

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, 2018 and 2017  
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, 2018 and 2017  
With Supplemental Information Schedules**

**TABLE OF CONTENTS**

	<b>Statement</b>	<b>Schedule</b>	<b>Page</b>
<b>Report</b>			
Independent Auditor’s Report .....			1
Management’s Discussion and Analysis (Required Supplemental Information):			
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, 2018 and 2017  
With Supplemental Information Schedules**

	Statement	Schedule	Page
<b>Internal Control, Compliance and Other Matters</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
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....			50
Schedule of Expenditures of Federal Awards.....			53
Notes to Schedule of Expenditures of Federal Awards.....			54
<b>Schedule of Current Year Audit Findings</b> .....			56
<b>Report Required by the Louisiana Legislative Auditor</b>			
Independent Accountant's Report on Applying Agree-Upon Procedures...			58

This Page Intentionally Left Blank



2011 Rue Simone  
Hammond, Louisiana 70403

Phone (985) 542-4155  
Fax (985) 542-4186

**Anthony B. Baglio**

**CERTIFIED PUBLIC ACCOUNTANTS**

**www.baglio-cpa.com**  
**A Professional Accounting Corporation**

## **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, 2018 and 2017 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **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, 2018 and 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.

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

*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 40 - 43 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 and the schedule of expenditures of federal awards 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 58-69) 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, 2019 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, 2019

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, 2018 and 2017**

**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, 2018, total assets were \$12,083,195, and exceeded liabilities in the amount of \$6,376,760 (i.e., net position). Of the total net position, \$799,519 was unrestricted and available to support short-term operations; \$758,418 was restricted primarily for capital projects and debt service, with a balance of \$4,818,823 as the investment in capital assets.
- For the year ended December 31, 2018, user fee revenues (water sales) increased by \$50,974 to \$933,194 as compared to \$882,220 for the fiscal year ending December 31, 2017.
- The District's operating expenses, other than depreciation expense, increased by \$45,625 to \$709,234 as compared to \$663,609 for the prior fiscal year. The increase is due primarily to salaries, utility expenses, and water system supplies.
- Total bonds payable decreased \$99,928 at December 31, 2018, 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, 2018 and 2017**

**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, 2018 and 2017**

**Condensed Statements of Net Position  
2018 and 2017**

	<u>2018</u>	<u>2017</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b>Assets:</b>				
Current and Other Assets	\$ 1,875,432	\$ 1,845,565	\$ 29,867	1.62%
Capital Assets	<u>10,207,763</u>	<u>9,487,663</u>	<u>720,100</u>	7.59%
Total Assets	<u>12,083,195</u>	<u>11,333,228</u>	<u>749,967</u>	6.62%
<b>Liabilities:</b>				
Long-Term Debt Outstanding	5,388,940	5,488,868	(99,928)	-1.82%
Other Liabilities	<u>317,495</u>	<u>340,070</u>	<u>(22,575)</u>	-6.64%
Total Liabilities	<u>5,706,435</u>	<u>5,828,938</u>	<u>(122,503)</u>	-2.10%
<b>Net Position:</b>				
Investment in Capital Assets	4,818,823	3,998,795	820,028	20.51%
Restricted for Capital Projects and Debt Service	758,418	659,439	98,979	15.01%
Unrestricted	<u>799,519</u>	<u>846,056</u>	<u>(46,537)</u>	-5.50%
Total Net Position	<u>\$ 6,376,760</u>	<u>\$ 5,504,290</u>	<u>\$ 872,470</u>	15.85%

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

"Capital Assets" increased for the fiscal year ending December 31, 2018. The District purchased additions that included \$900 in machinery and equipment for a saw and water improvements reclassified from construction in progress for \$3,707,215. Total construction costs decreased \$2,669,984 as detailed in *Footnote 6 – Capital Assets*. The District had no asset disposals during the fiscal year.

Total debt decreased by \$99,928, related to principal payments on long-term debt.

"Total Net Position" (total assets less total liabilities) increased by \$872,470 for the fiscal year ending December 31, 2018 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, 2018 and 2017**

**Condensed Statements of Revenues, Expenses and Changes in Net Position  
2018 and 2017**

	<u>Year ended December 31, 2018</u>	<u>Year ended December 31, 2017</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b>Revenues:</b>				
Operating Revenues	\$ 1,055,562	\$ 1,081,920	\$ (26,358)	-2.44%
Nonoperating Revenues	44,677	30,761	13,916	45.24%
<b>Total Revenues</b>	<u>1,100,239</u>	<u>1,112,681</u>	<u>(12,442)</u>	-1.12%
<b>Expenses:</b>				
Depreciation Expense	318,031	315,930	2,101	0.67%
Other Operating Expense	709,234	663,609	45,625	6.88%
Nonoperating Expense	125,904	122,238	3,666	3.00%
<b>Total Expenses</b>	<u>1,153,169</u>	<u>1,101,777</u>	<u>51,392</u>	4.66%
<b>Income (Loss) Before Contributions</b>	<u>(52,930)</u>	<u>10,904</u>	<u>(63,834)</u>	-585.42%
Capital Contributions	925,400	333,600	591,800	177.40%
<b>Changes in Net Position</b>	<u>872,470</u>	<u>344,504</u>	<u>527,966</u>	153.25%
Beginning Net Position	5,504,290	5,159,786	344,504	6.68%
<b>Ending Net Position</b>	<u>\$ 6,376,760</u>	<u>\$ 5,504,290</u>	<u>\$ 872,470</u>	15.85%

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" decreased by \$26,358. "Non-Operating Revenues" increased \$13,916. Water sales revenues increased in Operating Revenues; however, FEMA Grant revenue decreased \$74,231. Non-Operating Revenues increased primarily related to an increase in interest income.

