's Expense	3,540	3,150
Educational Expense	1,055	-
Fuel	658	1,422
Insurance	43,419	39,051
Meter Installations	20,442	10,564
Other	29,155	4,455
Payroll Taxes	20,524	20,164
Professional Fees:		
Accounting	13,110	12,468
Auditing	10,000	10,000
Legal Fees	-	450
Repairs and Maintenance	79,403	55,738
Salaries and Wages	272,475	269,162
Software - Maintenance Costs	1,980	1,980
Supplies - Office	7,577	4,862
Supplies - Water System	22,120	29,201
Telephone	5,985	5,725
Testing - Water	-	2,720
Travel	-	225
Utilities	59,303	64,522
Vehicle Expenses	22,860	19,564
<b>Total Operating Expenses</b>	<u>979,539</u>	<u>860,797</u>
<b>Operating Income (Loss)</b>	<u>102,381</u>	<u>109,844</u>

(Continued)

The accompanying notes are an integral part of this statement

## Statement B

**Waterworks District No. 2 of St. Helena Parish**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	17,745	8,973
Interest Expense	(122,238)	(69,235)
Bad Debt Recovery	2,717	1,989
Bond Issue Costs	-	(21,051)
Gain on Acquisition of Water Systems	-	9,600
Other Income	10,299	8,426
Other Expense	-	(62,520)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(91,477)</u>	<u>(123,818)</u>
<b>Income (Loss) Before Contributions</b>	<u>10,904</u>	<u>(13,974)</u>
<b>Contributions</b>		
Capital Contributions	<u>333,600</u>	<u>485,700</u>
<b>Change in Net Position</b>	344,504	471,726
<b>Total Net Position, Beginning</b>	<u>5,159,786</u>	<u>4,688,060</u>
<b>Total Net Position, Ending</b>	<u>\$ 5,504,290</u>	<u>\$ 5,159,786</u>

(Concluded)

The accompanying notes are an integral part of this statement

**Waterworks District No. 2 of St. Helena Parish**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Received From Customers	\$ 968,345	\$ 962,359
Received for Meter Deposit Fees	3,700	2,700
Other Receipts	96,709	(12,881)
Payments for Operations	(362,095)	(294,923)
Payments to Employees	(292,999)	(289,326)
Net Cash Provided by Operating Activities	<u>413,660</u>	<u>367,929</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Recovery of Bad Debts	2,717	1,989
Other Receipts	10,299	8,426
Net Cash Provided by Noncapital Financing Activities	<u>13,016</u>	<u>10,415</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital Contributions of Fixed Assets (Received)	333,600	485,700
(Payments for) Capital Acquisitions	(556,672)	(2,396,439)
Payments for flood losses	-	(62,520)
Principal Proceeds from (Repayments for) Long Term Debt	(108,636)	1,645,126
Debt Issue Cost (Payments)	-	(21,051)
Interest Payments for Long Term Debt	(136,500)	(57,141)
Net Cash Used by Capital and Related Financing Activities	<u>(468,208)</u>	<u>(406,325)</u>
<b>Cash Flows From Investing Activities</b>		
Receipt of Interest	17,745	8,973
Net Cash Provided (Used) by Investing Activities	<u>17,745</u>	<u>8,973</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	(23,787)	(19,008)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,648,548</u>	<u>1,667,556</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,624,761</u>	<u>\$ 1,648,548</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>		
Cash and Cash Equivalents, Unrestricted	\$ 754,583	\$ 683,608
Cash and Cash Equivalents, Restricted	870,178	964,940
Total Cash and Cash Equivalents	<u>\$ 1,624,761</u>	<u>\$ 1,648,548</u>

(Continued)

The accompanying notes are an integral part of this statement.

**Waterworks District No. 2 of St. Helena Parish**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2017 and 2016**

	<u>12/31/17</u>	<u>12/31/16</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>		
<b>by Operating Activities</b>		
Operating Income (Loss)	\$ 102,381	\$ 109,844
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation	315,930	260,356
(Increase) decrease in Accounts Receivable	(8,869)	(4,327)
(Increase) decrease in Other Receivable	(7,997)	(16,836)
(Increase) decrease in Inventory	(6,395)	5,551
(Increase) decrease in Prepaid Insurance	(741)	(160)
Increase (decrease) in Accounts Payable	5,273	2,189
Increase (decrease) in Accrued Expenses	10,378	8,612
Increase (decrease) in Customer Deposits	3,700	2,700
Net Cash Provided by Operating Activities	<u>\$ 413,660</u>	<u>\$ 367,929</u>

(Concluded)

The accompanying notes are an integral part of this statement

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

**Introduction**

Waterworks District No. 2 of St. Helena Parish was established July 1983 by an ordinance of the St. Helena Parish Police Jury, Greensburg, Louisiana. The ordinance, enacted pursuant to Louisiana Revised Statutes 33:3813, describes and defines the boundaries of the water district, and provides for a five-member governing board of commissioners appointed by the St. Helena Parish Police Jury. The District currently serves 2,544 customers as of December 31, 2017, and operates in an area extending from Livingston Parish on the southern boundary and extending northward through Ward 5, Ward 3 north of Montpelier (bounded on the south by Ward 4), north to most of Ward 2, and parts of Ward 1 and 6. Waterworks District No. 2 of St. Helena Parish was thus created and constitutes a public corporation and political subdivision of the State of Louisiana, and has all the power and privileges granted by the Constitution and statutes of this state to such subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

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 Waterworks District No. 2 of St. Helena Parish is considered a component unit of the St. Helena Parish Police Jury.

