

**Water Works District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)**

Annual Financial Report

**As of and for the year ended
June 30, 2018**

W. Kathleen Beard, CPA, LLC
10191 Bueche Rd.
Bueche, LA 70729

Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Annual Financial Statements
As of and for the year ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Members of the Board of Directors
Waterworks District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana

Report on Financial Statements

I have audited the accompanying financial statements of the business-type activities of Waterworks District No. 1 of the Parish of Avoyelles (A Component Unit of the Avoyelles Parish Police Jury) as of and for the year ended June 30, 2018, 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 basic financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Waterworks District No. 1 of the Parish of Avoyelles as of June 30, 2018, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to agency head or Chief Executive Officer is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of compensation, benefits and other payments is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Current Water Rates and Listing of Insurance in Force presented on pages 20 and 21 included in the additional information section 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 a report dated December 27, 2018 on my consideration of the District's internal control over financial reporting and 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 the 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 the Waterworks District No. 1 of Avoyelles Parish's internal control over financial reporting and compliance..

W. Kathleen Beard

Certified Public Accountant
Bueche, LA
December 27, 2018

REQUIRED SUPPLEMENTARY INFORMATION

**Waterworks District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana**

Management's Discussion and Analysis (Unaudited)

Our discussion and analysis of Waterworks District No. 1 of Avoyelles Parish, Louisiana's financial performance provides an overview of Waterworks District No. 1's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's basic financial statements.

Financial Highlights

The assets of the District exceeded its liabilities at June 30, 2018 by \$1,653,032 (net position). Of this amount \$693,347 was unrestricted and may be used to meet the District's ongoing obligations. Net position increased by \$239,565 for fiscal year ended June 30, 2018.

Overview of the Financial Statements

The annual report consists of three parts: Management discussion and analysis, basic financial statements and supplementary information. The basic financial statements present information for the District and is designed to make the statements easier to understand. The basic financial statements consist of the fund financial statements and notes to the financial statements.

**Table 1
Net Position**

	2018	2017
Current and other assets	\$ 972,836	\$ 994,280
Capital assets	<u>1,872,502</u>	<u>1,954,699</u>
Total Assets	2,845,338	2,948,979
Long term outstanding debt	1,156,722	1,181,767
Other liabilities	<u>117,499</u>	<u>114,180</u>
Total Liabilities	<u>1,274,221</u>	<u>1,295,947</u>
Net Position		
Invested in capital assets, net of related debt	709,567	759,499
Restricted for water revenue bond funds	200,186	200,186
Unrestricted	<u>661,364</u>	<u>693,347</u>
Total Net Position	<u>\$1,571,117</u>	<u>\$ 1,653,032</u>

Net position is comprised of assets restricted as to the purposes they can be used for, or, are invested in capital assets (buildings, water equipment, etc.). Unrestricted net position is those assets that do not have any limitations for which these amounts may be used.

**Waterworks District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana**

Management's Discussion and Analysis (Unaudited) (Continued)

**Table 2
Changes in Net Position**

	2018	2017
<u>Revenue</u>		
Operating -		
Charges for services	\$ 461,823	\$ 445,123
Non-operating -		
Capital contribution – DWRLF	3,387	218,030
Gain from sale of capital assets	-0-	-0-
Interest revenue	2,145	2,079
Total revenue	467,355	665,232
 <u>Expenses</u>		
Operating	509,052	422,447
Non-operating –		
Interest expense	40,217	3,220
Total expenses	549,269	425,667
 Change in Net Position	(81,915)	239,564
 Beginning Net Position	1,653,032	1,413,468
 Ending Net Position	\$1,571,117	\$ 1,653,032

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had \$1,872,502 invested in capital assets, including buildings, water wells, tanks and lines, and equipment, net of accumulated depreciation. There were \$26,148 in additions to capital assets and no dispositions of capital assets during the year ended June 30, 2018.