"Other Operating Expenses" increased by \$45,625. The increase is due primarily to increases in salaries of \$26,044, utility expenses of \$10,593, and water system supplies of \$9,300.

**Waterworks District No. 2 of St. Helena Parish  
Management's Discussion and Analysis  
As of and for the Years Ended December 31, 2018 and 2017**

**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, 2018**

	<b>Budget Year ended December 31, 2018</b>	<b>Actual Year ended December 31, 2018</b>	<b>Favorable (Unfavorable) Variance</b>
<b>Revenues:</b>			
Operating Revenues	\$ 1,030,310	\$ 1,055,562	\$ 25,252
Nonoperating Revenues	40,600	44,677	4,077
<b>Total Revenues</b>	<b>1,070,910</b>	<b>1,100,239</b>	<b>29,329</b>
<b>Expenses:</b>			
Depreciation Expense	310,000	318,031	(8,031)
Other Operating Expense	720,974	709,234	11,740
Nonoperating Expense	170,000	125,904	44,096
<b>Total Expenses</b>	<b>1,200,974</b>	<b>1,153,169</b>	<b>47,805</b>
Capital Contributions	-	925,400	925,400
<b>Change in Net Position</b>	<b>\$ (130,064)</b>	<b>\$ 872,470</b>	<b>\$ 1,002,534</b>

Actual revenues were 3% greater than budgeted revenue while expenses were 4% percent less of budgeted amounts for the year.

Capital contributions primarily consisted of \$925,400 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, 2018 and 2017**

**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, 2018</u>	<u>December 31, 2017</u>	<u>Increase (Decrease)</u>
Customers			
Residential	2,480	2,474	6
Commercial and Dairy	70	70	-
Total Customers	<u>2,550</u>	<u>2,544</u>	<u>6</u>
Number of customers having a meter size larger than the residential size (3/4")			<u>57</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, 2018 and 2017.

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 60,344	\$ 69,682	\$ (9,338)
31-60 Days Past Due	23,665	19,906	3,759
61-90 Days Past Due	3,924	1,881	2,043
Over 90 Days Past Due	4,979	551	4,428
Subtotal	<u>92,912</u>	<u>92,020</u>	<u>892</u>
Allowance for Uncollectible Accounts	<u>(2,112)</u>	<u>(2,112)</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 90,800</u>	<u>\$ 89,908</u>	<u>\$ 892</u>

**Waterworks District No. 2 of St. Helena Parish  
Management's Discussion and Analysis  
As of and for the Years Ended December 31, 2018 and 2017**

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of the fiscal year ending December 31, 2018, Waterworks District No. 2 of St. Helena Parish had \$10,207,763 (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, 2018</u>	<u>December 31, 2017</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	184,731	183,831	900	0%
Furniture and Fixtures	17,764	17,764	-	0%
Vehicles	139,377	139,377	-	0%
Utility System	14,278,831	10,571,616	3,707,215	35%
Construction in Progress	<u>221,603</u>	<u>2,891,587</u>	<u>(2,669,984)</u>	-92%
Subtotal	15,173,883	14,135,752	1,038,131	7%
Less: Accumulated Depreciation	<u>(4,966,120)</u>	<u>(4,648,089)</u>	<u>(318,031)</u>	-7%
Net Capital Assets	<u>\$ 10,207,763</u>	<u>\$ 9,487,663</u>	<u>\$ 720,100</u>	8%

“Capital Assets” increased by \$720,100 for the fiscal year ending December 31, 2018. The District purchased additions that included \$900 in machinery and equipment for a saw and water improvements reclassified from construction in progress for \$3,707,215. Total construction costs decreased \$2,669,984.

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 \$30,422 for the current fiscal year ended.

During the year ending December 31, 2018, the District began the Hwy 10 Water Tank Repainting Project. This project is still in the design stages. Estimated cost is \$120,000 for construction and \$14,241 for engineering.

**Waterworks District No. 2 of St. Helena Parish  
Management's Discussion and Analysis  
As of and for the Years Ended December 31, 2018 and 2017**

The most significant decrease in construction in progress for the year ending December 31, 2018 included the reclass of completed construction of \$3,707,215 to water improvements. During the fiscal year, the District incurred \$975,515 for costs related to the Phase V North project. This project was completed on November 16, 2018. There was also an increase of \$20,675 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. There was also an increase of \$650 in construction in progress costs related to the application for the 2018 CWEF project. These CWEF costs were for engineering and planning costs paid directly by the District. This project has not been approved or bid as of December 31, 2018. However, 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, 2018 was \$318,031.