**1. Summary of Significant Accounting Policies**

**A. Measurement Focus and Basis of Accounting and Financial Statement Presentation**

The District's financial statements are prepared 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 described in the following paragraphs.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the District to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred*

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

*Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position*. As required by the Governmental Accounting Standards Board (GASB), the District implemented GASB Statement No. 63 during the year ending December 31, 2012. The District did not have any deferred outflows or deferred inflows of resources at December 31, 2017.

The District has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings of the District is more fully described in *Footnote I – Long-Term Debt Obligations*.

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 goods and services to the public, are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position includes all costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

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 nonoperating revenues and expenses.

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

**B. Cash and Cash Equivalents and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, 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.

**C. Investments**

Investments for the District are reported at fair market value. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy.

**D. Inventories**

Inventories consist of materials and supplies and are recorded as an expense when consumed. Inventories are valued at cost using the first-in, first-out method.

**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 of prepaid insurance premiums.

**F. Restricted Assets**

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customers' meter deposits are also classified as restricted assets.

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

**G. Capital Assets**

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$500, 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. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	15 - 40 Years
Equipment	5 - 10 Years
Furniture and Fixtures	5 - 10 Years
Vehicles	5 - 7 Years
Utility System	15 - 40 Years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset 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 is included as part of the capitalized value of the assets constructed.

**H. Compensated Absences**

The District has the following policy related to vacation and sick leave:

During the fiscal year ending December 31, 2010, the Board of Commissioners approved a change in policy that allows the accumulation of vacation and sick leave as wages are paid every two weeks. The previous policy allowed all regular employees to earn four hours of vacation leave and eight hours of sick leave per month. Under the new policy, 1.85 hours of vacation and 3.7 hours of sick leave are earned per two-week pay period. Effective December 21, 2015, part-time workers earn 0.93 hours of vacation and 1.85 hours of sick leave per two-week pay period. Unused vacation and sick leave is paid upon termination

In accordance with GASB-16, *Accounting for Compensated Absences*, vacation and sick leave has been accrued for unused employee leave.

**I. Long-Term Debt Obligations**

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65.

The District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, are revised. This standard was intended to compliment GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The District did not have any bond related costs in the year ending December 31, 2017.

GASB Statement 23, as amended, establishes accounting and financial reporting for current refundings and advance refundings resulting in defeasance of debt. Refundings involve the issuance of new debt whose proceeds are used to repay previously issued ("old") debt. The new debt proceeds may be used to repay the old debt immediately (a current refunding); or the new debt proceeds may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). As described in paragraphs 3 and 4 of GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, an advance refunding may result in the in-substance defeasance of the old debt provided that certain criteria are met.

For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Paragraph 187 of GASB Statement 62 establishes standards of accounting and financial reporting for debt issuance costs. Paragraph 12 of Statement 7 indicates that debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses). Debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. Prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

**J. Net Position**

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* 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 inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* 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 asset results 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 Component of Net Position** - The *unrestricted* 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. Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments, if any, recorded in the current period have been reflected in prior period data presented wherever possible.

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

**L. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

**M. 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 the reported amount 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 reported period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

At December 31, 2017, the District has cash and cash equivalents (book balances) as follows:

Demand Deposits	\$ <u>1,624,761</u>
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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.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2017, the District has \$1,636,278 in demand deposits (collected bank balances) for cash and cash equivalents, in one bank. \$250,000 of the demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$1,386,278 of demand deposits are secured by pledged securities. The \$1,386,278 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

**3. Investments**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments, when held, are carried at fair market value, with the estimated fair market value based on quoted market prices.

*Interest Rate Risk:* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

The District had no investments at December 31, 2017.

**4. Receivables**

The following is a summary of receivables at December 31, 2017 and 2016:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 69,682	\$ 66,743	\$ 2,939
31-60 Days Past Due	19,906	15,574	4,332
61-90 Days Past Due	1,881	834	1,047
Over 90 Days Past Due	<u>551</u>	<u>-</u>	<u>551</u>
Subtotal	92,020	83,151	8,869
Allowance for Uncollectible Accounts	<u>(2,112)</u>	<u>(2,112)</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 89,908</u>	<u>\$ 81,039</u>	<u>\$ 8,869</u>

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. Periodically, the board reviews the aging of receivables and determines the actual amount uncollectible. Per board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of un-collectability. In 2017, the board authorized write-offs for the fiscal year of \$5,690.

“Other Receivables” totaled \$76,050 for the fiscal year ending December 31, 2017 and include primarily estimated unbilled revenues (accrued billings). Accrued billings amounts were \$76,050 and \$67,968 at December 31, 2017 and 2016 respectively.