**Waterworks District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana**

Management's Discussion and Analysis (Unaudited) (Continued)

Debt Administration

On August 4, 2015, the District adopted a resolution to issue up to \$2,100,000 in revenue bonds and on December 1, 2015, the District entered into a loan and pledge agreement through the Drinking Water Revolving Loan Fund with the Louisiana Department of Health and Hospitals for the issuance of up to \$2,100,000 in taxable Water Revenue Bonds, Series 2015. Not less than 20%, and up to 30%, of the funds available are eligible for a form of forgiveness of principal.

The proceeds of these bonds are being used for system improvements, including the construction of a new well, automated meter readers and controls, pump building, and other enhancements to the production, treatment, and distribution of water.

The District had outstanding indebtedness at June 30, 2018 of \$1,156,722, of which \$12,954 was drawn on the loan during the year ended June 30, 2018.

Contacting the District's Management

This financial report is designed to provide our customers, citizens and taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Avoyelles Waterworks District No.1's office in Bordelonville, Louisiana.

BASIC FINANCIAL STATEMENTS

**Water Works District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Bordelonville, Louisiana
Statement of Net Position
June 30, 2018**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	392,197
Investments in Certificates of Deposit		199,375
Accounts receivable - Customers		60,074
Due from other governmental agencies		899
Other receivables		4,800
Inventory		21,246
Prepaid insurance		12,111
Cylinder deposit		1,000
Total Current Assets		691,702

NONCURRENT ASSETS

Restricted Assets -		
Cash and cash equivalents:		
Water customer deposits		54,873
Water revenue bond accounts		200,186
Investments in Certificates of Deposit:		
Water customer deposits		26,076
Total Restricted Assets		281,134
Capital Assets -		
Nondepreciable		31,720
Depreciable (net of accumulated depreciation)		1,840,782
Total Capital Assets		1,872,502
Total Noncurrent Assets		2,153,636

TOTAL ASSETS	\$	2,845,338
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(Continued)

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

**Water Works District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Bordelonville, Louisiana
Statement of Net Position
June 30, 2018**

LIABILITIES AND NET POSITION

LIABILITIES

Payable from Current Assets:	
Accounts payable	\$ 19,498
Accrued payroll expenses	6,433
Accrued compensated absences payable	7,402
Accrued interest payable	3,218
Total Payable from Current Assets	36,551
Payable from Restricted Assets:	
Customer deposits	80,948
Total Payable from Restricted Assets	80,948
Long-term liabilities:	
Portion due in one year	38,000
Due in more than one year	1,118,722
Total Long-term Liabilities	1,156,722
Total Liabilities	1,274,221

NET POSITION

Net investment in capital assets	709,567
Restricted for water revenue bond funds	200,186
Unrestricted	661,364
Total Unrestricted	661,364
TOTAL NET POSITION	\$ 1,571,117

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

**Water Works District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Bordelonville, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2018**

OPERATING REVENUES

Charges for services	
Water sales	\$ 434,574
Late charges	11,879
Reconnect fees	1,050
Tap fees	6,420
Miscellaneous	7,899
	461,823
Total operating revenues	461,823

OPERATING EXPENSES

Water purchases	7,322
Salaries and benefits	182,142
Repairs, maintenance, testing, chemicals, parts and supplies	70,071
Fuel	10,879
Utilities	76,241
Insurance	14,625
Board fees	2,230
Professional fees	15,113
Office supplies, postage, bank charges, printing, publishing	15,035
Communications	5,717
Travel	335
Miscellaneous	432
Rent	566
Depreciation	108,345
Total Operating Expenses	509,052

INCOME FROM OPERATIONS (47,229)

NON-OPERATING REVENUES (EXPENSES)

Interest revenue	2,145
Interest expense	(40,217)
Total Non-operating Revenues (Expenses)	(38,072)

CAPITAL CONTRIBUTIONS

Contributions in aid of construction - DWRLF	3,387
Total Capital Contributions	3,387

INCREASE/(DECREASE) IN NET POSITION (81,915)

