

WATERWORKS DISTRICT NO. 3 OF
ST. LANDRY PARISH
PORT BARRE, LOUISIANA
FINANCIAL REPORT
December 31, 2020

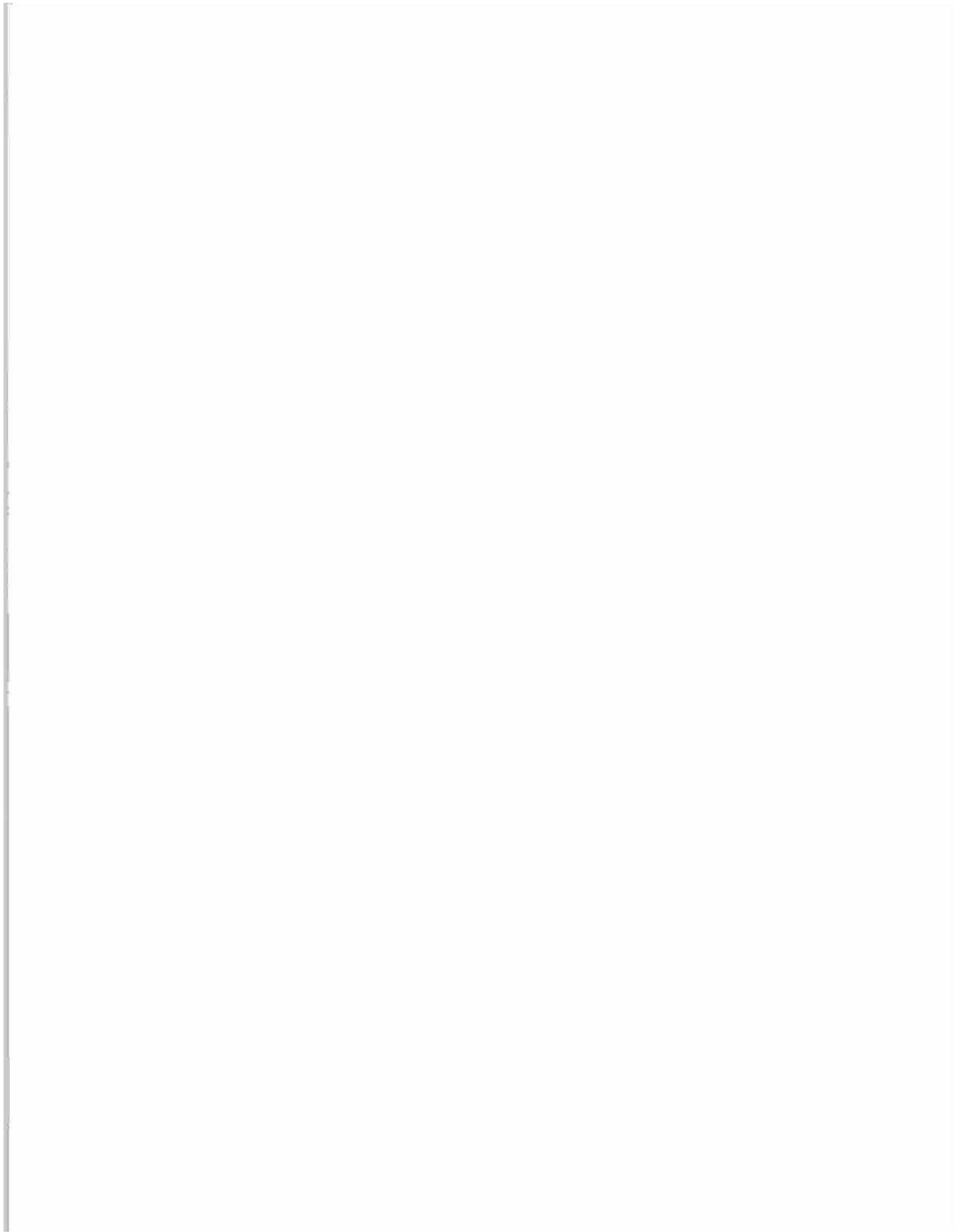


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VIGE, TUJAGUE  NOEL

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INDEPENDENT AUDITOR'S REPORT

