

SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana

Annual Financial Statements  
As of and for the Year Ended June 30, 2019  
With Supplemental Information Schedules

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To the Management of the Sarepta Waterworks  
District of Webster Parish  
Component Unit of the Webster Parish Police Jury  
Sarepta, Louisiana

Management is responsible for the accompanying financial statements of the business-type activities of Sarepta Waterworks District of Webster Parish, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Sarepta Waterworks District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

## Supplementary Information

The accompanying schedule of compensation paid board members and schedule of compensation, benefits, and other payments to the agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. The information was subject to our compilation engagement but we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following supplementary information be presented to supplement the basic financial statements:

### Management's Discussion and Analysis

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The Management Discussion and Analysis, 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 the of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.

We are not independent with respect to Sarepta Waterworks District.

*Wise Martin & Cole, LLC*  
Minden, Louisiana  
December 31, 2019

## **BASIC FINANCIAL STATEMENTS**

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
**WEBSTER PARISH POLICE JURY**  
**Sarepta, Louisiana**

**Statement of Net Position**  
**June 30, 2019**

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 204,436
Accounts receivable - trade	21,384
Prepays	<u>4,562</u>
Total current assets	<u>230,382</u>

## Noncurrent assets:

Restricted cash - meter deposits	26,607
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## Capital assets:

Land	9,100
Depreciable capital assets, net of depreciation	<u>730,613</u>

Total noncurrent assets	<u>766,320</u>
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TOTAL ASSETS	<u>996,702</u>
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**LIABILITIES**

## Current liabilities:

Accounts and other payables	11,504
Customer meter deposits	<u>23,000</u>

Total current liabilities	<u>34,504</u>
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TOTAL LIABILITIES	<u>34,504</u>
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**NET POSITION**

Net invested in capital assets	739,713
Restricted for utility meter deposits	3,607
Unrestricted	<u>218,878</u>

TOTAL NET POSITION	<u>\$ 962,198</u>
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See accompanying notes and accountants' compilation report.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
**WEBSTER PARISH POLICE JURY**  
**Sarepta, Louisiana**

**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2019**

**Operating revenues:**

Water sales	\$ 175,172
Penalties	10,310
Reconnect charges	950
Miscellaneous income	5,154
Total operating revenues	<u>191,586</u>

**Operating expenses:**

Salaries	28,798
Contract labor	36,152
Maintenance and supplies	15,988
Utilities	12,282
Vehicle expense	740
Office	5,426
Insurance	14,736
Legal and auditing	3,344
Commissioners	3,600
Taxes	2,566
State fees	7,252
Bank fees	84
Depreciation	25,600
Bad debt	32
Total operating expenses	<u>156,600</u>

**Operating income** 34,986

**Nonoperating revenues:**

Interest income	1,336
Total nonoperating revenues	<u>1,336</u>

**Net income** 36,322

**Total net position - beginning** 925,876

**Total net postion - ending** \$ 962,198

See accompanying notes and accountants' compilation report.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
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Sarepta, Louisiana**

**Statement of Cash Flows  
For the Year Ended June 30, 2019**

Cash flows from operating activities:	
Cash received from customers	\$ 190,730
Cash payments for goods and services	(107,726)
Cash payments to employees and commissioners	(32,572)
Net cash provided by operating activities	<u>50,432</u>
Cash flows from noncapital financing activities:	
Net increase in meter deposits	<u>325</u>
Net cash provided by noncapital financing activities	<u>325</u>
Cash flows from capital and related financing activities:	
Net cash used for capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Investment income	<u>1,336</u>
Net cash provided by investing activities	<u>1,336</u>
Net increase (decrease) in cash	52,093
Cash and cash equivalents at beginning of year	<u>178,950</u>
Cash and cash equivalents at end of year	<u>\$ 231,043</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Net income (loss) from operations	\$ 34,986
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	25,600
Bad debt	32
(Increase) decrease in accounts receivable - trade	(412)
(Increase) decrease in prepaid expenditures	956
(Increase) decrease in unbilled receivables	(444)
(Increase) decrease in accounts payable - trade	4,529
Increase (decrease) in payroll taxes payable	(285)
(Increase) decrease in state w/h payable	10
Increase (decrease) in sales tax payable	(27)
Increase (decrease) in retainage payable	<u>(14,513)</u>
Net cash provided by operating activities	<u>\$ 50,432</u>