NET POSITION AT BEGINNING OF YEAR 1,653,032

NET POSITION AT END OF YEAR \$ 1,571,117

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

**Water Works District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Bordelonville, Louisiana
Statement of Cash Flows
For the year ended June 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 448,113
Cash payments to suppliers for goods and services	(209,069)
Cash payments to employees for services	(182,525)
Net Cash Provided by (Used for) Operating Activities	56,519

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition of capital assets	(33,366)
Proceeds from Loan	18,506
Bond principal payments	(38,000)
Bond interest and administrative expense	(40,217)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(93,077)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	2,145
(Increase)/Decrease in Certificates of Deposit (Capitalized Interest)	(1,027)
Net Cash Provided by (Used for) Investing Activities	1,119

INCREASE (DECREASE) IN CASH

(35,439)

Cash and Cash Equivalents, Beginning of Year

682,694

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 647,255

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

Cash and Cash Equivalents - Unrestricted

\$ 428,059

Cash and Cash Equivalents - Restricted

254,635

\$ 682,694

CASH AND CASH EQUIVALENTS, END OF YEAR

Cash and Cash Equivalents - Unrestricted

\$ 392,197

Cash and Cash Equivalents - Restricted

255,058

\$ 647,255

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

Income/(loss) from operations	\$ (47,229)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	108,345
Net Change in Assets and Liabilities -	
(Increase) Decrease in accounts receivable	(9,333)
(Increase) Decrease in insurer receivable	(4,800)
(Increase) Decrease in inventory	(158)
(Increase) Decrease in prepaid expense	(845)
Increase (Decrease) in accounts payable and accrued expenses	10,499
Increase (Decrease) in accrued salaries and compensated absences	(383)
Increase (Decrease) in customer security deposits	423
Total Adjustments	(4,597)
Net cash provided by (used for) operating activities	\$ 56,519

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

Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Notes to the Financial Statements
June 30, 2018

Introduction

Waterworks District No. 1 of the Parish of Avoyelles was created on February 5, 1969 by the Avoyelles Parish Police Jury. The "District" operates under a president-board form of government whose appointments are made by the Avoyelles Parish Police Jury. The District serves 1,740 customers.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Standards and Interpretations).

B. Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes: (1) appointing a voting majority of an organization's governing body, and the ability of the police jury to impose its will on that organization, and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury; (2) organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury; and (3) organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Avoyelles Parish Police Jury appoints the governing board and because of the scope of public service, the District is deemed to be a component unit of the Avoyelles Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

C. Basic Financial Statements – Fund Financial Statements

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Waterworks District No. 1 of Avoyelles Parish reports a single proprietary fund.

The District is organized and operated on the basis of funds whereby a separate self - balancing set of accounts (Enterprise Fund) is maintained that comprise its assets, liabilities, fund equity, revenue and expense. The operations are financed and operated in a manner similar to a private business enterprise - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise fund is used to account for water services provided to the residents and businesses within the District.

Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Notes to the Financial Statements
June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

E. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash on hand and all restricted and unrestricted cash in banks (demand deposits, interest-bearing demand deposits and money market accounts) and highly liquid investments, having a maturity of three months or less when purchased are considered to be cash equivalents.

F. Investments

State law allows the District to invest in any direct obligation of the United States Treasury; other debt issued or guaranteed by the full faith and credit of the United States; certificates of deposit of any bank in Louisiana; mutual funds which are registered with the Securities and Exchange Commission and invest in securities of the U. S. government or its agencies; guaranteed investment contracts issued by banks or insurance companies or investment grade commercial paper of domestic U. S. corporations. Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are statement at cost.

G. Receivables

Customer accounts receivable are reported at gross, the direct write-off method is used to record bad debts, therefore, an allowance for uncollectible accounts is not maintained. Use of this method does not materially differ from the allowance method.

