

**WARD 3, AVOYELLES PARISH
WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Annual Financial Statements

December 31, 2020 and 2019



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Independent Auditor's Report

To the Board of Directors
Ward 3, Avoyelles Parish Waterworks District
Mansura, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of Ward 3, Avoyelles Parish Waterworks District (the District), a component unit of the Avoyelles Parish Police Jury, as of and for the years ended December 31, 2020 and 2019, 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

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management 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 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Ward 3, Avoyelles Parish Waterworks District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute 24:513 A, is also 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 is the responsibility of management and was derived from and relates 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 our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2021, on our consideration of Ward 3, Avoyelles Parish Waterworks District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA
May 21, 2021

BASIC FINANCIAL STATEMENTS

WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA
Statements of Net Position
December 31, 2020 and 2019

Statement A

	2020	2019
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 318,437	\$ 309,488
Investments	347,419	342,865
Accounts Receivable, Net	56,555	66,719
Prepaid Insurance	11,491	4,442
Inventories	22,532	28,029
Total Current Assets	756,434	751,543
Restricted Assets		
Reserve Accounts - Cash and Cash Equivalents	80,210	80,210
Depreciation and Contingency Fund		
Accounts - Cash and Cash Equivalents	29,743	20,090
Meter Deposits - Cash	90,209	88,460
Construction Account - Cash and Cash Equivalents	91,873	62,052
Total Restricted Assets	292,035	250,812
Capital Assets		
Depreciable Capital Assets, Net of Accumulated Depreciation	2,902,572	3,043,701
Non-Depreciable Capital Assets	11,645	11,645
Total Capital Assets	2,914,217	3,055,346
Total Assets	3,962,686	4,057,701

The accompanying notes are an integral part of these financial statements.

WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA
Statements of Net Position (Continued)
December 31, 2020 and 2019

Statement A

	2020	2019
Liabilities		
Current Liabilities (Payable from Current Assets)		
Accounts Payable	30,833	39,711
Accrued Expenses	10,200	6,879
Total Current Liabilities (Payable from Current Assets)	<u>41,033</u>	<u>46,590</u>
Current Liabilities (Payable from Restricted Assets)		
Customer Deposits	90,209	88,460
Accrued Interest Payable	5,188	55
Current Portion of Revenue Bonds Payable	35,392	34,433
Total Current Liabilities (Payable from Restricted Assets)	<u>130,789</u>	<u>122,948</u>
Long-Term Liabilities		
Revenue Bonds Payable	<u>2,193,836</u>	<u>2,229,230</u>
Total Long-Term Liabilities	<u>2,193,836</u>	<u>2,229,230</u>
Total Liabilities	<u>2,365,658</u>	<u>2,398,768</u>
Net Position		
Net Investment in Capital Assets	684,989	791,683
Restricted	196,638	162,297
Unrestricted	715,401	704,953
Total Net Position	<u>\$ 1,597,028</u>	<u>\$ 1,658,933</u>

The accompanying notes are an integral part of these financial statements.

WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

Statement B

	2020	2019
Operating Revenue		
Water Sales and Fees	\$ 715,774	\$ 782,872
Other Revenues	586	1,725
Total Operating Revenues	716,360	784,597
Operating Expenses		
Cost of Water Sold	347,392	368,757
Depreciation	144,917	127,988
Salaries and Wages	109,393	103,725
Supplies	19,973	17,598
Other	17,714	22,635
Utilities	17,198	15,775
Bad Debt	14,985	3,328
Auditing Fees	11,000	12,500
Payroll Taxes	8,369	8,345
Insurance	8,175	11,297
Telephone	6,023	6,723
Dues	4,371	3,852
Postage	3,738	3,891
Commissioner Fees	2,820	2,880
Repairs and Maintenance	2,013	13,229
Contract Services	1,723	240
Fuels	1,636	2,207
Total Operating Expenses	721,440	724,970
Net Operating (Expense) Income	(5,080)	59,627
Nonoperating (Expense) Revenue		
Interest Income	4,992	1,726
Interest Expense	(61,817)	(93,073)
Total Nonoperating (Expense) Revenue	(56,825)	(91,347)
Change in Net Position	(61,905)	(31,720)
Net Position, Beginning of Year	1,658,933	1,690,653
Net Position, End of Year	\$ 1,597,028	\$ 1,658,933

The accompanying notes are an integral part of these financial statements.

WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

Statement C

	2020	2019
Cash Flows from Operating Activities		
Cash from Operating Revenues	\$ 728,273	\$ 782,001
Cash Paid to Employees	(114,441)	(113,663)
Cash Paid for Operating Expenses	(469,191)	(472,229)
Net Cash Provided by Operating Activities	144,641	196,109
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	(3,788)	-
Principal Paid on Revenue Bonds	(34,435)	(3,172)
Interest Payments on Revenue Bonds	(56,684)	(93,049)
Net Cash Used in Capital and Related Financing Activities	(94,907)	(96,221)
Cash Flows from Investing Activities		
Interest on Investments	4,992	1,726
Increase in Investments	(4,554)	(201,371)
Net Cash Provided by (Used in) Investing Activities	438	(199,645)
Net Increase (Decrease) in Cash and Cash Equivalents	50,172	(99,757)
Cash and Cash Equivalents, Beginning of Year	560,300	660,057
Cash and Cash Equivalents, End of Year	\$ 610,472	\$ 560,300
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Cash and Cash Equivalents, Unrestricted	\$ 318,437	\$ 309,488
Cash and Cash Equivalents, Restricted	292,035	250,812
Total Cash and Cash Equivalents	\$ 610,472	\$ 560,300

The accompanying notes are an integral part of these financial statements.

WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2020 and 2019

Statement C

	2020	2019
Reconciliation of Net Operating (Expense) Income		
to Net Cash Provided by Operating Activities		
Net Operating (Expense) Income	\$ (5,080)	\$ 59,627
Adjustments to Reconcile Net Operating (Expense) Income		
to Net Cash Provided by Operating Activities		
Depreciation	144,917	127,988
Bad Debt Expense	14,985	3,328
(Increase) Decrease in:		
Accounts Receivable	(4,821)	(8,525)
Prepaid Insurance	(7,049)	(1,625)
Inventory	5,497	6,054
Increase (Decrease) in:		
Accounts Payable	(8,878)	8,254
Accrued Expenses	3,321	(1,593)
Customer Deposits	1,749	2,601
Net Cash Provided by Operating Activities	\$ 144,641	\$ 196,109

The accompanying notes are an integral part of these financial statements.

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Introduction

Ward 3, Avoyelles Parish Waterworks District (the District) was incorporated on July 10, 1973 as a non-profit corporation as defined in Louisiana Revised Statute (R.S.) 33:3811 to construct, maintain, and improve the system of water supply within the District not served by municipal systems. A five-member board (the Board) appointed by the Avoyelles Parish Police Jury governs the District; therefore, the District is considered a component unit of the Avoyelles Parish Police Jury.

The accounting and reporting policies conform to generally accepted accounting principles as applicable to enterprise funds of a governmental entity.

Note 1. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as described in the following paragraphs.

These financial statements are presented in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These Statements established standards for financial reporting, with presentation requirements including a statement of net position (or balance sheet), a statement of revenues, expenses, and changes in net position, and a statement of cash flows. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, that require capital contributions to the District be presented as a change in net position.

GASB Statement No. 63, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined deferred outflows of resources as a consumption of net assets by the government that is applicable to a future reporting period, and deferred inflows of resources as an acquisition of net assets by the government that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

GASB Concepts Statement No. 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in GASB Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position are further described in Note 1, Net Position. As required by the GASB, the District implemented GASB Statement No. 63 during the year ended December 31, 2012. The District did not have any deferred outflows of resources or deferred inflows of resources at December 31, 2020 or 2019.

The District has also previously adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings of the District is more fully described in Note 1, Long-Term Debt Obligations.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses, and changes in net position includes all costs of providing goods and services during the period.