### **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, 2018, 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, 2018 and 2017**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Total Long-Term Debt	\$ 5,388,940	\$ 5,488,868
Long Term	5,285,081	5,388,481
Revenue Bond - Current	103,859	100,387
Capital Lease - Current	-	-
 Total Net Position	 \$ 6,376,760	 \$ 5,504,290
 Total Long-Term Debt to Net Position Ratio	 0.85	 1.00

**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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 718,208	\$ 754,583
Receivables, Net :		
Accounts	90,800	89,908
Other	75,361	76,050
Inventory	55,608	48,331
Prepaid Insurance	6,966	6,515
Total Current Assets	<u>946,943</u>	<u>975,387</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	928,489	870,178
Total Restricted Assets	<u>928,489</u>	<u>870,178</u>
Property, Plant, and Equipment		
Land	57,231	57,231
Construction in Progress	221,603	2,891,587
Property, Plant and Equipment, Net	9,928,929	6,538,845
Total Property, Plant, and Equipment	<u>10,207,763</u>	<u>9,487,663</u>
<b>Total Assets</b>	<u>12,083,195</u>	<u>11,333,228</u>
<b>Liabilities</b>		
Current Liabilities (Payable from Current Assets):		
Accounts Payable	47,695	36,860
Other Accrued Payables	99,729	92,471
Total Current Liabilities (Payable from Current Assets)	<u>147,424</u>	<u>129,331</u>
Current Liabilities (Payable from Restricted Assets):		
Customer Deposits	100,305	99,255
Construction Payable	6,447	6,256
Retainage Payable	42,598	83,563
Current Revenue Bonds Payable	103,859	100,387
Accrued Interest - RUS Bonds	20,721	21,665
Total Current Liabilities (Payable from Restricted Assets)	<u>273,930</u>	<u>311,126</u>
Long Term Liabilities:		
Bonds Payable	5,285,081	5,388,481
Total Long-Term Liabilities	<u>5,285,081</u>	<u>5,388,481</u>
<b>Total Liabilities</b>	<u>5,706,435</u>	<u>5,828,938</u>
<b>Net Position</b>		
Investment in Capital Assets	4,818,823	3,998,795
Restricted for Capital Projects and Debt Service	758,418	659,439
Unrestricted	799,519	846,056
<b>Total Net Position</b>	<u>\$ 6,376,760</u>	<u>\$ 5,504,290</u>

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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Operating Revenues</b>		
Water Sales	\$ 933,194	\$ 882,220
Service and Connection Fees	53,395	60,310
Penalties	38,414	34,684
FEMA	-	74,231
Other Revenues	30,559	30,475
<b>Total Operating Revenues</b>	<u>1,055,562</u>	<u>1,081,920</u>
<b>Operating Expenses</b>		
Advertising	1,043	4,182
Bad Debts	9,568	5,690
Postage	9,004	8,772
Chemicals/Chlorination	18,114	15,708
Deferred Compensation	17,631	15,651
Depreciation	318,031	315,930
Director's Expense	3,360	3,540
Educational Expense	384	1,055
Fuel	2,291	658
Insurance	45,801	43,419
Meter Installations	16,673	20,442
Other	30,174	29,155
Payroll Taxes	23,081	20,524
Professional Fees:		
Accounting	14,300	13,110
Auditing	13,000	10,000
Legal Fees	-	-
Engineering Fees	1,684	-
Repairs and Maintenance	64,881	79,403
Salaries and Wages	298,519	272,475
Software - Maintenance Costs	1,980	1,980
Supplies - Office	5,812	7,577
Supplies - Water System	31,420	22,120
Telephone	6,460	5,985
Travel	461	-
Utilities	69,896	59,303
Vehicle Expenses	23,697	22,860
<b>Total Operating Expenses</b>	<u>1,027,265</u>	<u>979,539</u>
<b>Operating Income (Loss)</b>	<u>28,297</u>	<u>102,381</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, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	35,912	17,745
Interest Expense	(125,904)	(122,238)
Bad Debt Recovery	1,614	2,717
Other Income	7,151	10,299
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(81,227)</b>	<b>(91,477)</b>
<b>Income (Loss) Before Contributions</b>	<b>(52,930)</b>	<b>10,904</b>
<b>Contributions</b>		
Capital Contributions	925,400	333,600
<b>Change in Net Position</b>	<b>872,470</b>	<b>344,504</b>
<b>Total Net Position, Beginning</b>	<b>5,504,290</b>	<b>5,159,786</b>
<b>Total Net Position, Ending</b>	<b>\$ 6,376,760</b>	<b>\$ 5,504,290</b>

