

**SOUTHWEST AVOYELLES  
WATERWORKS DISTRICT**

Bunkie, Louisiana

Compiled Financial Statements

December 31, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 30 2014

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## ACCOUNTANT'S REPORT

Board of Directors  
Southwest Avoyelles Waterworks District  
Bunkie, Louisiana

I have compiled the accompanying financial statements of Southwest Avoyelles Waterworks District, a component unit of the Avoyelles Parish Police Jury, as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. I 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.

Management 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.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institution 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.

Management has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

  
**Roy K. Derbonne, Jr.**  
Certified Public Accountant

Alexandria, Louisiana  
June 30, 2013

**COMPONENT UNIT FINANCIAL STATEMENTS**

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Business-Type Activities  
Comparative Statement of Net Position  
December 31, 2012 and 2011  
(Unaudited)

	2012	2011
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 4,740	\$ 27,496
Investments	55,707	55,674
Accrued Interest Receivable	14	125
Accounts Receivable, Water Sales	19,263	16,243
Total Current Assets	79,724	99,538
Restricted Assets		
Cash and Cash Equivalents	188,566	148,958
Investments	89,964	89,634
Accrued Interest Receivable	18	23
Property Tax Receivable	30,598	18,448
Total Restricted Assets	309,146	257,063
Property, Plant and Equipment		
Land	1,200	1,200
Water system	1,013,506	1,013,506
Equipment	27,465	27,465
Total	1,042,171	1,042,171
Less: accumulated depreciation	(644,029)	(613,643)
Net Property, Plant and Equipment	398,142	428,528
<b>TOTAL ASSETS</b>	<b>\$ 787,012</b>	<b>\$ 785,129</b>

See accountant's report.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Business-Type Activities  
Comparative Statement of Net Position  
December 31, 2012 and 2011  
(Unaudited)

	2012	2011
<b>LIABILITIES, CONTRIBUTED CAPITAL AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 2,195	\$ 1,644
Due to other governments	-	-
Total Current Liabilities (Payable from Current Assets)	2,195	1,644
<b>Current Liabilities (Payable from Restricted Assets) -</b>		
Revenue Bonds	11,000	10,000
Customer Deposits	10,590	10,340
Accrued Interest Payable	2,243	2,731
Total Current Liabilities (Payable from Restricted Assets)	23,833	23,071
<b>Long-Term Liabilities</b>		
Revenue Bonds Payable (Net of Current Portion)	35,000	46,000
Total Liabilities	61,028	70,715
<b>Contributed Capital</b>		
Grants	639,515	639,515
Less: Accumulated Amortization	(357,761)	(334,795)
Net Contributed Capital	281,754	304,720
<b>Net Position</b>		
Investment in Capital Assets, Net of Debit	352,142	372,528
Reserved for Debt Service	278,548	238,615
Unreserved		
Net Position (Deficit)	(186,460)	(201,449)
Total Net Position	444,230	409,694
<b>TOTAL LIABILITIES, CONTRIBUTED CAPITAL AND NET POSITION</b>	<b>\$ 787,012</b>	<b>\$ 785,129</b>

See accountant's report.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT

Bunkie, Louisiana

Business-Type Activities

Comparative Statement of Revenues, Expenses and Changes in Net Position

Years Ended December 31, 2012 and 2011

(Unaudited)

	2012	2011
Operating Revenues		
Charges for Services - Water Sales and Fees	\$ \$ 135,113	\$ 130,818
Operating Expenses		
Cost of Water Sold	-	5,790
Rent	3,900	1,300
Office	3,499	1,996
Telephone and Utilities	15,970	15,347
Bad Debts	2,397	-
Supplies	-	13,403
Repairs and Maintenance	39,459	35,108
Professional Services	4,450	4,107
Contract Services	44,335	42,285
Director Per Diem	7,125	6,938
Insurance	1,902	1,208
Depreciation	30,386	29,667
Other Operating Costs	2,329	3,384
Total Operating Expenses	155,752	160,533
Operating Loss	(20,639)	(29,715)
Nonoperating Revenues (Expenses)		
Interest Income	422	1,241
Property Tax Revenue	34,098	18,269
Interest Expense	(2,312)	(2,812)
Total Nonoperating Revenues (Expenses)	32,208	16,698
Net Income	11,569	(13,017)
Add: Depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	22,967	19,668
Net Position, Beginning	409,694	403,043
Net Position, Ending	\$ 444,230	\$ 409,694

See accountant's report.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Business-Type Activities  
Comparative Statement of Cash Flows  
Years Ended December 31, 2012 and 2011  
(Unaudited)