**5. Restricted Assets**

Restricted assets were applicable to the following sources at December 31, 2017 and 2016:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Restricted Cash and Cash Equivalents		
Customer Deposits	\$ 17,717	\$ 20,277
Bond Reserve Account - Rural Utility Service (RUS)	149,518	134,374
Bond Depreciation and Contingency Account - RUS	78,906	63,169
Bond Sinking Account - RUS	248,643	236,245
Bond Short Lived Assets	93,765	61,009
Construction Accounts	223,871	400,131
Accumulated Leave Account	57,758	49,735
<b>Total Restricted Assets</b>	<b>\$ 870,178</b>	<b>\$ 964,940</b>

**6. Capital Assets**

A summary of changes in capital assets during the fiscal year ending December 31, 2017 is as follows:

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

	Beginning Balance <u>12/31/16</u>	Additions and Reclassifications	Deletions and Reclassifications	Ending Balance <u>12/31/17</u>
Capital Assets				
Land	\$ 57,231	\$ -	\$ -	\$ 57,231
Building & Improvements	274,346	-	-	274,346
Equipment	173,912	9,919	-	183,831
Furniture and Fixtures	14,649	3,115	-	17,764
Vehicles	137,790	1,587	-	139,377
Utility System	<u>10,571,616</u>	<u>-</u>	<u>-</u>	<u>10,571,616</u>
Total Capital Assets in Service	11,229,544	14,621	-	11,244,165
Less Accumulated Depreciation	<u>(4,332,159)</u>	<u>(315,930)</u>	<u>-</u>	<u>(4,648,089)</u>
Total Capital Assets being Depreciated	6,897,385	(301,309)	-	6,596,076
Construction in Progress	<u>2,623,892</u>	<u>267,695</u>	<u>-</u>	<u>2,891,587</u>
Total Capital Assets, Net	<u>\$ 9,521,277</u>	<u>\$ (33,614)</u>	<u>\$ -</u>	<u>\$ 9,487,663</u>

During the year ending December 31, 2017, the District purchased additions that included \$9,919 in machinery and equipment for a lawn mower, a security camera system for \$3,115, and vehicle equipment for \$1,587. During the year ended December 31, 2016, the District began accumulating initial costs for the 2015 LCDBG Water System Improvement Project for a water system addition along La Highway 38 and other local Parish roads, expending a total of \$82,957 in engineering and planning costs as of fiscal year end. For the LCDBG project, the District pays engineering and planning costs, with estimated LCDBG construction costs of \$440,520 to be paid by St. Helena Parish Police Jury, based on a low-bid accepted January 24, 2017, by Police Jury. After construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance. Related to this project, the District incurred engineering costs of \$26,125 for the current fiscal year ended. The most significant increases in construction in progress for the year ending December 31, 2017 included \$232,420 for costs related to the Phase V North project. At December 31, 2017, construction in progress totaled \$2,731,700 for the Phase V North project, with a maximum of \$3,700,000 to be provided for the Phase V North project. There was also an increase of \$300 in construction in progress costs related to the CWF 2015 project. These CWF costs were for engineering and planning costs paid directly by the District. On September 13, 2016, the St. Helena Parish Police Jury accepted a low bid of \$94,907 to complete construction for the 2015 CWF project. After construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance. There was also an increase of \$8,850 in construction in progress costs related to the 2017 CWF project. These CWF costs were for engineering and planning costs paid directly by the District. On October 24, 2017, the St. Helena Parish Police Jury accepted a low bid of \$88,570 to complete construction for the 2017 CWF project. After construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

Total interest expense of \$50,323 was capitalized during the fiscal year for the Phase V North project. Depreciation expense for the fiscal year ending December 31, 2017 was \$315,930.

**7. Accounts Payable and Accrued Liabilities**

Payables at December 31, 2017 and 2016 were as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Accounts Payable:</b>		
Vendors	\$ 17,360	\$ 12,662
Accrued Audit Fees	10,000	10,000
Accrued Accounting Fees	9,500	8,925
<b>Total Accounts Payable</b>	<b>\$ 36,860</b>	<b>\$ 31,587</b>
<b>Accrued Liabilities:</b>		
Accrued Vacation Leave	\$ 7,456	\$ 6,440
Accrued Sick Leave	59,841	50,636
Accrued Wages	11,361	9,962
Other Accrued Liabilities	13,813	15,055
<b>Total Accrued Liabilities</b>	<b>\$ 92,471</b>	<b>\$ 82,093</b>

The District maintains a cash account, totaling \$57,758 at December 31, 2017, to fund the related accrued leave obligation of \$67,297. The District's policy is to periodically transfer cash to fund the cash leave account in an amount equal to the accrued leave obligation.