(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 Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Received from Customers	\$ 1,024,111	\$ 968,345
Received for Meter Deposit Fees	1,050	3,700
Other Receipts	31,248	96,709
Payments for Operations	(377,269)	(362,095)
Payments to Employees	(321,600)	(292,999)
Net Cash Provided by Operating Activities	<u>357,540</u>	<u>413,660</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Recovery of Bad Debts	1,614	2,717
Other Receipts	7,151	10,299
Net Cash Provided by Noncapital Financing Activities	<u>8,765</u>	<u>13,016</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital Contributions of Fixed Assets (Received)	925,400	333,600
(Payments for) Capital Acquisitions	(1,078,905)	(556,672)
Principal Proceeds from (Repayments for) Long Term Debt	(99,928)	(108,636)
Interest Payments for Long Term Debt	(126,848)	(136,500)
Net Cash Used by Capital and Related Financing Activities	<u>(380,281)</u>	<u>(468,208)</u>
<b>Cash Flows from Investing Activities</b>		
Receipt of Interest	35,912	17,745
Net Cash Provided (Used) by Investing Activities	<u>35,912</u>	<u>17,745</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	21,936	(23,787)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,624,761</u>	<u>1,648,548</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,646,697</u>	<u>\$ 1,624,761</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>		
Cash and Cash Equivalents, Unrestricted	\$ 718,208	\$ 754,583
Cash and Cash Equivalents, Restricted	928,489	870,178
Total Cash and Cash Equivalents	<u>\$ 1,646,697</u>	<u>\$ 1,624,761</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 Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>		
<b>by Operating Activities</b>		
Operating Income (Loss)	\$ 28,297	\$ 102,381
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation	318,031	315,930
(Increase) decrease in Accounts Receivable	(892)	(8,869)
(Increase) decrease in Other Receivable	689	(7,997)
(Increase) decrease in Inventory	(7,277)	(6,395)
(Increase) decrease in Prepaid Insurance	(451)	(741)
Increase (decrease) in Accounts Payable	10,835	5,273
Increase (decrease) in Accrued Expenses	7,258	10,378
Increase (decrease) in Customer Deposits	1,050	3,700
Net Cash Provided by Operating Activities	<u>\$ 357,540</u>	<u>\$ 413,660</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, 2018 and 2017**

**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 2,550 customers as of December 31, 2018, 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, 2018 and 2017**

*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, 2018.

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.

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2018 and 2017**

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 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, 2018 and 2017**

**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. 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.

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2018 and 2017**

**I. Long-Term Debt Obligations**

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 expensed 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 expensed in the period incurred under GASB 65. The District did not have any bond related costs in the year ending December 31, 2018.

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, 2018 and 2017**

**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, 2018 and 2017**

**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, 2018, the District has cash and cash equivalents (book balances) as follows:

Demand Deposits	\$ <u>1,646,697</u>
-----------------	---------------------

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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, 2018, the District has \$1,649,645 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 \$1,399,645 of demand deposits are secured by pledged securities. The \$1,399,645 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, 2018 and 2017**

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.

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial risk. However, 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.

### **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, 2018.

### **4. Receivables**

The following is a summary of receivables at December 31, 2018 and 2017:

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2018 and 2017**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 60,344	\$ 69,682	\$ (9,338)
31-60 Days Past Due	23,665	19,906	3,759
61-90 Days Past Due	3,924	1,881	2,043
Over 90 Days Past Due	<u>4,979</u>	<u>551</u>	<u>4,428</u>
Subtotal	92,912	92,020	892
Allowance for Uncollectible Accounts	<u>(2,112)</u>	<u>(2,112)</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 90,800</u>	<u>\$ 89,908</u>	<u>\$ 892</u>

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 2018, the board authorized write-offs for the fiscal year of \$9,568. "Other Receivables" totaled \$75,361 for the fiscal year ending December 31, 2018 and include primarily estimated unbilled revenues (accrued billings). Accrued billings amounts were \$75,361 and \$76,050 at December 31, 2018 and 2017 respectively.

**5. Restricted Assets**

Restricted assets were applicable to the following sources at December 31, 2018 and 2017:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Restricted Cash and Cash Equivalents		
Customer Deposits	\$ 14,413	\$ 17,717
Bond Reserve Account - Rural Utility Service (RUS)	168,709	149,518
Bond Depreciation and Contingency Account - RUS	94,361	78,906
Bond Sinking Account - RUS	271,943	248,643
Bond Short Lived Assets	127,786	93,765
Construction Accounts	182,503	223,871
Accumulated Leave Account	<u>68,774</u>	<u>57,758</u>
Total Restricted Assets	<u>\$ 928,489</u>	<u>\$ 870,178</u>

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2018 and 2017**

**6. Capital Assets**

A summary of changes in capital assets during the fiscal year ending December 31, 2018 is as follows:

	<u>Beginning Balance 12/31/17</u>	<u>Additions and Reclassifications</u>	<u>Deletions and Reclassifications</u>	<u>Ending Balance 12/31/18</u>
Capital Assets				
Land	\$ 57,231	\$ -	\$ -	\$ 57,231
Building & Improvements	274,346	-	-	274,346
Equipment	183,831	900	-	184,731
Furniture and Fixtures	17,764	-	-	17,764
Vehicles	139,377	-	-	139,377
Utility System	<u>10,571,616</u>	<u>3,707,215</u>	-	<u>14,278,831</u>
Total Capital Assets in Service	11,244,165	3,708,115	-	14,952,280
Less Accumulated Depreciation	<u>(4,648,089)</u>	<u>(318,031)</u>	-	<u>(4,966,120)</u>
Total Capital Assets being Depreciated	6,596,076	3,390,084	-	9,986,160
Construction in Progress	<u>2,891,587</u>	<u>1,037,231</u>	<u>(3,707,215)</u>	<u>221,603</u>
Total Capital Assets, Net	<u>\$ 9,487,663</u>	<u>\$ 4,427,315</u>	<u>\$ (3,707,215)</u>	<u>\$ 10,207,763</u>

During the year ending December 31, 2018, the District purchased additions that included \$900 in machinery and equipment for a saw and water system improvements reclassified from construction in progress for \$3,707,215.