Board of Directors,
Waterworks District No. 3
of St. Landry Parish,
State of Louisiana
Port Barre, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities Waterworks District No. 3 of St. Landry Parish, State of Louisiana, 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.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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 component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 3 of St. Landry Parish, State of Louisiana, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Waterworks District No. 3 of St. Landry Parish, State of Louisiana, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Waterworks District No. 3 of St. Landry Parish, State of Louisiana. The accompanying schedule of compensation, benefits, and other payments to agency head, as listed in the table of contents, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

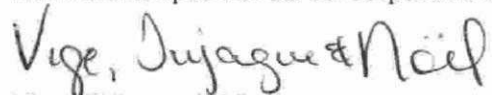
The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 record used to prepare the financial statements or to the 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021, on our consideration of the Waterworks District No. 3 of St. Landry Parish, State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Waterworks District No. 3 of St. Landry Parish, State of Louisiana's internal control over financial reporting and compliance.

The prior year comparative information has been derived from the Waterworks District No. 3 of St. Landry Parish, State of Louisiana's 2019 financial statements and, in our report dated May 29, 2020 we expressed unmodified opinions on the respective financial statements of the business-type activities.



Vige, Tujague & Noël

Eunice, Louisiana

June 18, 2021

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF NET POSITION
December 31, 2020
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>Current Assets</u>		
Cash	\$ 410,106	\$ 436,968
Accounts Receivable	35,325	37,135
Prepaid Insurance	4,924	4,916
Total Current Assets	<u>450,355</u>	<u>479,019</u>
<u>Restricted Assets - Cash</u>		
Reserve Account	49,580	44,617
Sinking Fund Account	14,884	16,834
Depreciation and Contingency Account	25,518	22,711
Asset Replacement Account	73,676	65,782
Total Restricted Assets	<u>163,658</u>	<u>149,944</u>
<u>Capital Assets</u>		
Construction in Progress, Nondepreciable	368,197	-
Equipment	259,178	209,564
Water Works System	3,699,047	3,699,047
	4,326,422	3,908,611
Less Accumulated Depreciation	(997,788)	(892,878)
Total Capital Assets	<u>3,328,634</u>	<u>3,015,733</u>
TOTAL ASSETS	<u>\$ 3,942,647</u>	<u>\$ 3,644,696</u>

The accompanying notes are an integral part of the basic financial statements.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF NET POSITION
December 31, 2020
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019

LIABILITIES AND NET POSITION

	<u>2020</u>	<u>2019</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 19,800	\$ 17,370
Construction Payable	116,344	-
Payroll Liabilities	1,645	-
Interest Payable	2,762	2,739
Current Portion of Long-term Debt	<u>28,764</u>	<u>15,143</u>
Total Current Liabilities	<u>169,315</u>	<u>35,252</u>
<u>Current Liabilities Payable</u>		
<u>From Restricted Assets</u>		
Meter Deposits	<u>42,555</u>	<u>43,465</u>
<u>Long-Term Liabilities</u>		
Notes Payable	<u>1,080,859</u>	<u>846,778</u>
Total Liabilities	<u>1,292,729</u>	<u>925,495</u>
<u>Net Position</u>		
Investment in Capital Assets, Net of Related Debt	2,219,011	2,153,812
Restricted	163,658	149,944
Unrestricted	<u>267,249</u>	<u>415,445</u>
Total Net Position	<u>2,649,918</u>	<u>2,719,201</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 3,942,647</u></u>	 <u><u>\$ 3,644,696</u></u>