**8. Long-Term Obligations**

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

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-Term Debt					
1987 Water Revenue Bonds	\$ 113,393	\$ -	\$ 7,287	\$ 106,106	\$ 7,104
1994 Water Revenue Bonds	248,339	-	8,724	239,615	9,364
1999 Water Revenue Bonds	156,200	-	3,946	152,254	4,137
2000 Water Revenue Bonds	219,102	-	5,397	213,705	5,644
2001 Water Revenue Bonds	38,000	-	38,000	-	-
2013 Water Revenue Bonds	2,584,470	-	36,189	2,548,281	37,427
2016 Water Revenue Bonds	2,238,000	-	9,093	2,228,907	36,711
Total Long-Term Debt	<u>\$ 5,597,504</u>	<u>\$ -</u>	<u>\$ 108,636</u>	<u>\$ 5,488,868</u>	<u>\$ 100,387</u>

Bonds payable balances as of December 31, 2017 are as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One Year</u>
Revenue Bond \$ 198,000		
Water System- RUS Bonds 91-03 sold to Rural Utility Service		
Dated 9/12/1988 due in annual installments of principal and interest of		
\$ 13,868 through 1/26/2028 interest at 6.375%	\$ 106,106	\$ 7,104
Revenue Bond \$ 360,000		
Water System- RUS Bonds 91-05 sold to Rural Utility Service		
Dated 5/26/1994 due in annual installments of principal and interest of		
\$ 21,344 through 1/26/2034 interest at 5.0%	239,615	9,364
Revenue Bond \$ 200,000		
Water System- RUS Bonds 91-07 sold to Rural Utility Service		
Dated 8/26/1999 due in monthly installments of principal and interest of		
\$ 940 through 8/26/2039 interest at 4.75%	152,254	4,137
Revenue Bond \$ 278,000		
Water System- RUS Bonds 91-09 sold to Rural Utility Service		
Dated 7/1/2000 due in monthly installments of principal and interest of		
\$ 1,262 through 7/26/2040 interest at 4.5%	213,705	5,644
Revenue Bond \$ 2,659,000		
Water Revenue Bonds Series 2013 sold to Rural Utility Service		
Dated 2/19/2014 due in monthly installments of principal and interest of	2,548,281	37,427
\$ 10,238 through 1/26/2054 interest at 3.375%		
Revenue Bond \$ 2,238,000		
Water Revenue Bonds Series 2016 sold to Rural Utility Service		
Dated 9/20/2016 due in monthly installments of principal and interest of	2,228,907	36,711
\$ 7,207 through 9/20/2056 interest at 2.25%		
	<u>\$ 5,488,868</u>	<u>\$ 100,387</u>

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

The annual requirements to amortize all debt outstanding as of December 31, 2017, including interest payments of \$3,348,680 are as follows:

Year Ending 12/31/17	1987 Water Revenue Bonds \$ 198,000	1994 Water Revenue Bonds \$ 360,000	1999 Water Revenue Bonds \$ 200,000	2000 Water Revenue Bonds \$ 278,000	2013 Water Revenue Bonds \$ 2,659,000	2016 Water Revenue Bonds \$ 2,238,000	Total
2018	\$ 13,868	\$ 21,344	\$ 11,280	\$ 15,144	\$ 122,856	\$ 86,484	270,976
2019	13,868	21,344	11,280	15,144	122,856	86,484	270,976
2020	13,868	21,344	11,280	15,144	122,856	86,484	270,976
2021	13,868	21,344	11,280	15,144	122,856	86,484	270,976
2022	13,868	21,344	11,280	15,144	122,856	86,484	270,976
2023 to 2027	55,472	106,722	56,400	75,720	614,280	432,420	1,341,014
2028 to 2032		106,722	56,400	75,720	614,280	432,420	1,285,542
2033 to 2037	-	23,123	56,400	75,720	614,280	432,420	1,201,943
2038 to 2042	-	-	18,800	37,860	614,280	432,420	1,103,360
2043 to 2047	-	-	-	-	614,280	432,420	1,046,700
2048 to 2052	-	-	-	-	614,280	432,420	1,046,700
2053 to 2057	-	-	-	-	133,094	324,315	457,409
	<u>\$ 124,812</u>	<u>\$ 343,287</u>	<u>\$ 244,400</u>	<u>\$ 340,740</u>	<u>\$ 4,433,054</u>	<u>\$ 3,351,255</u>	<u>\$ 8,837,548</u>

**9. Flow of Funds, Restrictions on Use**

Under the terms of the bond issued on September 20, 2016, related to the permanent financing of the Phase V North project, the bonds are payable as to principal and interest solely from the income and revenues derived from the operations of the water system of the District after provisions have been made for the payment of reasonable and necessary expenses of administering, operating, and maintaining of the system. Total interest expense from all water revenue bonds equaled \$122,238 for the year ending December 31, 2017. The gross water revenue recognized during the current period was \$882,220. Bond covenants related to all parity bonds, including the 2001 Water Revenue Refunding Bonds and all issues of the United States Department of Agriculture (USDA)-Rural Utility Service (RUS), and requirements for maintaining a Bond Sinking Fund, a Debt Service Reserve Fund, and a Short-Lived Assets Fund are described below.