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 \$113,379 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 \$30,422 for the current fiscal year ended.

During the year ending December 31, 2018, the District began the Hwy 10 Water Tank Repainting Project. This project is still in the design stages. Estimated cost is \$120,000 for construction and \$14,241 for engineering.

The most significant decrease in construction in progress for the year ending December 31, 2018 included the reclass of completed construction of \$3,707,215 to water improvements. During the fiscal year, the District incurred \$975,515 for costs related to the Phase V North project. This project was completed at November 16, 2018.

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2018 and 2017**

There was also an increase of \$20,675 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. There was also an increase of \$650 in construction in progress costs related to the application for the 2018 CWEF project. These CWEF costs were for engineering and planning costs paid directly by the District. This project has not been approved or bid as of December 31, 2018. However, after construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

Total interest expense of \$44,201 was capitalized during the fiscal year for the Phase V North project. Depreciation expense for the fiscal year ending December 31, 2018 was \$318,031.

**7. Accounts Payable and Accrued Liabilities**

Payables at December 31, 2018 and 2017 were as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>Accounts Payable:</b>		
Vendors	\$ 26,475	\$ 17,360
Accrued Audit Fees	11,500	10,000
Accrued Accounting Fees	9,720	9,500
<b>Total Accounts Payable</b>	<b>\$ 47,695</b>	<b>\$ 36,860</b>
<b>Accrued Liabilities:</b>		
Accrued Vacation Leave	\$ 8,164	\$ 7,456
Accrued Sick Leave	62,448	59,841
Accrued Wages	12,716	11,361
Other Accrued Liabilities	16,401	13,813
<b>Total Accrued Liabilities</b>	<b>\$ 99,729</b>	<b>\$ 92,471</b>

The District maintains a cash account, totaling \$68,774 at December 31, 2018, to fund the related accrued leave obligation of \$70,612. 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, 2018:

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2018 and 2017**

<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	\$ 106,106	\$ -	\$ 6,937	\$ 99,169	\$ 7,546
1994 Water Revenue Bonds	239,615	-	9,068	230,547	9,817
1999 Water Revenue Bonds	152,254	-	4,138	148,116	4,338
2000 Water Revenue Bonds	213,705	-	5,644	208,061	5,903
2013 Water Revenue Bonds	2,548,281	-	37,429	2,510,852	38,710
2016 Water Revenue Bonds	2,228,907	-	36,712	2,192,195	37,545
Total Long-Term Debt	<u>\$ 5,488,868</u>	<u>\$ -</u>	<u>\$ 99,928</u>	<u>\$ 5,388,940</u>	<u>\$ 103,859</u>

Bonds payable balances as of December 31, 2018 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%	\$ 99,169	\$ 7,546
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%	230,547	9,817
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%	148,116	4,338
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%	208,061	5,903
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 \$ 10,238 through 1/26/2054 interest at 3.375%	2,510,852	38,710
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 \$ 7,207 through 9/20/2056 interest at 2.25%	2,192,195	37,545
	<u>\$ 5,388,940</u>	<u>\$ 103,859</u>

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2018 and 2017**

The annual requirements to amortize all debt outstanding as of December 31, 2018, including interest payments of \$3,161,207 are as follows:

Year Ending 12/31/18	1987 Water Revenue Bonds			1994 Water Revenue Bonds			1999 Water Revenue Bonds			2000 Water Revenue Bonds		
	\$198,000			\$360,000			\$200,000			\$278,000		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 7,546	\$ 6,322	\$ 13,868	\$ 9,817	\$ 11,527	\$ 21,344	\$ 4,338	\$ 6,942	\$ 11,280	\$ 5,903	\$ 9,242	\$ 15,145
2020	8,027	5,841	13,868	10,308	11,037	21,344	4,549	6,731	11,280	6,175	8,971	15,145
2021	8,539	5,329	13,868	10,823	10,521	21,344	4,770	6,510	11,280	6,458	8,687	15,145
2022	9,083	4,785	13,868	11,364	9,980	21,344	5,001	6,279	11,280	6,755	8,390	15,145
2023	9,662	4,206	13,868	11,933	9,412	21,344	5,244	6,036	11,280	7,065	8,080	15,145
2024 to 2028	56,312	10,966	67,278	69,232	37,490	106,722	30,294	26,106	56,400	40,504	35,223	75,727
2029 to 2033	-	-	-	88,360	18,362	106,722	38,398	18,002	56,400	50,703	25,024	75,727
2034 to 2038	-	-	-	18,710	935	19,645	48,668	7,732	56,400	63,470	12,258	75,727
2039 to 2043	-	-	-	-	-	-	6,855	115	6,970	21,028	727	21,754
2044 to 2048	-	-	-	-	-	-	-	-	-	-	-	-
2049 to 2053	-	-	-	-	-	-	-	-	-	-	-	-
2054 to 2056	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 99,169</u>	<u>\$ 37,449</u>	<u>\$ 136,618</u>	<u>\$ 230,547</u>	<u>\$ 109,264</u>	<u>\$ 339,811</u>	<u>\$ 148,116</u>	<u>\$ 84,453</u>	<u>\$ 232,570</u>	<u>\$ 208,061</u>	<u>\$ 116,602</u>	<u>\$ 324,663</u>