H. Inventories and prepaid expenses

Inventories consist of parts and materials and are recorded as an expense when consumed. Inventories are valued at the lower of cost, utilizing the first in - first out method of valuation. Certain payments to vendors represent payments for future periods and are therefore reported as prepaid expense.

Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Notes to the Financial Statements
June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

I. Restricted Assets

Certain proceeds are classified as restricted assets on the Statement of Net Position because applicable laws and regulations limit their use. Restricted assets of the proprietary fund include:

- 1) Meter funds are used to account for customers' meter deposits received from and returned to customers.
- 2) Capital Projects Construction Fund is used to account for bond proceeds to be expended for construction, improvements, and expansions to the waterworks system and as otherwise provided in the bond resolution.
- 3) Water Revenue Bond Sinking Funds (Debt Service Fund) is established sufficient in amount to pay promptly and fully the principal and interest on the Bonds in a manner provided by the Bond Resolution. Transfers are made monthly from the water district operating account (Revenue Fund) under a formula provided by the bond covenants.
- 4) Water Revenue Bond Reserve Fund is to be funded monthly with a sum equal to twenty five percent (25%) of the amount to be paid into the Sinking Fund with respect to the Bonds, the payments to continue until such time as there have accumulated in the account a sum equal to the Reserve Fund Requirement. Moneys in the account shall be used only to make payments solely on the Bonds as to which there would otherwise be default.
- 5) Water Revenue Bond Depreciation and Contingencies Fund is established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, by transferring funds in the Revenue Fund after making payments required by (2), (3) and (4) above to the Contingencies Fund monthly, the amount equal to a sum of five percent (5%) of the Net Revenues for the preceding month, provided that such sum is available, until there has been accumulated a sum of one hundred thousand dollars (\$100,000), whereupon payments may cease and need be resumed thereafter only if the total amount of money on deposit in said fund is reduced below the sum of one hundred thousand dollars (\$100,000), in which event such payments shall be resumed and continue until said maximum amount is again accumulated. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the contingencies Fund may also be used to pay the principal of and the interest on Bonds for the payment of which there is not sufficient money the Debt Service Fund and Reserve Fund, unless use of said money will leave in Contingencies Fund for the making of emergency repairs or replacements less than the sum of fifteen thousand dollars (\$15,000). The Contingency Fund is currently at its maximum of \$100,000.

J. Capital Assets

The cost of property, plant and equipment, including significant betterments to existing facilities and infrastructure is recorded in the enterprise fund on its balance sheet. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible capital assets are charged as an expense against operations and has been computed under the straight - line method based on the estimated useful lives of the individual assets. Estimated useful lives are as follows:

Distribution system	50 years
Storage tanks	40 years
Pumping stations and buildings	20 years
Other Equipment	3 -10 years
Software	5 years

All capital assets are stated at historical cost. Donated assets are valued at their estimated fair value on the date donated. For the fiscal year ended June 30, 2018, there was no interest charges capitalized on capital assets acquired or constructed.

Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Notes to the Financial Statements
June 30, 2018

K. Compensated Absences

The District has adopted a policy for paid vacation and sick leave for all full time employees. Employees with 1 - 5 years of service are granted 14 days annual leave; employees with over 5 years of service are granted 14 days annual leave plus 1 day for each additional year of service to a maximum of 25 days. Unused vacation leave is lost at the end of the calendar year. Employees hired before June 30, 1996 are allowed to carry forward any unused vacation leave as of that date, however, vacation leave earned after that date is non-cumulative. Sick leave may be accumulated indefinitely. At June 30, 2018, the amount of unused paid leave is reported in these financial statements.

L. Defining Operating Revenues and Expenses

The District distinguishes between operating and non-operating revenues and expenses - operating revenues and expenses of the District consist of charges for services (including tap fees) and the costs of providing those services, including depreciation and excluding interest cost. All other revenue and expenses are reported as non-operating.

M. Fund Equity

Proprietary fund net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position—consist of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

The District restricts use of restricted funds for the purpose of the restriction.