- **Bond Sinking Fund**

- a. There shall be established a "Water System Revenue Bond and Sinking Fund" - sufficient in amount to pay the principal and interest on outstanding revenue bonds as they become due and payable. Payments are to be made from the Operating Fund (Revenue Fund) of the District, to the "Revenue Sinking Fund" by the 20th of each month, in an amount equal to 1/12 of the interest and principal falling due on the next bond payment date. Monies in the "Revenue Sinking Fund" are deposited as Trust Funds, and are exclusively pledged for the purpose of paying principal and interest on the Revenue Bonds.

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

- b. The District made all of the required deposits for the RUS Bonds and for the 2001 Water Revenue Refunding Bonds, issued in parity with the RUS Bonds, maintaining a total of \$248,643 at December 31, 2017.

**Debt Service Reserve Fund**

- c. Bond reserve deposit requirements are as modified by the RUS letter of conditions dated August 30, 2011 for the Phase V South project, and January 17, 2012 for the Phase V North Project. Permanent financing was obtained September 20, 2016 for the Phase V North project. With final USDA financing obtained, payment requirements have been established for the Bond Reserve deposit requirement, and are as stated in Section "d" following.
- d. The Letter of Conditions above for the Phase V South and Phase V North projects state that the District must establish and fund monthly a debt service reserve fund equal to 10% of the monthly payment each month over the life of the loan until you accumulate one annual installment. This reserve is required to establish an emergency fund for maintenance and repairs and debt repayment should the need arise. Prior issues of USDA debt, and the 2001 Water Revenue Refunding Bonds, required that there shall be set aside into a "Utility System Revenue Bond Reserve Fund" and into a separate "Depreciation and Contingency Fund a sum equal to five percent of the monthly bond payment after the construction project becomes revenue producing, and deposits shall continue until there is accumulated therein an amount equal to the highest succeeding annual debt service payment in any future year. Such amounts, per the Letter of Conditions above for the Phase V South and Phase V North projects, are to be deposited by the 20<sup>th</sup> of each month and may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default, and for emergency and repairs.

In order to maintain consistency with funding requirements, the District continues to deposit the total 10% requirement for the debt service fund as required for the Phase V South and Phase V North issues, but splits the amount as 5% to the "Utility System Revenue Bond Reserve Fund" and 5% to the "Depreciation and Contingency Fund." Combined payment requirements for the RUS bond issues and the 2001 Water Revenue Refunding Bonds, at 5% of loan amounts, was \$1,374 for the first eight months of 2017, decreasing to \$1,129 per month for the final four months of 2017, per USDA requirement.

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

- e. The twelve required monthly payments to the "Revenue Bond Reserve Fund" were made for the year 2017 with a balance maintained of \$149,518 at December 31, 2017, as compared to a balance of \$134,374 at December 31, 2016.
- f. The twelve required monthly payments to the "Depreciation & Contingency Fund" were made for the year 2017. The balance in the "Depreciation and Contingency Fund" at December 31, 2017 was \$78,906, as compared to \$63,169 at December 31, 2016.
- g. All the revenues received in any year and not required to be paid in such year into any of the noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

**Short-Lived Assets Fund**

- h. In addition to required deposits, as stated above, for the Phase V South and Phase V North projects, a depreciation reserve for short-lived assets is to be established with deposits of \$2,639 required per month. Deposit requirements for the short-lived assets fund began in February 2015, per USDA requirement for the Phase V South Bonds (Water Revenue Bonds, Series 2013). At December 31, 2015, this account was fully-funded with a balance of \$29,075.

**10. Restricted Net Position**

At December 31, 2017, Waterworks District No. 2 of St. Helena Parish recorded \$659,439 in Restricted Net Position, \$57,758 was for an accrued leave cash account, the remainder of \$601,681 was Restricted for other capital activity and debt service. This represents the District's funds restricted by revenue bond debt covenants, contracts with customers for meter deposits, legal obligations of the District to fund accounts, and the unspent portion of capital debt related to amounts restricted for capital projects less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

**11. Litigation and Claims**

There is no pending litigation as of December 31, 2017.

**12. Deferred Compensation Plan**

On November 12, 2009, the Board of Commissioners of the St. Helena Waterworks District No. 2 approved the participation in a deferred compensation plan and for the employer to make contributions of six percent of gross wages. The District participates in the *Louisiana Public Employees Deferred Compensation Plan*. The contribution by the employer will be re-established by the Board of Commissioners before the beginning of each fiscal year. Under the terms of the *Louisiana Public Employees Deferred Compensation Plan*, an employee may

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2017 and 2016**

contribute up to a maximum of 25 percent of adjusted gross income, not to exceed \$18,000 per calendar year. A special "catch-up" provision may be used to save up to \$15,000 per year for the three years prior to retirement.

As reported by the State of Louisiana Deferred Compensation Program, for the fiscal year ending December 31, 2017, the aggregate account balance of employees' of St. Helena Waterworks District No. 2 participating in the plan was \$314,970 for the fiscal year ending December 31, 2017, as compared to \$223,158 for the fiscal year ending December 31, 2016. Employer contributions for the fiscal year ending December 31, 2017 totaled \$15,651, as compared to \$15,173 for the fiscal year ended December 31, 2016.