Year Ending 12/31/18	2013 Water Revenue Bonds			2016 Water Revenue Bonds			Total		
	\$2,659,000			\$2,238,000					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 38,710	\$ 84,146	\$ 122,856	\$ 37,545	\$ 48,939	\$ 86,484	\$ 103,860	\$ 167,118	\$ 270,978
2020	40,037	82,819	122,856	38,399	48,085	86,484	107,494	163,484	270,978
2021	41,409	81,447	122,856	39,272	47,212	86,484	111,271	159,707	270,978
2022	42,828	80,028	122,856	40,164	46,320	86,484	115,197	155,781	270,978
2023	44,297	78,559	122,856	41,078	45,406	86,484	119,278	151,700	270,978
2024 to 2028	245,326	368,954	614,280	219,827	212,593	432,420	661,496	691,331	1,352,828
2029 to 2033	290,354	323,926	614,280	245,977	186,443	432,420	713,791	571,758	1,285,549
2034 to 2038	343,646	270,634	614,280	275,237	157,183	432,420	749,731	448,742	1,198,473
2039 to 2043	406,721	207,559	614,280	307,977	124,443	432,420	742,580	332,844	1,075,424
2044 to 2048	481,372	132,908	614,280	344,612	87,808	432,420	825,984	220,716	1,046,700
2049 to 2053	536,153	44,665	580,818	385,606	46,814	432,420	921,758	91,480	1,013,238
2054 to 2056	-	-	-	216,502	6,546	223,048	216,502	6,546	223,048
	<u>\$ 2,510,852</u>	<u>\$ 1,755,646</u>	<u>\$ 4,266,498</u>	<u>\$ 2,192,195</u>	<u>\$ 1,057,792</u>	<u>\$ 3,249,988</u>	<u>\$ 5,388,941</u>	<u>\$ 3,161,207</u>	<u>\$ 8,550,148</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 \$125,904 for the year ending December 31, 2018. The gross water revenue recognized during the current period was \$933,194. 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

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2018 and 2017**

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.
- 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 \$271,943 at December 31, 2018.

**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.

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2018 and 2017**

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 \$1,129 per month for 2018, per USDA requirement.

- e. The twelve required monthly payments to the "Revenue Bond Reserve Fund" were made for the year 2018 with a balance maintained of \$168,709 at December 31, 2018, as compared to a balance of \$149,518 at December 31, 2017.
- f. The twelve required monthly payments to the "Depreciation & Contingency Fund" were made for the year 2018. The balance in the "Depreciation and Contingency Fund" at December 31, 2018 was \$94,361, as compared to \$78,906 at December 31, 2017.
- 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, 2018, Waterworks District No. 2 of St. Helena Parish recorded \$758,418 in Restricted Net Position, \$68,774 was for an accrued leave cash account, the remainder of \$689,644 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.

**Waterworks District No. 2 of St. Helena Parish**  
**Notes to the Financial Statements**  
**As of and for the Years Ended December 31, 2018 and 2017**

**11. Litigation and Claims**

There is no pending litigation as of December 31, 2018.

**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 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, 2018, the aggregate account balance of employees of St. Helena Waterworks District No. 2 participating in the plan was \$350,480 for the fiscal year ending December 31, 2018, as compared to \$314,970 for the fiscal year ending December 31, 2017. Employer contributions for the fiscal year ending December 31, 2018 totaled \$17,631, as compared to \$15,651 for the fiscal year ended December 31, 2017.

**13. Other Commitments**

The District has entered into a contract related to the Hwy 10 Water Tank Repainting project. As of December 31, 2018, the District had remaining costs in the contract with PEC for engineering. The District has incurred \$9,969 in costs leaving a remaining \$4,272 in the contract. Construction is estimated at \$120,000; however, this has not been bid or awarded as of December 31, 2018.

**14. Subsequent Events**

Subsequent events have been evaluated by management through June 11, 2019 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, 2018.