The accompanying notes are an integral part of the basic financial statements.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
December 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
<u>Operating Revenues</u>		
Water Revenue	\$ 359,734	\$ 355,494
Connection Charges	28,170	15,380
Miscellaneous	119	-
Total Operating Revenues	<u>388,023</u>	<u>370,874</u>
<u>Operating Expenses</u>		
Advertising Expense	5,771	2,198
Payroll and Employee Benefits	30,237	21,809
Contract Labor	3,640	-
Depreciation	104,910	102,614
Repairs and Maintenance	25,189	24,789
Utilities	4,234	3,483
Meter Reading	82,640	80,904
Water Purchases	130,080	116,550
Professional Fees	9,860	21,274
Insurance	7,414	5,812
Office Supplies	8,478	6,241
Rent Expense	2,476	2,476
Postage	4,102	3,490
Miscellaneous	5,000	5,643
Total Operating Expenses	<u>424,031</u>	<u>397,283</u>
Income (Loss) from Operations	<u>(36,008)</u>	<u>(26,409)</u>
<u>Non Operating Revenues (Expenses)</u>		
Interest Expense	(34,627)	(34,746)
Interest Earned	1,337	2,751
Total Non Operating Revenues (Expenses)	<u>(33,290)</u>	<u>(31,995)</u>
Change in net position	(69,298)	(58,404)
Net Position, Beginning	2,719,216	2,777,620
Net Position, Ending	<u>\$ 2,649,918</u>	<u>\$ 2,719,216</u>

The accompanying notes are an integral part of the basic financial statements.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF CASH FLOWS
December 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 388,804	\$ 368,093
Payments to suppliers for goods and services	(170,118)	(272,843)
Payments to employees for services	(28,592)	(21,809)
Other	119	-
Net cash provided (used) in operating activities	<u>190,213</u>	<u>73,441</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(417,811)	(15,980)
Loan proceeds	266,840	-
Principle paid on note	(19,138)	(14,496)
Net cash flows used by capital and related financing activities	<u>(170,109)</u>	<u>(30,476)</u>
Cash Flows From Investing Activities:		
Interest earned on operating funds	1,337	2,751
Interest paid on note payable	(34,589)	(34,792)
Net cash provided by investing activities	<u>(33,252)</u>	<u>(32,041)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,148)	10,924
Cash and cash equivalents at beginning of year	<u>586,912</u>	<u>575,988</u>
Cash and cash equivalents at end of year	<u>\$ 573,764</u>	<u>\$ 586,912</u>

The accompanying notes are an integral part of the basic financial statements.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
STATEMENT OF CASH FLOWS
December 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (36,008)	\$ (26,409)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	104,910	102,614
(Increase) decrease in accounts receivable	1,810	(3,346)
(Increase) decrease in prepaid expenses	(8)	(462)
Increase (decrease) in accounts payable	118,774	479
Increase (decrease) in accrued liabilities	1,645	-
Increase (decrease) in restricted water meter deposits	<u>(910)</u>	<u>565</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 190,213</u>	<u>\$ 73,441</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheets:		
Cash – beginning of period		
Cash- unrestricted	\$ 436,968	\$ 443,748
Cash- restricted	<u>149,944</u>	<u>132,240</u>
Total cash - beginning of period	<u>586,912</u>	<u>575,988</u>
Cash – end of period		
Cash- unrestricted	410,106	436,968
Cash- restricted	<u>163,658</u>	<u>149,944</u>
Total cash - end of period	<u>573,764</u>	<u>586,912</u>
Net increase (decrease)	<u>\$ (13,148)</u>	<u>\$ 10,924</u>

The accompanying notes are an integral part of the basic financial statements.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District was created by the St. Landry Parish Government as authorized by Louisiana Revised Statute 38:1751. The District is governed by a Board of Commissioners, which consists of five commissioners appointed by the St. Landry Parish Government.

The District was established for the purpose of providing safe drinking water for the residents of District No. 3 of St. Landry Parish.

A. BASIS OF PRESENTATION

The accompanying financial statements of the Waterworks District No. 3 of St. Landry Parish have been prepared in conformity with accounting principles generally accepted in the United States of America 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. If GASB is not applicable, FASB pronouncements will be utilized. The Water District is a business –type activity.

B. REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the District for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

The entity being reported on, Waterworks District No. 3 of St. Landry Parish is a component unit of the St. Landry Parish Government. The financial report includes all funds over which the District exercises oversight responsibility. This responsibility includes financial interdependency selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

C. FUND ACCOUNTING

The Waterworks District No. 3 of St. Landry Parish is organized and operated on a fund basis whereby a self-balancing set of accounts (proprietary fund type) is maintained that comprises its assets, liabilities, net position, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The Proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income, property taxes and interest income that are not a result of the direct operations of the activity. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

E. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Waterworks District No. 3 of St. Landry Parish are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. Under state law, bank deposit 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 or exceed the amount on deposit with the fiscal agent. 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. Louisiana Revised Statute 39:1229 imposes a statutory

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At December 31, 2020, the District had bank account balances totaling \$581,881, and of this amount \$272,756 was secured by FDIC Insurance. The remaining amount of \$309,125 was fully secured with pledged securities from St. Landry Homestead totaling \$356,080.