**13. Other Commitments**

The District has entered into several construction contracts related to the Phase V North project. As of December 31, 2017, the District had remaining costs in three contracts. Contract for Greenbriar Digging Services had a total contract cost of \$800,556. The District has incurred \$760,528 in costs leaving a remaining \$40,028 in the contract which is retainage payable. Contract 4 for Greenbriar Digging Services had a total contract cost of \$188,060. The District has incurred \$154,679 in costs leaving a remaining \$33,381 including retainage in the contract. Contract 5 was awarded during 2017 to Greenbriar Digging Services for \$844,464; however construction did not begin until after the fiscal year end. Therefore, the full amount is remaining on the contract.

**14. Subsequent Events**

Subsequent events have been evaluated by management through June 11, 2018 the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2017.

**Required Supplemental Information  
Part II**

**Waterworks District No. 2 of St. Helena Parish**  
**Schedule of Revenues, Expenses, and Changes in Net Position-Budget (GAPP Basis) and Actual**  
**For the Year Ended December 31, 2017**

	2017 Budget	2017 Actual	Variance Favorable (Unfavorable)	2016 Actual
<b>Operating Revenues</b>				
Water Sales	\$ 874,000	\$ 882,220	\$ 8,220	\$ 884,514
Other Water Sales	500	-	(500)	-
Service and Connection Fees	60,000	60,310	310	50,556
Late Payment Penalties	33,750	34,684	934	31,616
Grants - Federal	-	74,231	74,231	-
Other	1,525	30,475	28,950	3,955
<b>Total Operating Revenues</b>	<u>969,775</u>	<u>1,081,920</u>	<u>112,145</u>	<u>970,641</u>
<b>Operating Expenses</b>				
Advertising	7,500	4,182	3,318	3,782
Bad Debts	7,500	5,690	1,810	4,060
Postage	9,000	8,772	228	8,300
Chemicals/Treatment	20,000	15,708	4,292	13,703
Deferred Compensation	16,800	15,651	1,149	15,173
Depreciation	310,000	315,930	(5,930)	260,356
Director's Expense	3,960	3,540	420	3,150
Educational Expense	1,500	1,055	445	-
Fuel	1,250	658	592	1,422
Insurance	44,000	43,419	581	39,051
Meter Installations	20,000	20,442	(442)	10,564
Other	2,504	29,155	(26,651)	4,455
Payroll Taxes	22,400	20,524	1,876	20,164
Professional Fees:				
Accounting	15,000	13,110	1,890	12,468
Auditing	10,000	10,000	-	10,000
Legal Fees	1,000	-	1,000	450
Repairs and Maintenance	85,000	79,403	5,597	55,738
Salaries and Wages	270,000	272,475	(2,475)	269,162
Software - Maintenance Costs	2,000	1,980	20	1,980
Supplies - Office	8,000	7,577	423	4,862
Supplies - Water System	37,500	22,120	15,380	29,201
Telephone	7,500	5,985	1,515	5,725
Testing - Water	1,500	-	1,500	2,720
Travel	500	-	500	225
Utilities	62,500	59,303	3,197	64,522
Vehicle Expenses	25,000	22,860	2,140	19,564
<b>Total Operating Expenses</b>	<u>991,914</u>	<u>979,539</u>	<u>12,375</u>	<u>860,797</u>
<b>Operating Income (Loss)</b>	<u>(22,139)</u>	<u>102,381</u>	<u>124,520</u>	<u>109,844</u>

(Continued)

See Independent Auditor's Report.

**Waterworks District No. 2 of St. Helena Parish**  
**Schedule of Revenues, Expenses, and Changes in Net Position-Budget (GAPP Basis) and Actual**  
**For the Year Ended December 31, 2017**

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2016 Actual</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	12,000	17,745	5,745	8,973
Interest Expense	(160,000)	(122,238)	37,762	(69,235)
Bad Debt Recovery	2,500	2,717	217	1,989
Bond Issue Costs	-	-	-	(21,051)
Gain on Acquisition of Water Systems	-	-	-	9,600
Other Income	10,900	10,299	(601)	8,426
Other Expense	-	-	-	(62,520)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(134,600)</u>	<u>(91,477)</u>	<u>43,123</u>	<u>(123,818)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(156,739)</u>	<u>10,904</u>	<u>167,643</u>	<u>(13,974)</u>
<b>Contributions and Transfers</b>				
Capital Contributions	-	333,600	333,600	485,700
<b>Change in Net Position</b>	(156,739)	344,504	501,243	471,726
<b>Total Net Position, Beginning</b>	<u>5,159,786</u>	<u>5,159,786</u>	<u>-</u>	<u>4,688,060</u>
<b>Total Net Position, Ending</b>	<u>\$ 5,003,047</u>	<u>\$ 5,504,290</u>	<u>\$ 501,243</u>	<u>\$ 5,159,786</u>

(Concluded)

See Independent Auditor's Report.