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, 2018 and 2017**

	2018 Budget	2018 Actual	Variance Favorable (Unfavorable)	2017 Actual
<b>Operating Revenues</b>				
Water Sales	\$ 935,000	\$ 933,194	\$ (1,806)	\$ 882,220
Other Water Sales	500	-	(500)	-
Service and Connection Fees	55,000	53,395	(1,605)	60,310
Late Payment Penalties	38,260	38,414	154	34,684
Grants - Federal	-	-	-	74,231
Other	1,550	30,559	29,009	30,475
<b>Total Operating Revenues</b>	<u>1,030,310</u>	<u>1,055,562</u>	<u>25,252</u>	<u>1,081,920</u>
<b>Operating Expenses</b>				
Advertising	7,500	1,043	6,457	4,182
Bad Debts	12,000	9,568	2,432	5,690
Postage	9,000	9,004	(4)	8,772
Chemicals/Treatment	20,000	18,114	1,886	15,708
Deferred Compensation	17,880	17,631	249	15,651
Depreciation	310,000	318,031	(8,031)	315,930
Director's Expense	3,500	3,360	140	3,540
Educational Expense	1,500	384	1,116	1,055
Fuel	3,250	2,291	959	658
Insurance	46,500	45,801	699	43,419
Meter Installations	20,000	16,673	3,327	20,442
Other	2,004	30,174	(28,170)	29,155
Payroll Taxes	23,840	23,081	759	20,524
Professional Fees:				
Accounting	15,000	14,300	700	13,110
Auditing	11,500	13,000	(1,500)	10,000
Legal Fees	1,000	-	1,000	-
Engineering Fees	500	1,684	(1,184)	-
Repairs and Maintenance	80,000	64,881	15,119	79,403
Salaries and Wages	298,000	298,519	(519)	272,475
Software - Maintenance Costs	2,000	1,980	20	1,980
Supplies - Office	8,000	5,812	2,188	7,577
Supplies - Water System	37,500	31,420	6,080	22,120
Telephone	7,500	6,460	1,040	5,985
Travel	500	461	39	-
Utilities	67,500	69,896	(2,396)	59,303
Vehicle Expenses	25,000	23,697	1,303	22,860
<b>Total Operating Expenses</b>	<u>1,030,974</u>	<u>1,027,265</u>	<u>3,709</u>	<u>979,539</u>
<b>Operating Income (Loss)</b>	<u>(664)</u>	<u>28,297</u>	<u>28,961</u>	<u>102,381</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, 2018**

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2017 Actual</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	30,000	35,912	5,912	17,745
Interest Expense	(170,000)	(125,904)	44,096	(122,238)
Bad Debt Recovery	2,000	1,614	(386)	2,717
Bond Issue Costs	-	-	-	-
Gain on Acquisition of Water Systems	-	-	-	-
Other Income	8,600	7,151	(1,449)	10,299
Other Expense	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(129,400)</u>	<u>(81,227)</u>	<u>48,173</u>	<u>(91,477)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(130,064)</u>	<u>(52,930)</u>	<u>77,134</u>	<u>10,904</u>
<b>Contributions and Transfers</b>				
Capital Contributions	-	925,400	925,400	333,600
<b>Change in Net Position</b>	(130,064)	872,470	1,002,534	344,504
<b>Total Net Position, Beginning</b>	<u>5,504,290</u>	<u>5,504,290</u>	<u>-</u>	<u>5,159,786</u>
<b>Total Net Position, Ending</b>	<u>\$ 5,374,226</u>	<u>\$ 6,376,760</u>	<u>\$ 1,002,534</u>	<u>\$ 5,504,290</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, 2018**

Insurance Company / Policy Number	Coverage	Amount	Period	
Arch Insurance Company- Policy # GWPKG0079911	Commercial General Liability:		1/22/2018 to 1/22/2019	
	Aggregate Policy Limit	\$ 3,000,000		
	Per Occurrence	1,000,000		
	Personal Injury and Advertising	1,000,000		
	Damage to Rented Property	100,000		
	Commercial Auto Liability:		1/22/2018 to 1/22/2019	
	Bodily Injury and Property Damage	1,000,000		
	Professional Liability:		1/22/2018 to 1/22/2019	
	Per Claim	1,000,000		
	Aggregate	3,000,000		
	Wrongful Acts:		1/22/2018 to 1/22/2019	
	Per Claim	1,000,000		
	Aggregate	3,000,000		
	Employment Practices Liability:		1/22/2018 to 1/22/2019	
	Per Claim	1,000,000		
	Aggregate	3,000,000		
	Crime Coverage :		1/22/2018 to 1/22/2019	
	Employee Dishonesty Coverage	250,000		
	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		1/22/2018 to 1/22/2019
	Excess Commercial Liability:			1/22/2018 to 1/22/2019
	Per Claim	1,000,000		
	Aggregate	1,000,000		
	Business Auto Coverage - Combined Single Limit Liability:	1,000,000		1/22/2018 to 1/22/2019
	Uninsured Motorists Coverage	1,000,000		
Comprehensive and Collision Coverage, as Scheduled	Scheduled			
Louisiana Workers' Compensation 17223-S	Workmen's Compensation at statutory limits Employer's Liability	1,000,000	4/17/2018 to 4/17/2019	

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, 2018**

<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
Lea Vern Sims, Vice President (225) 222-4367	1595 Pumping Station Rd Greensburg, LA 70441	780	7/26/23
Lee Warner, Secretary-Treasurer (985) 974-3101	1001 Hwy 441 Holden, LA 70744	660	7/26/21
Terry Addison, Board Member (225) 278-2947	P.O. Box 52 Greensburg, LA 70441	660	7/26/20
James Baker, Board Member (985) 974-3101	936 McDaniel Rd Amite, LA 70422	240	7/26/22
Evelyn Jones, Secretary-Treasurer (225) 222-6826	16375 Highway 441 Kentwood, LA 70444	240	Resigned 6/30/18
		<u>\$ 3,360</u>	

See Independent Auditor's Report.

**Waterworks District No. 2 of St. Helena Parish  
 Schedule of Compensation, Reimbursements, Benefits,  
 and Other Payments to Agency Head  
 For the year ended December 31, 2018**

<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.