See accompanying notes and accountants' compilation report.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
**WEBSTER PARISH POLICE JURY**  
Sarepta, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

***INTRODUCTION***

The Sarepta Waterworks District of Webster Parish was created under Revised Statutes 33:3811, by the Webster Parish Police Jury, by Ordinance No. 502, on September 2, 1958. As a result, the District is a component unit of the Webster Parish Police Jury, which has the authority to appoint all members of the Board of Waterworks Commissioners.

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The basic financial statements of the Sarepta Waterworks District of Webster Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

**B. Reporting Entity**

The District is a component unit of the Webster Parish Police Jury, the financial reporting entity. The Police Jury is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

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 financial reporting entity.



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The Utility Fund is used to account for water service operations that are financed and operated in a manner similar to private business enterprise. 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, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds focus attention on recovering the cost of providing services to the public or other agencies through service charges or user fees. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet.

Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net position. The accrual basis of accounting is utilized by proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations.

The proprietary fund accounts for operations that are financed and operated in a manner similar to private business enterprises where the cost (expenses, including depreciation) of providing water services to the general public on a continuing basis is financed through user charges.

Operating expenses for proprietary 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.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
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When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Budgets and Budgetary Accounting**

The Sarepta Waterworks District of Webster Parish is not required by state law to formally adopt a budget for proprietary funds and generally accepted accounting procedures do not require budgetary comparison of financial statements.

**E. Encumbrances**

The Sarepta Waterworks District of Webster Parish does not use encumbrance accounting.

**F. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

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

**G. Investments**

Investments are limited by the Louisiana Revised Statute 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The District's investments are reported at fair value, which is determined using selected bases in accordance with GASB Statement No. 31. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
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The investments are reflected at fair value except for the following which are permitted by GASB Statement No. 31:

- Investments in *nonparticipating* interest earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost based measure.
- Money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less may report at amortized cost.

The District reported its money market investments at amortized cost.

**H. Inventories**

Supplies used to repair water lines, pumps, and meters, are immaterial and are expensed when purchased.

**I. Capital Assets**

Capital assets, which include property, plant equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the proprietary fund of the District. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Sarepta Waterworks District of Webster Parish maintains a threshold level of \$2,500 or more for capitalizing capital assets.

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

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
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All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Utility plant and additions	25-40
Water wells	40
Transportation equipment	5-10
Office equipment/improvements	5-8

**J. Compensated Absences**

The District's vacation and sick policy provides for five days paid time off for employees in their first year of employment and ten days beginning in the second year of employment. No payment is made for unused vacation and sick time at the end of the fiscal year or upon leaving employment with the District.

**K. Restricted Assets**

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to utility meter deposits.

**L. Pension Plan**

The district does not participate in a pension plan and therefore has no unfunded liability.

**M. Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the Sarepta Waterworks District of Webster Parish considers all highly liquid investments (including restricted assets) to be cash equivalents.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
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**Notes to the Financial Statements**  
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**N. Bad Debts**

Uncollectible amounts due for customer accounts are recognized as bad debts through the use of the direct write-off method at the time information becomes available which would indicate the uncollectibility of the particular receivable. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting procedures.

**O. Estimates**

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

**2. Deposits and investments**

Deposits are stated at cost, which approximates fair market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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 – deposits**

At June 30, 2019, the District had \$148,217 in collected bank balances. These deposits are secured from risk by \$250,000 of federal deposit insurance.

At June 30, 2019, the District had investments in a money market account totaling \$78,925.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
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**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

***District's investment policies***

The District's policies do not address interest rate risk, credit risk, custodial credit risk, and concentration of credit risk.