	2012	2011
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 132,344	\$ 131,806
Cash Payments to Suppliers for Goods and Services	(124,815)	(132,133)
Net Cash Provided by Operating Activities	7,529	(327)
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Notes and Bonds Payable	(10,000)	(10,000)
Interest Paid on Notes and Bonds Payable	(2,800)	(3,300)
Purchase of Equipment	-	(4,739)
Tax Revenue Collected, Net of Fees	21,948	14,877
Net Cash Provided (Used) for Capital and Related Financing Activities	9,148	(3,162)
Cash Flows from Investing Activities		
Increase in Investments	(363)	(965)
Interest Received on Investments	538	1,138
Net Cash Provided by Investing Activities	175	173
Net Increase in Cash and Cash Equivalents	16,852	(3,316)
Cash and Cash Equivalents, Beginning of Year	176,454	179,770
Cash and Cash Equivalents, End of Year	\$ 193,306	\$ 176,454

See accountant's report.



SOUTHWEST AVOYELLES WATERWORKS DISTRICT

Bunkie, Louisiana

Business-Type Activities

Comparative Statement of Cash Flows (Continued)

Years Ended December 31, 2012 and 2011

(Unaudited)

	<u>2012</u>	<u>2010</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	\$ (29,715)	\$ (29,715)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	29,667	29,667
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	1,078	1,078
Increase (decrease) in accounts payable	(1,267)	(1,267)
Increase in customer deposits	(90)	(90)
Total adjustments	<u>29,388</u>	<u>29,388</u>
Net Cash Provided by Operating Activities	<u>\$ (327)</u>	<u>\$ (327)</u>

See accountant's report.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The Southwest Avoyelles Waterworks District (the "District") was created on March 23, 1973 as a nonprofit corporation as defined in Louisiana Revised Statutes Title 12, Chapter 2. The Corporation operates under a Board of Directors consisting of four (4) members. The following is a summary of certain accounting policies.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, Audits of State and Local Governmental Units.

The Water District is a component unit of the Avoyelles Parish Police Jury, the primary government. The Avoyelles Parish Police Jury appoints the directors of the District.

The Water District serves approximately 331 customers and has 1 contract employees.

A. Basis of Presentation

The accompanying component unit financial statements of the Southwest Avoyelles Waterworks District 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.

B. Reporting Entity

For financial reporting purposes, these component unit financial statements include all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana. Although legally separate from the Avoyelles Parish Police Jury, the Avoyelles Parish Police Jury appoints the Board of Directors and has the ability to impose its will on the District, and therefore, is considered to be a component unit of the Avoyelles Parish Police Jury (primary government), the financial reporting entity.

C. Fund Accounting

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District uses an enterprise fund to account for its proprietary fund operations. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded in accounts receivable.

E. Fixed Assets and Liabilities

Fixed assets are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5 - 8 years
Buildings	40 years
Storage tanks	50 years
Distribution system	50 years

All fixed assets are stated at historical cost. Donated fixed assets, if any, are stated at their estimated fair value on the date donated.

The District follows the policy of capitalizing interest as a component of the cost of property, plant and equipment for its own use. For the year ended December 31, 2012 and 2011 there were no interest charges capitalized on fixed assets acquired or constructed.

F. Investments

Investments, which consist of insured money market accounts and interest-bearing demand deposit accounts, are stated at cost, which approximates market.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

G. Restricted Assets

Certain proceeds of the Revenue Bonds and Public Improvement Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Also, security deposits paid by customers are classified as restricted assets since they are refundable to the customer.

H. Bad Debts

The allowance method is used to recognize bad debts of accounts receivable. The allowance is determined based upon past history and the aging of accounts receivable as of year-end. The allowance for bad debts at December 31, 2012 and 2011 is immaterial.

I. Compensated Absences

The District has no set policy for accumulated vacation, sick pay or other employee benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

J. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

K. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments, with maturity of three months or less when purchased to be cash equivalents.

L. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

M. New GASB Statements

During the current operating year, the Fire Department implemented the following GASB Statements:

Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This statement provides guidance for the reporting of deferred

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

deferred outflow of resources, deferred inflow of resources and net position in the statement of financial position and related disclosures.

Statement No. 65, "Items previously reported as Assets and Liabilities." This statement clarifies the appropriate reporting of deferred outflows and inflows of resources to ensure consistency in financial reporting.

The effect of implementing GASB Nos. 63 and 65 on the financial statements was to reclassify amounts previously reported as unearned revenues to deferred inflow of resources and to report equity as net position rather than as net assets.