**Waterworks District No. 2 of St. Helena Parish  
Schedule of Water Rates  
For the year ended December 31, 2018**

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 Gal

**Waterworks District No. 2 of St. Helena Parish  
Schedule of Water Customers  
For the years ended December 31, 2018 and 2017**

	December 31, 2018	December 31, 2017	Increase (Decrease)
Customers			
Residential	2,480	2,474	6
Commercial and Dairy	70	70	-
Total Customers	<u>2,550</u>	<u>2,544</u>	<u>6</u>
Number of customers having a meter size larger than the residential size (3/4")			<u>57</u>

See Independent Auditor's Report.

**OTHER INDEPENDENT AUDITOR'S REPORT  
and OTHER MATTERS**

**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***



2011 Rue Simone  
Hammond, Louisiana 70403

**Anthony B. Baglio**

Phone (985) 542-4155  
Fax (985) 542-4186

---

CERTIFIED PUBLIC ACCOUNTANTS

---

[www.baglio-cpa.com](http://www.baglio-cpa.com)  
A Professional Accounting Corporation

June 11, 2019

**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, 2018 and 2017 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, 2019.

**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.

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

*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.

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*.

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

**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, 2019

**Independent Auditor's Report on Compliance for each  
Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**



2011 Rue Simone  
Hammond, Louisiana 70403

**Anthony B. Baglio**

Phone (985) 542-4155  
Fax (985) 542-4186

---

CERTIFIED PUBLIC ACCOUNTANTS

---

[www.baglio-cpa.com](http://www.baglio-cpa.com)  
A Professional Accounting Corporation

June 11, 2019

**Independent Auditor's Report on Compliance for each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance**

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

**Report on Compliance for each Major Federal Program**

I have audited Waterworks District No. 2 of St. Helena Parish, State of Louisiana's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Waterworks District No. 2 of St. Helena Parish, State of Louisiana's major federal programs for the year ended December 31, 2018. Waterworks District No. 2 of St. Helena Parish, State of Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each Waterworks District No. 2 of St. Helena Parish, State of Louisiana's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Waterworks District No. 2 of St. Helena Parish, State of Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Waterworks District No. 2 of St. Helena Parish, State of Louisiana's compliance.

### **Opinion on Each Major Federal Program**

In my opinion, Waterworks District No. 2 of St. Helena Parish, State of Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

### **Report on Internal Control over Compliance**

Management of Waterworks District No. 2 of St. Helena Parish, State of Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Waterworks District No. 2 of St. Helena Parish, State of Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Waterworks District No. 2 of St. Helena Parish, State of Louisiana's internal control over compliance.

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

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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, 2019

**St. Helena Waterworks District No. 2**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended December 31, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Totals</u>
<u>U.S. Department of Agriculture:</u>				
Water and Waste Disposal Loans and Grants (Section 306C)	10.770	n/a	\$ 923,400	\$ 923,400
Total U.S. Department of Agriculture				<u>923,400</u>
<b>Total Expenditures of Federal Awards</b>				<b><u>\$ 923,400</u></b>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**St. Helena Waterworks District No. 2**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

**Note 1: General**

The accompanying schedule of expenditures of federal awards includes the federal loan and grant activity of the St. Helena Waterworks District No. 2. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Waterworks, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Waterworks.

**Note 2: Basis of Accounting**

The accompany Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

**Note 3: Indirect Cost Rate**

The St. Helena Waterworks District No. 2 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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, 2018**

**SECTION 1 – SUMMARY OF AUDITOR’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, 2018 and have issued my report thereon dated June 11, 2019. 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, 2018 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

**Federal Awards**

Material weaknesses identified? \_\_\_\_\_ Yes  No

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

Type of auditor’s report issued on compliance for major program: unqualified

Any audit findings disclosed that are required  
to be reported in accordance with 2 CFR section  
200.516 \_\_\_\_\_ Yes  No

Identification of Major Program:

**CFDA Number**  
10.760

**Name of Federal Program**  
Rural Development Water and Waste Disposal  
Systems for Rural Communities (Major Program)

Dollar threshold used to distinguish between Type A  
and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  No

**REQUIRED REPORT BY  
THE LOUISIANA LEGISLATIVE  
AUDITOR**



2011 Rue Simone  
Hammond, Louisiana 70403

**Anthony B. Baglio**

Phone (985) 542-4155

Fax (985) 542-4186

---

CERTIFIED PUBLIC ACCOUNTANTS

---

[www.baglio-cpa.com](http://www.baglio-cpa.com)

A Professional Accounting Corporation

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

Board of Commissioners  
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, 2018 – December 31, 2018. 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,

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

- 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,
- 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.

**Result:** This section is exempt from testing in the current year due to no exceptions in prior year.

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. The Board usually approves financial statements every two months or sooner.
  - 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.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

**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>1</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. No finding.
- 7b. No finding.
- 7c. No finding.
- 7d. No finding.
- 7e. No finding.

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

**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.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

**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).

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

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

**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:** No findings.

**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.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

**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.

**Result:**            **This section is exempt from testing in the current year due to no exceptions in prior year.**

**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.

**Result:**            **This section is exempt from testing in the current year due to no exceptions in prior year.**

**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.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

**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.

**Result: This section is exempt from testing in the current year due to no exceptions in prior year.**

**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, 2019