The Enterprise Fund uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are water revenue and recurring customer user charges for the services provided by the Enterprise Fund. Re-connect and installation fees are recorded in the month service is rendered and collected. Operating expenses for the Enterprise Fund include the cost of water purchased and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents and Investments

Cash includes unrestricted amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and investments in bank certificates with original maturities of 90 days or less.

Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments

Investments are limited by R.S. 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 following disclosures are required by GASB Statement No. 31:

- The District uses the quoted market prices to estimate the fair value of the investments.
- None of the investments are reported at amortized cost.
- There is no involuntary participation in an external investment pool.

The District's investments consisted of certificates of deposit at December 31, 2020 and 2019.

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are valued at lower of cost or market and are expensed using the first-in, first-out method.

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items.

Restricted Assets

Restricted assets consist of meter deposits held in a bank account and monies set aside in accordance with the District's water revenue bonds.

Capital Assets

Capital assets of the District are defined by the District as assets with an initial individual cost of more than \$2,500, and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost if historical cost is not available. Donated assets are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Useful Lives
Buildings and Improvements	7 - 30 Years
Equipment	5 - 10 Years
Distribution System	30 Years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Long-Term Debt Obligations

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Long-Term Debt Obligations (Continued)

With the implementation of GASB Statement No. 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, are revised. This standard was intended to complement GASB Statement No. 63. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB Statement No. 65. The District did not have any bond-related costs in the years ended December 31, 2020 or 2019.

Net Position

GASB Statement No. 34 requires classification of net position, the difference between the District's assets and liabilities, into three components. GASB Statement No. 63 revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming the measure as net position, rather than net assets.

In accordance with GASB Statement No. 34, as amended by GASB Statement No. 63, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus deferred outflows of resources, less deferred inflows of resources, related to those assets.

Restricted - This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - All other net position is reported in this category.

Adoption of New Accounting Pronouncement

For fiscal year ended December 31, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The adoption of this Statement had no impact on the District's financial statements.

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of GASB 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of GASB 89 to reporting periods beginning after December 15, 2020.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective June 15, 2021.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported 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 and expenses during the reporting period. Actual results could differ from those estimates.

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Note 2. Cash and Cash Equivalents and Investments

At December 31, 2020 and 2019, the District had cash and cash equivalents (book balances), as follows:

	2020	2019
Unrestricted Cash and Cash Equivalents	\$ 318,437	\$ 309,488
Restricted Cash and Cash Equivalents	<u>292,035</u>	<u>250,812</u>
Total	<u>\$ 610,472</u>	<u>\$ 560,300</u>
Certificates of Deposit	<u>\$ 347,419</u>	<u>\$ 342,865</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 recovered. The District does not have a deposit policy for custodial credit risk. Under state law, deposits 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. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

At December 31, 2020, the District had \$933,312 in deposits (collected bank balances). These deposits were secured from risk by \$655,255 in federal deposit insurance and \$278,057 of pledged securities held in the name of the fiscal agent bank by a custodial bank that is mutually acceptable to both parties. At December 31, 2019, the District had \$904,244 in deposits (collected bank balances). These deposits were secured from risk by \$654,924 in federal deposit insurance and \$249,320 of pledged securities held in the name of the fiscal agent bank by a custodial bank that is mutually acceptable to both parties.

The following is a summary of restricted assets at December 31, 2020 and 2019:

	2020	2019
Reserve Accounts	\$ 80,210	\$ 80,210
Depreciation and Contingency Fund	29,743	20,090
Meter Deposits	90,209	88,460
Construction Account	<u>91,873</u>	<u>62,052</u>
Total Restricted Assets	<u>\$ 292,035</u>	<u>\$ 250,812</u>

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Note 3. Receivables

The following is a summary of receivables at December 31, 2020 and 2019:

	Year Ended December 31, 2020		Year Ended December 31, 2019		Increase (Decrease) in Percent
		%		%	
Accounts Receivable					
Billed					
Current	\$ 56,555	66%	\$ 65,032	80%	-13%
31-60 Days Past Due	793	1%	1,656	2%	-1%
61-90 Days Past Due	4,542	5%	3,359	4%	1%
Over 90 Days Past Due	23,573	28%	11,727	14%	13%
Subtotal	85,463		81,774		
Allowance for Uncollectible Accounts	(28,908)		(15,055)		
Net Accounts Receivable	\$ 56,555		\$ 66,719		