(2) Cash and Investments

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the law of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2012 and 2011, the District had cash and interest-bearing deposits (book balances) totaling \$193,306 and \$176,454. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent. 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. Deposit balances (bank balances) at December 31, 2012 and 2011 of \$194,804 and \$176,538, respectively, were secured by federal deposit insurance.

The investments held by the District are comprised of time deposits with a maturity of six months and one year. The carrying amount approximates market. The bank balances at December 31, 2012 and 2011 were \$145,671 and \$145,308, respectively, and were secured by federal deposit insurance.

(3) Accounts Receivable

The accounts receivable balance at December 31, 2012 and 2011 of \$19,263 and \$16,243, respectively, consisted of the following:

	2012		2011	
Billed -				
Current	\$ 9,968	61%	\$ 3,530	32%
Arrears	6,331	<u>39%</u>	7,667	<u>68%</u>
Total billed	16,299	<u>100%</u>	11,197	<u>100%</u>
Unbilled	5,361		4,228	
Less Allowance for Doubtful Accounts	(2,397)		-	
Total receivables, net	\$ 21,660		\$ 15,425	

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

Unbilled receivables represent the estimated billings for water sales from the last date the meters were read in the year of 2012 (approximately the 15th of December) to the end of the year.

The property tax revenue for 2012 and 2011 and the receivable balance at December 31, 2012 and 2011 consisted of the following:

	2012	2011
Taxable assessments	\$ 5,086,800	\$ 2,725,970
Millage rate	0.00670	0.00670
Gross tax revenue	34,082	18,264
Collections of Interest and late fees	16	5
Net tax revenue	\$ 34,098	\$ 18,269
Property tax receivable	\$ 30,598	\$ 18,448

The taxes are levied in October of each year and are payable by January 1 of the following year. The Avoyelles Parish Sheriff bills and collects the taxes. The tax rolls are prepared and certified by the Avoyelles Parish Assessor. As per Note 5, these revenues are securing the Public Improvement Bonds payable at FHA. The 6.7 tax millage expires in the year 2015.

(4) Property, Plant and Equipment

A summary of changes in property, plant and equipment follows:

	2012			
	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
	Land	\$ 1,200	\$ -	\$ -
Equipment	27,465	-	-	27,465
Distribution system	1,013,506	-	-	1,013,506
Totals	\$ 1,042,171	\$ -	\$ -	\$ 1,042,171

	2011			
	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
	Land	\$ 1,200	\$ -	\$ -
Equipment	22,726	4,739	-	27,465
Distribution system	1,013,506	-	-	1,013,506
Totals	\$ 1,037,432	\$ 4,739	\$ -	\$ 1,042,171

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

(5) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2012 and 2011:

	2012	2011
Long-term obligations payable, beginning of year	\$ 56,000	\$ 66,000
Additions	-	-
Deductions	(10,000)	(10,000)
Long-term obligations payable, end of year	\$ 46,000	\$ 56,000

Notes and bonds payable (current and long-term portions) are financed with the Farmers Home Administration (FHA)

Notes and bonds payable at December 31, 2012 consist of the following individual liability:

Revenue Bonds:

\$225,000 1976 bonds, bearing interest at 5% per annum. Final maturity date of January 9, 2016. \$46,000

Principal and interest payments on the Revenue Bonds, Public Improvement Bonds, and the installment note are due on January 6th of each year

The Revenue Bonds and the installment note are secured by the revenue derived from operation of the system. The Public Improvement Bonds are secured by the annual levy of unlimited ad valorem taxes on all taxable property within the corporate limits of the Waterworks District

The annual requirements to amortize all notes and bonds outstanding as of December 31, 2012 are as follows:

Period Ending December 31,	Principal	Interest	Total
2013	\$ 11,000	\$ 2,300	\$ 13,300
2014	11,000	1,750	12,750
2015	12,000	1,200	13,200
2016	12,000	600	12,600
Total	\$ 46,000	\$ 5,850	\$ 51,850

The ordinance authorizing issuance of the revenue bonds created the Bond Sinking Fund, Interest Reserve Fund and Contingencies and Depreciation Fund. The gross revenues of the waterworks

SOUTHWEST AVOUELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

system, after deduction of reasonable expenses of operations and maintenance are pledged to these funds as follows:

Bond Sinking Fund

A transfer from the Water Revenue Fund on or before the 20th day of each month of each year is a sum equal to one-twelfth (1/12) of the total amount of principal and interest falling due in ensuing year.