**Custodial credit risk – investments** is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District investments are Category 1 investments, categorized as insured or registered, or securities held by the District or its agent in the District's name. The District had \$78,925 in a money market with Edward D Jones, LP, who is registered with the Securities & Exchange Commission (SEC) as a broker-dealer and member of Securities Investor Protection Corporation (SIPC). If a member firm fails, SIPC provides protection for cash and securities held in customer accounts by insured brokerage firms. Securities registered in the government's name are automatically transferred to the government. Remaining claims are satisfied up to a maximum of \$500,000 (including up to \$250,000 cash claims). The cash held with Edward D. Jones, LP is protected by the SIPC coverage.

**Interest rate risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's policy does not address interest rate risk.

**Concentration of credit risk** is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Investments held in U.S. government or investments guaranteed by the U.S. government are excluded from disclosure of concentration of credit risk.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
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Sarepta, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**3. Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2019, for the District is as follows:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 9,100	\$ -	\$ -	\$ 9,100
Total capital assets, not being depreciated	<u>9,100</u>	<u>-</u>	<u>-</u>	<u>9,100</u>
Capital assets being depreciated				
Buildings	190,027	-	-	190,027
Land improvements other than buildings	968,095	-	-	968,095
Equipment	38,260	-	-	38,260
Vehicles	25,807	-	-	25,807
Total capital assets being depreciated	<u>1,222,189</u>	<u>-</u>	<u>-</u>	<u>1,222,189</u>
Less accumulated depreciation for:				
Buildings	184,467	501	-	184,968
Land improvements other than buildings	220,134	24,674	-	244,808
Equipment	35,568	425	-	35,993
Vehicles	25,807	-	-	25,807
Total accumulated depreciation	<u>465,976</u>	<u>25,600</u>	<u>-</u>	<u>491,576</u>
Total capital assets, being depreciated, net	<u>756,213</u>	<u>(25,600)</u>	<u>-</u>	<u>730,613</u>
Business-type activities capital assets, net	<u>\$ 765,313</u>	<u>\$ (25,600)</u>	<u>\$ -</u>	<u>\$ 739,713</u>

Depreciation expense of \$25,600 was charged as a direct expense of the government.

**4. Leases**

Sarepta Waterworks District of Webster Parish has a lease with the Webster Parish School Board for 40 years, with the option to renew the lease for six successive ten year periods upon the same terms and conditions set forth in the original agreement dated July 1, 1984, for the sum of \$1 per year.

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The lease is subject to the following provisions:

- a) The property must be used for the purpose of the operation and maintenance of a well and booster station site and for the operation of the water system by Sarepta Waterworks District of Webster Parish.
- b) The District must maintain liability insurance for operations conducted on the subject property in an amount not less \$100,000 per accident.

Future payments are as follows:

2020	\$ 1
2021	1
2022	1
2023	1
2024	<u>1</u>
	\$ <u>5</u>

**5. Subsequent Events**

Subsequent events have been evaluated through December 31, 2019. This date represents the date the financial statements were available to be issued.



## **SUPPLEMENTARY INFORMATION**

SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
WEBSTER PARISH POLICE JURY  
Sarepta, Louisiana

Schedule of Compensation Paid Board Members  
For the Year Ended June 30, 2019

Because of the constant participation of members of the Board of commissioners in day to day activities of the District, the members are paid a monthly per diem instead of a per diem based on attendance at board meetings. Payments to the board members are as follows:

	For the years ended	
	June 30,	June 30,
	<u>2019</u>	<u>2018</u>
Garland Hughes	\$ 720	\$ 720
Andy Hanson	720	720
Michael Andrews	720	720
Pete Schuler	720	720
Thomas Garland	<u>720</u>	<u>720</u>
Total	\$ <u>3,600</u>	\$ <u>3,600</u>

See accountants' compilation report.

SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
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Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2019

Agency Head Name: Garland Hughes, President

<u>Purpose</u>	<u>Amount</u>
Per diem	\$ 720

See accountants' compilation report.