F. PREPAID ITEMS

Payments made to insurance companies for insurance that will benefit future periods beyond December 31, 2020 are recorded as prepaid insurance.

G. RESTRICTED ASSETS

Certain proprietary fund assets are legally restricted for the payment of notes as well as for the maintaining of reserve accounts, as required by the debt agreement. All reservation requirements have been met as of December 31, 2020.

H. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$104,910 for the year ended December 31, 2020. The cost of maintenance and repairs is charged to operations as incurred. Major renewals, betterments, and additions are capitalized.

Interest costs during construction periods are capitalized. When capital assets are retired or disposed of, the cost of the asset and accumulated depreciation is eliminated from the accounts and the resulting gain or loss from such disposition is credited or charged to income, except that the gain or loss on assets traded in for new equipment is applied as an adjustment to the cost of the asset acquired. The capitalization limit is \$500. The estimated useful lives of these assets are as follows:

Equipment	10-20 years
Water Works System	40 years

I. ALLOWANCE FOR DOUBTFUL ACCOUNTS

No allowance for doubtful accounts has been established because management believes all accounts receivable will be collected.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

J. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

K. NET POSITION

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net positions are classified in the following three components:

Invested in capital assets, net of related debt- This component of net position consists of 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position – This component of net position consists of constraints 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 net position – This component of net position consists of net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The district’s policy is first to apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Note 2: ACCOUNTS RECEIVABLE

Accounts receivable for water services at December 31, 2020 was as follows:

Accounts receivable	\$ 7,540
Unbilled service revenue	<u>27,785</u>
	<u>\$ 35,325</u>

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 3: LONG TERM DEBT

The District has a note payable to the USDA, dated March 2, 2010. The note is payable over a forty year period, at a rate of 4.00% interest, with the final payment due on February 2, 2050. Estimated debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principle</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2021	\$ 15,760	\$ 33,528	\$ 49,288
2022	16,402	32,886	49,288
2023	17,070	32,218	49,288
2024	17,765	31,523	49,288
2025	18,489	30,799	49,288
2026-2030	104,378	142,062	246,440
2031-2035	127,446	118,994	246,440
2036-2040	155,611	90,829	246,440
2041-2045	190,000	56,440	246,440
2046-2050	183,913	15,340	199,253
	<u>\$ 846,834</u>	<u>\$ 584,619</u>	<u>\$ 1,431,453</u>

In accordance with the loan agreement with the USDA, the District is required to make certain monthly deposits into specific reserve bank accounts. The District must fund monthly a debt service reserve fund equal to 10% of the monthly payment over the life of the loan or until one annual installment has accumulated. This reserve is required to establish an emergency fund for maintenance and repairs and debt payment, if necessary. Ten percent of the loan installment is equal to \$441 per month. The District should also deposit \$4,108 each month into the sinking fund account for payment of the monthly note. An operation and maintenance reserve account should be funded in the amount of \$1,187 per month, until an amount of \$17,222 is achieved. In addition, the District must fund a depreciation reserve for short-lived assets by depositing a sum of \$644 monthly in addition to that required for the debt service reserve.

The District has a note payable to the USDA, dated September 28, 2020. The current balance on the note is payable over a 40 year period, at a rate of 1.875% interest. This note is for the construction of the North Wilderness Project, which is expected to total \$500,000 when complete. The loan will be secured by a Revenue bond with first lien position in the amount of \$500,000, registered to the USDA. Current debt service requirements to maturity on the \$266,840 proceeds, as of December 31, 2020, are as follows:

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

<u>Year Ending</u> <u>December 31,</u>	<u>Principle</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2021	\$ 13,004	\$ 4,816	\$ 17,820
2022	13,250	4,570	17,820
2023	13,501	4,319	17,820
2024	13,756	4,064	17,820
2025	14,016	3,804	17,820
2026-2030	74,158	14,942	89,100
2031-2035	81,441	7,659	89,100
2036-2040	39,663	883	40,546
	<u>\$ 262,789</u>	<u>\$ 45,057</u>	<u>\$ 307,846</u>

In accordance with the loan agreement with the USDA, the District is required to establish a debt service reserve fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual loan payment. Ten percent of the proposed loan installment would equal \$205.50 per month; this amount should be deposited monthly until a total of \$24,660 has accumulated. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account during the life of the loan. When funds are withdrawn during the life of the loan, deposits will continue as designated above until the fully-funded amount is reached.