N. Deferred Outflows of Resources and Deferred Inflows of Resources and Net Position

In December 2010, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The District has no items that qualify for reporting in this category.

**Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Notes to the Financial Statements
June 30, 2018**

2. Cash and cash equivalents and Certificates of Deposit

At June 30, 2018, the District had cash and equivalents (book balances) totaling \$682,694, detailed as follows:

	Unrestricted	Restricted	Total
Petty cash and change funds	\$ 500	\$ -	\$ 500
Demand deposits	35,337	255,058	290,395
Money market account	356,360	-	356,360
	<u>\$ 392,197</u>	<u>\$ 255,058</u>	<u>\$ 647,255</u>

Certificates of deposit

The District may invest in United States bonds, treasury notes, or certificates of deposit at state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, an investment stipulated in Louisiana Revised Statute 39:1271, or any other federally insured investment

At June 30, 2018, the District had certificates of deposit totaling \$225,451, as follows:

	Unrestricted	Restricted	Total
Certificates of Deposit	<u>\$ 199,375</u>	<u>\$ 26,076</u>	<u>\$ 225,451</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. There were no uncollateralized bank balances at June 30, 2018.

3. Accounts Receivable

At June 30, 2018 accounts receivable from customers is comprised of the following:

Customer accounts receivable	
Current	\$ 34,362
31-60	1,400
61-90	139
Over 90	<u>3,266</u>
	39,167
Unbilled receivable	<u>20,907</u>
	<u>\$ 60,074</u>

Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Notes to the Financial Statements
June 30, 2018

4. Restricted Assets

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

Account Name	Balances			Balances 06/30/18
	06/30/17	Increases	Decreases	
Meter Deposit Checking	\$ 54,449	\$ 9,768	\$ (9,346)	\$ 54,872
Meter Deposit Certificate of Deposits	26,076	-	-	26,076
Water Revenue Bond Sinking Fund	48,461	-	-	48,461
Water Revenue Bond Reserve Fund	51,725	-	-	51,725
Water Revenue Bond Depreciation & Contingency Fund	100,000	-	-	100,000
Totals	<u>\$ 280,711</u>	<u>\$ 9,768</u>	<u>\$ (9,346)</u>	<u>\$ 281,134</u>

5. Capital Assets -

The following is a summary of the capital asset activity for the year ended June 30, 2018:

	June 30, 2017	Additions	Deletions	June 30, 2018
Non-depreciable Assets -				
Land	\$ 31,720	\$ -	\$ -	\$ 31,720
Construction in Progress	0	11,288	(11,288)	0
	<u>31,720</u>	<u>11,288</u>	<u>(11,288)</u>	<u>31,720</u>
Depreciable Assets -				
Water System	2,735,509	20,364	-	2,755,873
Buildings	114,951	1,799	-	116,750
Equipment	166,066	3,985	-	170,051
Office Equipment	14,477	-	-	14,477
Total Depreciable	<u>3,031,003</u>	<u>26,148</u>	<u>-</u>	<u>3,057,150</u>
Total Capital Assets	3,062,723	37,436	(11,288)	3,088,870
Accumulated Depreciation -				
Water System	940,198	92,746	-	1,032,944
Buildings	43,107	2,934	-	46,041
Equipment	110,242	12,664	-	122,906
Office Equipment	14,478	-	-	14,478
Total Accum Depr	<u>1,108,024</u>	<u>108,345</u>	<u>-</u>	<u>1,216,369</u>
Capital Assets - Book Value	<u>\$ 1,954,699</u>			<u>\$ 1,872,502</u>

Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Notes to the Financial Statements
June 30, 2018

6. Long-Term Liabilities

Water Revenue Bonds – Series 2015

Long-term liability activity for the year ending June 30, 2018, is as follows:

Type of Debt	Balance at 6/30/2017	Additions	Deductions	Balance at 6/30/2018	Amounts Due In One Year
Water Revenue Bonds - Series 2015	\$ 1,181,767	\$ 12,954	\$ (38,000)	\$ 1,156,721	\$ 38,000
Totals	<u>\$ 1,181,767</u>	<u>\$ 12,954</u>	<u>\$ (38,000)</u>	<u>\$ 1,156,721</u>	<u>\$ 38,000</u>

The District issued Taxable Water Revenue Bond, Series 2015 through the Louisiana Department of Health and Hospitals Water Revolving Loan Fund Program in the amount not to exceed \$2,100,000 with a fixed interest rate of 2.95% and a administrative fee of .5%. The guidelines of this program forgives 30% of the principal amount of each draw up to the maximum amount of principal forgiveness of \$630,000. The proceeds from this bond issue are be used for the construction and acquisition of improvements to the System, specifically the construction and site preparation for a booster plant, water well and purchase and installation of radio read meters. During the year ended June 30, 2018, loan proceeds received totaled \$12,954.

This Bond shall mature in twenty (20) installments of principal, payable annually on each December 1, and each annual installment shall be the applicable percentage shown in the following table, rounded to the nearest One Thousand Dollars (\$1,000) of the outstanding principal amount of this Bond of the day before the applicable Principal Payment Date

Date (December 1)	Percentage Of Principal	Date (December 1)	Percentage Of Principal
2017	3.554%	2027	8.544%
2018	3.812%	2028	9.664%
2019	4.100%	2029	11.067%
2020	4.423%	2030	12.874%
2021	4.787%	2031	15.286%
2022	5.202%	2032	18.667%
2023	5.676%	2033	23.743%
2024	6.226%	2034	32.209%
2025	6.868%	2035	49.152%
2026	7.629%	2036	100.000%

The initial principal payment is due December 1, 2017, in the amount of \$38,000. Interest is payable semi-annually on June 1 and December 1. Interest paid during the fiscal year ending June 30, 2018 was \$40,217 and reported as interest expense.

Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Notes to the Financial Statements
June 30, 2018

7. Intergovernmental Receivable and Revenue

The District reported a receivable "Due from Louisiana Department of Health Hospitals of \$899, which represents 30% of loan proceeds forgiven related to accrued construction costs at year end. The District recognized a capital contribution in aid of construction of \$3,387 related to the Louisiana Department of Health and Hospitals Drinking Water Revolving Loan Fund forgiveness of 30% of total loan proceeds received in the current fiscal year.

8. Net Position

In accordance with the terms of the security provisions and protective covenants for the Water Revenue Bonds – Series 2015, the District has restricted the following net position for debt service at June 30, 2018:

Debt service	\$	48,461
Bond reserve		51,725
Contingencies		100,000
		200,186
	\$	200,186

9. Compensation Paid to Board Members

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the board of commissioners is as follows:

David Bordelon, President	\$	350
Aloysia C. Ducote		470
James Armand		560
Peter Lemoine		550
Hayward Voiselle		300
Total	\$	2,230

10. Pension Plan

Employees of the District are not covered under a State of Louisiana PERS plan. They are members of the social security retirement system.

Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Notes to the Financial Statements
June 30, 2018

11. Commitments and Contingencies

Litigation and Claims - The District is the Defendant in a lawsuit related to the Radio Read Meter contract due to a contract dispute in which the contractor is seeking payment of \$54,197.60 for retainage payable and cost of meters ordered but not used. The District is also Plaintiff in a suit against the same contractor related to the Booster Plant & Site Work contract for non-performance of punch list items. The District's attorney expects the District to prevail in both suits.

The District is named in a personal injury lawsuit in which the District is one of over 500 named Defendants. The District's attorney expects the District to prevail in this suit as well.

Grants –

The Louisiana Department of Health and Hospitals purchase of the Water Revenue Bonds – Series 2015 was financed by the Drinking Water Revolving Loan Fund, a federal program operated through the United States Environmental Protection Agency (EPA), amounts received are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the District. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Risk Management -

The District is exposed to various risks of loss for which the District purchases commercial insurance. The District maintains insurance policies to cover risks related to workers compensation, general liability, public officials errors and omissions, commercial property damage, and automobile coverage, including collision. There have been no reductions in insurance coverage during the last year. Settled claims have not exceeded coverage in the last three years.

