

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

ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014

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

Annual Financial Statements  
As of and for the Year Ended June 30, 2014  
With Supplemental Information Schedules

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

We have compiled the accompanying financial statements of the business-type activities of the Sarepta Waterworks District of Webster Parish, a component unit of Webster Parish Police Jury, as of and for the year ended June 30, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Sarepta Waterworks District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The Sarepta Waterworks District of Webster Parish has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

The supplementary information appearing on page 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

*Jamieson, Wise & Martin*

Minden, Louisiana  
December 8, 2014

**BASIC FINANCIAL STATEMENTS**

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

**Statement of Net Position  
June 30, 2014**

**ASSETS**

## Current assets:

Cash	\$ 188,476
Investments	35,322
Accounts receivable - trade	15,566
Unbilled receivables	3,956
Restricted cash - meter deposits	<u>23,753</u>
Total current assets	<u>267,073</u>

## Noncurrent assets:

Capital assets:	
Land	9,100
Depreciable capital assets, net of depreciation	<u>633,856</u>
Total noncurrent assets	<u>642,956</u>

TOTAL ASSETS	<u>910,029</u>
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**LIABILITIES**

## Current liabilities:

Accounts payable	2,072
Payroll taxes payable	13
Sales tax payable	36
State taxes payable	261
Customer meter deposits	<u>21,558</u>
Total current liabilities	<u>23,940</u>

TOTAL LIABILITIES	<u>23,940</u>
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**NET POSITION**

Invested in capital assets, net of related debt	642,956
Restricted for utility meter deposits	2,195
Unrestricted	<u>240,938</u>

TOTAL NET POSITION	<u>\$ 886,089</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, 2014**

<b>Operating revenues:</b>	
Water sales	\$ 135,087
Penalties	9,940
Meter tap	894
Reconnect charges	490
Miscellaneous income	<u>2,425</u>
Total operating revenues	<u>148,836</u>
<b>Operating expenses:</b>	
Wages and contract labor	58,952
Maintenance and supplies	50,466
Utilities	16,753
Transportation	2,978
Office	3,120
Insurance	13,183
Legal and auditing	2,200
Bank charges	1,538
Commissioners expense	3,600
Payroll taxes	5,458
State fee	1,450
Depreciation	21,790
Bad debt	<u>328</u>
Total operating expenses	<u>181,816</u>
<b>Operating income (loss)</b>	(32,980)
<b>Nonoperating revenues (expenses):</b>	
Interest income	<u>1,116</u>
Total nonoperating revenues (expenses)	<u>1,116</u>
<b>Net income (loss)</b>	(31,864)
<b>Total net position - beginning of year</b>	<u>917,953</u>
<b>Total net position - ending of year</b>	<u><u>\$ 886,089</u></u>

See accompanying notes and accountants' compilation report.

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

**Statement of Cash Flows  
For the Year Ended June 30, 2014**

Cash flows from operating activities:	
Cash received from customers	\$ 145,472
Cash payments for goods and services	(98,704)
Cash payments to employees and commissioners	<u>(62,552)</u>
Net cash used by operating activities	<u>(15,784)</u>
Cash flows from noncapital financing activities:	
Net increase in meter deposits	<u>273</u>
Net cash provided for noncapital financing activities	<u>273</u>
Cash flows from investing activities:	
Investment income	2,160
Proceeds from redemption of investments and CD's	<u>16,426</u>
Net cash provided by investing activities	<u>18,586</u>
Net increase (decrease) in cash	3,075
Cash and cash equivalents at beginning of year	<u>209,154</u>
Cash and cash equivalents at end of year	<u>\$ 212,229</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Net income (loss) from operations	\$ (32,980)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	21,790
Bad debt	328
(Increase) decrease in accounts receivable - trade	(3,188)
(Increase) decrease in unbilled receivables	(176)
Increase (decrease) in accounts payable - trade	(1,577)
Increase (decrease) in payroll taxes payable	18
Increase (decrease) in sales tax payable	<u>1</u>
Net cash used by operating activities	<u>\$ (15,784)</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, 2014**

***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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**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 total assets. 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 of 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.

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.

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**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.

**G. Investments**

Investments are limited by 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.

**H. Inventories**

Supplies used to repair water lines, pumps, and meters, are immaterial and are expensed when purchased which is consistent with prior years.

**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 fair market value at the date of donation. The Sarepta

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Notes to the Financial Statements  
For the Year Ended June 30, 2014

**I. Capital Assets (continued)**

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.