Interest Reserve Fund

A transfer from the Water Revenue Fund on or before the 20th day of each month of each year is a sum at least equal to five percent (5%) of the amount being transferred to the Bond Sinking Fund, with payments to continue until the fund has accumulated a sum equal to the highest combined principal and interest falling due in any year, as a Debt Service Reserve or the sole purpose of paying the principal and interest on bonds payable from the Bond Sinking Fund as to which there might otherwise be default.

Contingencies and Depreciation Fund

A transfer from the Water Revenue Fund on or before the 20th day of each month of each year is the sum of fifty-five dollars (\$55.00), said funds to be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the System properly.

All required deposits were made to these funds. Activity in these funds for 2011 and 2010 follows:

	2012		
	Sinking Fund	Reserve Fund	Depreciation Fund
Balances 12/31/11	\$ 28,746	\$ 18,867	\$ 16,735
Transfers in	13,695	748	660
Interest earned	23	32	17
Amounts due from Other Accounts	-	12,800	1,245
Payments on bonds and notes	(12,800)	-	-
Balances 12/31/12	\$ 29,664	\$ 32,447	\$ 18,657



SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

	2011		
	Sinking Fund	Reserve Fund	Depreciation Fund
Balances 12/31/10	\$ 27,084	\$ 18,101	\$ 16,059
Transfers in	14,940	748	660
Interest earned	22	18	16
Payments on bonds and notes	(13,300)	-	-
Balances 12/31/11	\$ 28,746	\$ 18,867	\$ 16,735

(6) Retirement Commitments

All work is done by subcontractors, therefore, the District has no responsibility to provide retirement benefits.

(7) Contributed Capital

Amounts contributed to the enterprise fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This depreciation is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

Contributed capital for the Water District consist of the following:

Federal Grants	<u>\$ 639,515</u>
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The contributed capital is externally restricted for capital acquisitions or construction. Depreciation on the fixed assets acquired by contributed capital is treated as a reduction of contributed capital and a corresponding increase in retained earnings. In the current year, \$ 22,967 of contributed capital was amortized.

(8) Litigation

At December 31, 2012, there is no litigation pending against the District.

(9) Board Member's Compensation

The Board of Directors each received \$125 a month for 12 months. This amounts to \$1,500 annually. For the year ended December 31, 2012 and 2011 the board members received \$7,125 and \$6,938 respectively. Some board members did not attend all of the board meetings. The board members and their term of office for year ending December 31, 2012 is as follows:

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

Office Held	Address	Phone Number	Term Expires
President			
Byrns Eves	260 Goux Road, Bunkie, LA	318-452-5373	12/30/12
Board Members			
Butch Morgan	1950 Hwy. 1176, Bunkie, LA	318-346-4309	12/30/14
Oliver Lapraire	P. O. Box 230, Bunkie, LA	318-346-6262	12/30/13
Steve Pearce	2267 Hwy. 71 N, Bunkie, LA	318-445-9342	12/30/08
Lem Thomas	P. O. Box 321, Bunkie, LA	318-346-6262	12/30/10

(10) Customers and Rates

The District has 331 residential and 5 commercial customers at December 31, 2012.

The District's residential rates are as follows:

Minimum charge of \$16 for the first 2,000 gallons of water used, with an additional charge of \$3.20 per each additional 1,000 gallons used.

The District's commercial rates are as follows:

Minimum charge of \$24 for the first 2,000 gallons of water used, with an additional charge of \$3.20 per each additional 1,000 gallons used.

(11) Insurance Coverage

The District has a bond on the Office Manager of \$30,000 which has a term ending February 5, 2013.

The District has the following General Liability Coverage:

Each occurrence	\$1,000,000
Damage to Premises Rented	1,000,000
Medical Expenses	10,000
Personal and Advertising Injury	1,000,000
General Aggregate	3,000,000
Products – Completed Operation Aggregate	3,000,000

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

Notes to the Financial Statements

The Schedule of Crime Coverage is as follows:

Employee Theft	\$25,000 per loss, 250 deductible per loss
Forgery or Alteration	25,000 per occurrence, 250 deductible per occurrence
Inside the Premises –	
Theft of Money & Securities	25,000 per occurrence, 250 deductible per occurrence
Inside the Premises –	
Robbery/Safe Burglary	5,000 per occurrence, 250 deductible per occurrence
Outside Premises	25,000 per occurrence, 250 deductible per occurrence
Computer Fraud	10,000 per occurrence, 250 deductible per occurrence
Funds Transfer Fraud	10,000 per occurrence, 250 deductible per occurrence
Money Orders	10,000 per occurrence, 250 deductible per occurrence

Property coverage is replacement cost with a blanket limit of \$170,818. Loss of income – loss sustained up to \$250,000 per occurrence. Extra expense – loss sustained up to \$250,000 per occurrence. Policy deductible is \$2,500 per occurrence.