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. Periodically, the Board reviews the aging of receivables and determines the actual amount uncollectible. Per board approval, uncollectible amounts are normally written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of uncollectibility. Bad debt expense of \$14,985 and \$3,328 was recorded for the years ended December 31, 2020 and 2019, respectively, and the allowance for uncollectible accounts was adjusted to \$28,908 and \$15,055, respectively, as of December 31, 2020 and 2019.

Note 4. Capital Assets

A summary of changes in capital assets during the fiscal year ended December 31, 2020, is as follows:

	Beginning Balance 12/31/19	Increases	Decreases	Ending Balance 12/31/20
Non-Depreciable Assets				
Land	\$ 11,645	\$ -	\$ -	\$ 11,645
Total Non-Depreciable Assets	11,645	-	-	11,645
Depreciable Assets				
Buildings	76,975	-	-	76,975
Equipment	157,097	-	-	157,097
Distribution System	3,465,629	3,788	-	3,469,417
Total Capital Assets	3,699,701	3,788	-	3,703,489
Less: Accumulated Depreciation	(656,000)	(144,917)	-	(800,917)
Total Depreciable Assets, Net	3,043,701	(141,129)	-	2,902,572
Total Capital Assets	\$ 3,055,346	\$ (141,129)	\$ -	\$ 2,914,217

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Note 4. Capital Assets (Continued)

A summary of changes in capital assets during the fiscal year ended December 31, 2019, is as follows:

	Beginning Balance 12/31/18	Increases	Decreases	Ending Balance 12/31/19
Non-Depreciable Assets				
Land	\$ 11,645	\$ -	\$ -	\$ 11,645
Total Non-Depreciable Assets	11,645	-	-	11,645
Depreciable Assets				
Buildings	76,975	-	-	76,975
Equipment	157,097	-	-	157,097
Distribution System	3,465,629	-	-	3,465,629
Total Capital Assets	3,699,701	-	-	3,699,701
Less: Accumulated Depreciation	(528,012)	(127,988)	-	(656,000)
Total Depreciable Assets, Net	3,171,689	(127,988)	-	3,043,701
Total Capital Assets	\$ 3,183,334	\$ (127,988)	\$ -	\$ 3,055,346

Depreciation expense totaling \$144,917 and \$127,988 was computed on a straight-line basis for financial statement purposes for the years ended December 31, 2020 and 2019, respectively.

Note 5. Long-Term Debt

The following is a summary of long-term obligation transactions for the years ended December 31, 2020 and 2019:

December 31, 2020	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Long-Term Debt					
Water Revenue Bonds Payable	\$ 2,263,663	\$ -	\$ (34,435)	\$ 2,229,228	\$ 35,392
Total Long-Term Debt	\$ 2,263,663	\$ -	\$ (34,435)	\$ 2,229,228	\$ 35,392
December 31, 2019					
Long-Term Debt					
Water Revenue Bonds Payable	\$ 2,266,835	\$ -	\$ (3,172)	\$ 2,263,663	\$ 34,433
Total Long-Term Debt	\$ 2,266,835	\$ -	\$ (3,172)	\$ 2,263,663	\$ 34,433

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Note 5. Long-Term Debt (Continued)

Bonds payable at December 31, 2020 and 2019 were composed of the following:

	<u>2020</u>	<u>2019</u>
\$2,998,000 Water Revenue Bonds dated June 9, 2009, bearing interest at 2.75% per annum, due in monthly payments of \$8,021, principal payments commencing December 2019, final payment due December 2056.	<u>\$ 2,229,228</u>	<u>\$ 2,263,663</u>
Total	<u>\$ 2,229,228</u>	<u>\$ 2,263,663</u>

As part of the District's bond indenture, the District is to make monthly payments to a Reserve Fund of \$802, and a Contingency Fund of \$2,478, commencing upon date of completion and acceptance of the extension project.