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	40
Water wells	40
Transportation equipment	5-10
Office equipment/improvements	5-8

**J. 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.

**K. Pension Plan**

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

**L. 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.

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**M. 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.

**N. 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. Cash and interest-bearing deposits**

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.

At June 30, 2014, the district had cash and cash equivalents totaling \$67,830 as follows:

Demand deposits	\$ 51
Interest-bearing demand deposits	<u>67,779</u>
Total	\$ <u>67,830</u>

These deposits are stated at cost, which approximates market. Under state law, these 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 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.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH  
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Notes to the Financial Statements  
For the Year Ended June 30, 2014**

**2. Cash and interest-bearing deposits (continued)**

At June 30, 2014, the district had \$67,830 in collected bank balances. These deposits are secured from risk by \$250,000 of federal deposit insurance.

**3. Investments**

At June 30, 2014, the district had the following unrestricted cash and investments:

<u>Portfolio / investments</u>	<u>Credit rating</u>	<u>Fair value</u>	<u>Cost</u>	<u>% of holdings</u>
Cash Deposits		\$ 144,398	\$ 144,398	80%
Federal National Mortgage Association REMIC	<i>a</i>	9,742	9,168	6%
Federal Home Loan Mortgage Corp – Bonds	AA+	<u>25,580</u>	<u>24,000</u>	14%
Total		<u>\$ 179,720</u>	<u>\$ 177,566</u>	

*a Investment is unrated*

*District's investment policies*

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Louisiana Revised Statutes and the District's investment policy govern the procedures to be followed and the types of allowable securities to be purchased by the District. The District is authorized to invest in the following types of investments:

- a) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government,
- b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S., and
- c) Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored.
- d) Direct security repurchase agreements of any federal bank entry only securities enumerated in items (a) – (c) above.
- e) Time certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their principal offices in the state of Louisiana.

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**WEBSTER PARISH POLICE JURY**  
Sarepta, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2014

**3. Investments (continued)**

- f) Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies.

The District's policy does not prescribe a minimum allowable credit rating for its investments in federal agency debt securities. As of June 30, 2014, the District's investments included Fannie Mae Guaranteed Real Estate Mortgage Investment Conduit (REMIC) Pass-Through Certificates. Fannie Mae guarantees that required payments of principal and interest on the certificates are distributed to investors on time. The value of the Fannie Mae Guaranty is important because it reduces the credit risk and increases the marketability of the securities. However, the guaranty does not eliminate interest rate risk.

**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 investment in the Federal Home Loan Mortgage Corporation matures between March, 2033 and August, 2033. The District holds Fannie Mae REMICs which are fixed interest rate. These REMICs are set to mature between May, 2029 and November, 2033.

**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. The District limits investment in mutual or trust fund institutions to 25% of monies available for investment.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the 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.

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**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**4. Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2014, for the primary government is as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ <u>9,100</u>	\$ _____	\$ _____	\$ <u>9,100</u>
Total capital assets, not being depreciated	<u>9,100</u>	_____	_____	<u>9,100</u>
Capital assets being depreciated				
Buildings	190,027	-	-	190,027
Land improvements other than buildings	763,732	-	-	763,732
Equipment	38,992	-	2,086	36,906
Vehicles	<u>37,224</u>	_____	<u>11,417</u>	<u>25,807</u>
Total capital assets being depreciated	<u>1,029,975</u>	_____	<u>13,503</u>	<u>1,016,472</u>
Less accumulated depreciation for:				
Buildings	183,805	407	-	184,212
Land improvements other than buildings	120,396	18,961	-	139,357
Equipment	38,958	-	2,086	36,872
Vehicles	<u>31,170</u>	<u>2,422</u>	<u>11,417</u>	<u>22,175</u>
Total accumulated depreciation	<u>374,329</u>	<u>21,790</u>	<u>13,503</u>	<u>382,616</u>
Total capital assets, being depreciated, net	<u>655,646</u>	<u>(21,790)</u>	_____	<u>633,856</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 664,746</u>	<u>\$ (21,790)</u>	\$ _____	<u>\$ 642,956</u>

Depreciation expense of \$21,790 was charged as a direct expense of the government.

**5. 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. 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.

**SAREPTA WATERWORKS DISTRICT OF WEBSTER PARISH**  
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**5. Leases (continued)**

- 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:

June 30, 2015	\$ 1
June 30, 2016	1
June 30, 2017	1
June 30, 2018	1
All future years	<u>6</u>
	\$ <u>10</u>

**6. 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.

**7. Subsequent Events**

Subsequent events have been evaluated through December 8, 2014. 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, 2014

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>2014</u>	<u>2013</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.