## **Other Supplemental Information**

## Schedule 2

**Waterworks District No. 2 of St. Helena Parish**  
**Schedule of Insurance**  
**For the year ended December 31, 2017**

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>	
Arch Insurance Company- Policy # GWPKG0079911	Commercial General Liability:		1/22/2017 to 1/22/2018	
	Aggregate Policy Limit	\$ 3,000,000		
	Per Occurance	1,000,000		
	Personal Injury and Advertising	1,000,000		
	Damage to Rented Property	100,000		
	Commercial Auto Liability:		1/22/2017 to 1/22/2018	
	Bodily Injury and Property Damage	1,000,000		
	Professional Liability:		1/22/2017 to 1/22/2018	
	Per Claim	1,000,000		
	Aggregate	3,000,000		
	Wrongful Acts:		1/22/2017 to 1/22/2018	
	Per Claim	1,000,000		
	Aggregate	3,000,000		
	Employment Practices Liability:		1/22/2017 to 1/22/2018	
	Per Claim	1,000,000		
	Aggregate	3,000,000		
	Crime Coverage :		1/22/2017 to 1/22/2018	
	Employee Dishonesty Coverage	235,000		
	Forgery or Alteration Coverage	100,000		
	Theft - Inside and Outside	25,000		
	Computer Fraud Coverage	50,000		
	Property/Inland Marine Coverage - per Filed Statement of Values	Scheduled		1/22/2017 to 1/22/2018
	Excess Commercial Liability:			1/22/2017 to 1/22/2018
Per Claim	1,000,000			
Aggregate	1,000,000			
Business Auto Coverage - Combined			1/22/2017 to 1/22/2018	
Single Limit Liability:	1,000,000			
Uninsured Motorists Coverage	1,000,000			
Comprehensive and Collision	Scheduled			
Coverage, as Scheduled				
Louisiana Workers' Compensation	Workmen's Compensation at statutory limits		4/17/2017 to 4/17/2018	
17223-S	Employer's Liability	1,000,000		

See Independent Auditor's Report.

**Waterworks District No. 2 of St. Helena Parish**  
**Schedule of Compensation Paid to Board of Commissioners**  
**For the year ended December 31, 2017**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Wilbert Knox, President (225) 222-4401	11491 Hwy 38 Greensburg, LA 70441	\$ 780	7/26/19
Evelyn Jones, Secretary-Treasurer (225) 222-6826	16375 Highway 441 Kentwood, LA 70444	660	7/26/22
Lea Vern Sims, Vice President (225) 222-4367	1595 Pumping Station Rd Greensburg, LA 70441	720	7/26/18
Terry Addison, Board Member (225) 278-2947	P.O. Box 52 Greensburg, LA 70441	780	7/26/20
Lee Warner, Board Member (985) 974-3101	1001 Hwy 441 Holden, LA 70744	600	7/26/21
		<u>\$ 3,540</u>	

See Independent Auditor's Report.

Schedule 4

**Waterworks District No. 2 of St. Helena Parish**  
**Schedule of Compensation, Benefits, and Other Payments to Agency Head**  
**For the year ended December 31, 2017**

<b>Agency Head Name: Wilbert Knox, President</b>	<b>Compensation</b>
<b>Purpose</b>	<b>Received</b>
Per Diem - Board Member	\$ 780

See Independent Auditor's Report..

Schedule 5

Waterworks District No. 2 of St. Helena Parish  
 Schedule of Water Rates  
 For the year ended December 31, 2017

Water	
Residential Rates	Commercial Rates
\$ 15.00 - First 2,000 Gallons	\$ 33.00 - First 8,000 Gallons
3.00 - Per 1,000 Gallons of Water over 2,000 Gallons	\$ 3.00 - Per 1,000 Gallons of Water over 10,000 Gallons

Waterworks District No. 2 of St. Helena Parish  
 Schedule of Water Customers  
 For the year ended December 31, 2017

	December 31, 2017	December 31, 2016	Increase (Decrease)
Customers			
Residential	2,474	2,392	82
Commercial and Dairy	70	69	1
Total Customers	<u>2,544</u>	<u>2,461</u>	<u>83</u>
Number of customers having a meter size larger than the residential size (3/4")			<u>56</u>

See Independent Auditor's Report.

## **OTHER INDEPENDENT AUDITOR'S REPORT**

**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***

**ANTHONY B. BAGLIO, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**  
2011 Rue Simone  
Hammond, Louisiana 70403  
(985) 542-4155 or (985) 542-4186

June 11, 2018

**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**

Board of Commissioners  
Waterworks District No. 2 of St. Helena Parish  
Greensburg, Louisiana 70441

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-typed activities of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana, a component unit of the St. Helena Parish Police Jury, as of and for the years ended December 31, 2017 and 2016 and the related notes to the financial statements, which collectively comprise Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's basic financial statements, and have issued my report thereon dated June 11, 2018.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana'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 Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control. Accordingly, I do not express an opinion on the effectiveness of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control.