The annual requirements to amortize all the Water Revenue Bonds, including interest payments, at December 31, 2020 were as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 35,392	\$ 60,860	\$ 96,252
2022	36,378	59,874	96,252
2023	37,391	58,861	96,252
2024	38,432	57,820	96,252
2025	39,502	56,750	96,252
2026 - 2030	214,639	266,621	481,260
2031 - 2035	246,238	235,022	481,260
2036 - 2040	282,490	198,770	481,260
2041 - 2045	324,079	157,181	481,260
2046 - 2050	371,790	109,470	481,260
2051 - 2055	428,900	52,360	481,260
2056 - 2057	173,997	7,182	181,179
Total	<u>\$ 2,229,228</u>	<u>\$ 1,320,771</u>	<u>\$ 3,549,999</u>

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Note 6. Restricted Net Position

At December 31, 2020 and 2019, the District had \$196,638 and \$162,297, respectively, in restricted net position. Restricted net position (restricted for capital activity and debt service) represents the District's funds restricted by revenue bond debt covenants, contracts with customers for meter deposits, and the unspent portion of capital debt related to amounts restricted for capital projects, less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

Note 7. Water Rates

The District charged the following water rates to its customers based on volume for each of the years ended December 31, 2020 and 2019:

Residential	2020	2019
First 1,000 gallons	\$ 18.50	\$ 18.50
After 1,000 gallons	\$ 6.00	\$ 6.00 per 1,000 gallons
Commercial		
First 2,000 gallons	\$ 50.00	\$ 50.00
Over 2,000 gallons	\$ 6.00	\$ 6.00 per 1,000 gallons

At December 31, 2020, the number of customers served by the District was 898.

Note 8. Board Members' Per Diem Payments

The following is a schedule of fees paid to Board Members during the years ended December 31, 2020 and 2019:

	2020	2019
Albin Lemoine	\$ 720	\$ 720
Arlene Schexnyder	660	660
Chris Burke	720	720
Donald Sampson	720	720
Joan Decuir, Director	-	60
Total	\$ 2,820	\$ 2,880

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**

Notes to Financial Statements

Note 9. Insurance

The following is a schedule of insurance coverages at December 31, 2020:

Coverage	Amount	Period
Commercial General Liability		11/6/2020 to 11/6/2021
Each Occurrence	\$ 1,000,000	
Damage of Rental Premises	100,000	
Medical Expense	10,000	
Personal Injury	1,000,000	
General Accident	3,000,000	
Products Comp. and Aggregate	715,774	
Auto Insurance		11/6/2020 to 11/6/2021
Combined Single Limit (CSL)	\$ 1,000,000	
Workers' Compensation		7/6/2020 to 7/6/2021
At Statutory Limitations		
Each Accident	\$ 1,000,000	
Disease Expense - Employee	1,000,000	
Disease - Policy Limit	1,000,000	

OTHER SUPPLEMENTARY INFORMATION

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA**
**Schedule of Compensation, Benefits, and Other Payments
to Agency Head**
For the Year Ended December 31, 2020

Agency Head
 Joan Decuir, Director

Purpose	Amount
Salary	\$3,600
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements - Telephone	\$0
Reimbursements - Supplies	\$54
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

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

Independent Auditor's Report

To the Board of Directors
Ward 3, Avoyelles Parish Waterworks District
Mansura, Louisiana

We have audited, 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, the accompanying financial statements of Ward 3, Avoyelles Parish Waterworks District (the District), a component unit of the Avoyelles Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated May 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we 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 employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our 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 our audit we did not identify any deficiencies in internal control that we 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 our 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
May 21, 2021

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2020**

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| c. Noncompliance material to the financial statements? | No |
| d. Other matters identified? | No |
| 3. Management letter comment provided? | None |

Part II - Findings Related to the Financial Statements

None

Part III - Compliance and Other Matters

Compliance

None.

Other Matters

None.

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA
Schedule of Prior Year Findings and Responses
For the Year Ended December 31, 2020**

2019-001 Internal Control

This finding has been resolved.