# *Roy K. Derbonne, JR., LLC*

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

Board of Directors  
Southwest Avoyelles Waterworks District  
Bunkie, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Southwest Avoyelles Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Southwest Avoyelles Waterworks District's compliance with certain laws and regulations during the year ended December 31, 2012 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedure engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested of for any other purpose.

### ***Public Bid Law***

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000.

### ***Code of Ethics for Public Officials and Public Employees***

2. Obtain from management a list of the immediate family members of management as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management verbally provided me with the required list of contractors and noted none were immediate family members.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list of contractors since they do not have employees.

- 4 Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members

None of the contractors included on the list of provided by management (agreed-upon procedure (3) appeared on the list of immediate family members as per agreed-upon procedure (2).

#### ***Budgeting***

5. Obtained a copy of the legally adopted budget and all amendments.

Southwest Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles Parish Police Jury, is not required to adopt a budget

- 6 Trace the budget adoption and amendments to the published advertisement in the official journal.

Southwest Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles Parish Police Jury, is not required to adopt a budget.

- 7 Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%

Southwest Avoyelles Waterworks District, an enterprise fund and a component unit of the Avoyelles Parish Police Jury, is not required to adopt a budget.

#### ***Accounting and Reporting***

8. Randomly select 16 disbursements made during the period under examination and

- a. trace payments to supporting documentation as to proper amount and payee,

I examined supporting documentation for twelve of the selected disbursements and found that payment was for the proper amount and made to the correct payee. No documentation was provided for the other four selected disbursements.

- b. determine if payments were properly coded to the correct fund and general ledger account, and

All payments were properly coded to the correct fund and general ledger account

- c. determine whether payments received approval from proper authorities

Inspection of documentation supporting each of the twelve selected disbursements indicated approval from the Southwest Avoyelles Waterworks District.

9. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

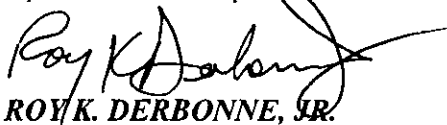
I inspected copies of all bank deposit slips for the period under examination and noted no deposits, which appeared to be proceeds of bank loans, bonds, or like indebtedness

- 10 Examine payroll records for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

I inspected payroll records for the year and noted no instances that would indicate payments to employees, which would constitute bonuses, advances or gifts

I was not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you

This report is intended solely for the use of management of the Southwest Avoyelles Waterworks District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



**ROY K. DERBONNE, JR.**  
Certified Public Accountant

Alexandria, Louisiana  
June 30, 2013

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Finding 2012-1, 2011-1 and 2010-1 – Timely Completion of the Compilation Report

Louisiana Rev Stat 24:513 require Southwest Avoyelles Waterworks District to furnish the completed Compilation Report to the Legislative Auditor's Office within six months after the close of the entity's year-end. The Compilation Report was not furnished to the Legislative Auditor's office within the required time frame. The cause for the delay was incomplete accounting records.

Recommendation

Complete accounting information should be made available early enough to allow the timely completion of the Compilation Report. This may require a new accounting system and use of computer programs to facilitate the timely submission of the accounting information needed to complete the Compilation on a timely basis.

Plan of Action

The District has replaced its' superintendent and has installed and implemented a computerized billing system and has plans to computerize their accounting records so that the information necessary to compile the District's financial report can be prepared in a time to comply with Louisiana Rev Stat 24 513

Finding 2012-2 – Missing Invoices

During examination of sixteen selected invoices, there were four, which could not be produced for my inspection

Cause

The District was in a transition period with new personnel and some invoices could have been misfiled.

Recommendation

The superintendent should make every effort to file all invoices in their proper place so that they may be retrieved when necessary.

Plan of Action

Superintendent is going to make every effort to properly file all invoices, so that they will be available at all times.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT  
Bunkie, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Finding 2011-2 – Timely Depositing of Funds

Louisiana Rev. Stat. 39:1212 requires Southwest Avoyelles Waterworks District to deposit funds on a daily basis whenever practicable. The District averaged in excess of two deposits per week for the first eight months of the year and only five total deposits for the month of September, one total deposit for October, four total deposits for November and two total deposits for December. I believe that the amount of deposits made for the last four months of the year does not fulfill the requirements of Rev. Stat. 39:1212.

Recommendation

The superintendent should make deposits at least one or two times a week.

Plan of Action

The Board will see that the District's funds are timely deposited. The Board will examine the monthly bank statements to determine if funds are being timely deposited.