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

Board of Commissioners  
Waterworks District No. 2 of St. Helena Parish  
Greensburg, Louisiana 70441

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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Waterworks District No. 2 of St. Helena Parish's, Greensburg, Louisiana's financial statements are free of 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 is 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Anthony B. Baglio, CPA  
A Professional Accounting Corporation  
Hammond, Louisiana

June 11, 2018

**SCHEDULE OF CURRENT YEAR AUDIT  
FINDINGS**

**Waterworks District No. 2 of St. Helena Parish  
Greensburg, Louisiana**

**SCHEDULE OF CURRENT YEAR AUDIT FINDINGS  
As of and for the Year Ended December 31, 2017**

**SECTION 1 – SUMMARY OF AUDITORY’S RESULTS**

I have audited the financial statements of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana as of and for the year ended December 31, 2017 and have issued my report thereon dated June 11, 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.

**Report on Internal Control and Compliance Material to the Financial Statements**

**Internal Control**

Material weaknesses identified?  Yes  No

Significant deficiencies identified not  
Considered to be material weaknesses?  Yes  No

**Compliance**

Noncompliance material to financial  
Statements noted?  Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no findings related to the financial statement for the year ended December 31, 2017.

**REQUIRED REPORT BY  
THE LOUISIANA LEGISLATIVE  
AUDITOR**

**ANTHONY B. BAGLIO, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**  
2011 Rue Simone  
Hammond, Louisiana 70403

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

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Waterworks District No. 2 of St. Helena Parish  
and the  
Louisiana Legislative Auditor  
Baton Rouge, Louisiana

I have performed the procedures enumerated below, which were agreed to by management of Waterworks District No. 2 of St. Helena Parish (Waterworks) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 – December 31, 2017. Waterworks' management is responsible for those C/C areas identified in the SAUPs.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose

The procedures and associated findings are as follows:

**PROCEDURES TO BE PERFORMED IN CONNECTION WITH  
LOUISIANA LEGISLATIVE AUDITOR STATEWIDE AGREED-UPON PROCEDURES**

**Written Policies and Procedures**

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

Board of Commissioners  
Waterworks District No. 2 of St. Helena Parish  
and the Louisiana Legislative Auditor

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

**Finding:** No finding.

Board of Commissioners  
Waterworks District No. 2 of St. Helena Parish  
and the Louisiana Legislative Auditor

**Board or Finance Committee, if applicable**

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws or other equivalent document,
  - b. Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
  - c. Obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

- Finding:**
- a. No finding.
  - b. Financial statements are done on Quickbooks and reviewed by management monthly and by an outside CPA firm and then presented to the Board quarterly.
  - c. Not applicable.

**Bank Reconciliations**

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one (1) month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Board of Commissioners  
Waterworks District No. 2 of St. Helena Parish  
and the Louisiana Legislative Auditor

- b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Finding:** a. No finding.  
b. No finding.  
c. No finding.

**Collections**

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposits sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Board of Commissioners  
Waterworks District No. 2 of St. Helena Parish  
and the Louisiana Legislative Auditor

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)<sup>i</sup>. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

- Finding:**
- 5a. No finding.
  - 5b. No finding.
  - 5c. No finding.
  - 5d. No finding.
  6. No finding.
  - 7a. Waterworks does not use sequentially pre-numbered receipts.  
When customers bring in their payment to the office, their utility bill is marked paid.
  - 7b. No finding.
  - 7c. No finding.
  - 7d. No finding.
  - 7e. No finding.

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

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

**Finding:** 9a. No finding.  
9b. No finding.  
9c. No finding.  
9d. No finding.  
  
10a. No finding.  
10b. No finding.

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

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

**Finding:** 12a. No finding.  
12b. No finding.  
13. No Finding.

**Travel and Expense Reimbursement**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Finding:** Waterworks incurred no travel expenses during the current fiscal period.

**Contracts**

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Board of Commissioners  
Waterworks District No. 2 of St. Helena Parish  
and the Louisiana Legislative Auditor

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Finding:** a. No finding.  
b. No finding.  
c. No finding.  
d. No finding.

**Payroll and Personnel**

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Board of Commissioners  
Waterworks District No. 2 of St. Helena Parish  
and the Louisiana Legislative Auditor

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Finding:** 17a. No finding.  
17b. No finding.  
17c. No finding.

18. There were no terminations during the fiscal year.
19. No finding.

**Ethics**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above<sup>ii</sup>, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**Finding:** 20a. During 2017, the employees of Waterworks did not receive any ethics training, however, it was completed in 2018.  
20b. No finding.

**Debt Service**

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Board of Commissioners  
Waterworks District No. 2 of St. Helena Parish  
and the Louisiana Legislative Auditor

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

**Finding:** No finding.

**Other**

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listings, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which they entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Finding:** 23. No misappropriations  
24. No finding.

**Corrective Action Plan:**

We will review the findings with our Board and make any necessary corrections.

Board of Commissioners  
Waterworks District No. 2 of St. Helena Parish  
and the Louisiana Legislative Auditor

I was not engaged to and did not conduct an examination or review, the object of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Anthony B. Baglio, CPA  
A Professional Account Corporation  
Hammond, Louisiana

June 11, 2018