12. Subsequent Events

Subsequent events were evaluated through December 27, 2018 which is the date the financial statements were available to be issued. See note 11 regarding litigation related to construction contracts.

OTHER INFORMATION

**Water Works District No. 1 of the Parish of Avoyelles
 (A Component Unit of the Avoyelles Parish Police Jury)
 Bordelonville, Louisiana
 Schedule of Compensation, Benefits and Other Payments
 to Agency Head or Chief Executive Officer
 For the Year ended June 30, 2018**

Agency Head Name: David Bordelon, President

	Amount
Purpose:	
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Social security and medicare employer contributions	-
Car allowance	-
Vehicle provided by government	-
Per diem	350
Reimbursements	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	\$ 350

See Independent Auditor's Report

**Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Bordelonville, Louisiana
Schedule of Current Water Rates (Unaudited)
Year Ended June 30, 2018**

The District currently has the following rate structures:

Residential

0 to 2000 gallons
over 2000 gallons

\$ 18/month
plus \$3/1000 gallons

See Independent Auditor's Report

**Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Bordelonville, Louisiana
Listing of Insurance in Force (Unaudited)
Year Ended June 30, 2018**

Per bond reporting requirements, the following insurance policies are in force at June 30, 2018

	Coverage Amount
The District has insurance through Allied World Speciality Insurance Co. through May 12, 2019 for the following Coverages:	
Coverages:	
Property	
Real property & business personal property	\$ 1,293,985
Coverage extension blanket limit	500,000
Mobile equipment	222,953
Commercial crime	
Employee theft (per occurrence)	500,000
Forgery or alteration (per occurrence)	250,000
Inside the premises (theft of money & securities) (per occurrence)	250,000
Inside the Premises (robbery/safe burglary) (per occurrence)	5,000
Outside the premises (per occurrence)	250,000
Computer fraud (per occurrence)	100,000
Fund transfer fraud (per occurrence)	50,000
Money orders (per occurrence)	100,000
Commercial General Liability	
Bodily injury, property damage & medical expenses	3,000,000
Products/completed operations	3,000,000
Personal and advertising injury	1,000,000
Damage to premises rent to you (any one premises	1,000,000
Medical expenses (any one person)	10,000
Public Officials and Management Liability	
Wrongful acts (each wrongful act)	1,000,000
Employment practices (each offense)	1,000,000
Employee benefit plans (each offense)	1,000,000
Business auto coverage	
Liability (1 auto)	1,000,000
Auto medical payments	5,000
Uninsured motorist	1,000,000

	Coverage Amount
The District has a workers compensation and employees liability insurance through Bridgefield Casualty Insurance Company through October 5, 2019	
Coverages:	
Bodily injury by accidend (each accident)	1,000,000
Bodily injury by disease (each employee)	1,000,000
Bodily injury by disease (policy limit)	1,000,000

See Independent Auditor's report

REPORTS REQUIRED BY GOVERNMENT STANDARDS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Commissioners
Waterworks District No. 1 of the Parish of Avoyelles
Bordelonville, Louisiana

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-type activities of Waterworks District No. 1 of the Parish of Avoyelles (the "District"), a component unit of the Avoyelles Parish Police Jury, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued my report thereon dated December 27, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employee, 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 a 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 over financial reporting 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 the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

W. Kathleen Beard

Certified Public Accountant
Bueche, Louisiana
December 27, 2018

**Waterworks District No. 1 of the Parish of Avoyelles
(A Component Unit of the Avoyelles Parish Police Jury)
Schedule of Prior Year Audit Findings
For the Year Ending June 30, 2018**

A. Internal Control and Compliance Material to the Financial Statements

There were no findings.

B. Management Letter

No management letter was issued.