Total long term debt activity during the year is as follows:

<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
<u>\$ 861,921</u>	<u>\$ 266,840</u>	<u>\$ 19,138</u>	<u>\$ 1,109,623</u>

Balance	\$ 1,109,623
Less Current Maturities	(28,764)
Net Long Term Debt	<u>\$ 1,080,859</u>

Note 4: COMPENSATION OF BOARD OF COMMISSIONERS

The following is a list of board members at December 31, 2020. All board members serve without pay. No term limit has been imposed.

Ricky Broussard, President
Harry Marks, Secretary
James Solar
Garrett Hurd
Julie Fourrier

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 5: CAPITAL ASSETS

The changes in capital assets for the year-end December 31, 2020 are as follows:

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
Capital Assets:				
Construction in Progress,				
Nondepreciable	\$ -	\$ 368,197	\$ -	\$ 368,197
Equipment	3,844,749	49,614	-	3,894,363
Water Works System	63,862	-	-	63,862
Total Capital Assets	<u>3,908,611</u>	<u>417,811</u>	<u>-</u>	<u>4,326,422</u>
Less Accumulated				
Depreciation				
Equipment	54,685	12,434	-	67,119
Water Works System	838,193	92,476	-	930,669
Total Accumulated				
Depreciation	<u>892,878</u>	<u>104,910</u>	<u>-</u>	<u>997,788</u>
Total Capital Assets, Net	<u>\$ 3,015,733</u>	<u>\$ 312,901</u>	<u>\$ -</u>	<u>\$ 3,328,634</u>

Note 6: LITIGATION AND CLAIMS

At December 31, 2020, the district had no impending litigation.

Note 7: CONCENTRATION OF RISK

The Water System serves customers in and around District 3 of St. Landry Parish, Louisiana.

Note 8: ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Note 9: EVALUATION OF SUBSEQUENT EVENTS

The Water System has evaluated subsequent events through June 18, 2021, the date which the financial statements were available to be issued.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 10: BUDGET

The Water System is not required by the State of Louisiana to present a budget.

Note 11: DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In some instances, the GASB required a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Note 12: ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) has issued the following Statements which will become effective in futures years as shown below:

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for the fiscal year 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments would include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for fiscal year 2019.

VIGE, TUJAGUE  NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S 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

Board of Directors,
Waterworks District No. 3
of St. Landry Parish,
State of Louisiana
Port Barre, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Waterworks District No. 3 of St. Landry Parish, State of Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Waterworks District No. 3 of St. Landry Parish, State of Louisiana's basic financial statements and have issued our report thereon dated June 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waterworks District No. 3 of St. Landry Parish, State of Louisiana's internal control over financial reporting (internal control) to determine the 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 Waterworks District No. 3 of St. Landry Parish, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterworks District No. 3 of St. Landry Parish, State of Louisiana'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

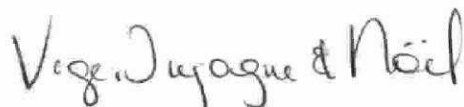
As part of obtaining reasonable assurance about whether Waterworks District No. 3 of St. Landry Parish, State of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Waterworks District No. 3 of St. Landry Parish, State of Louisiana's Response to Findings

Waterworks District No. 3 of St. Landry Parish, State of Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Waterworks District No. 3 of St. Landry Parish, State of Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Vige, Tujague & Noël, CPA's

June 18, 2021

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED December 31, 2020

We have audited the financial statements of Waterworks District No. 3 of St. Landry Parish as of and for the year ended December 31, 2020, and have issued our report thereon dated June 18, 2021. We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2020, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

None

Section II. Financial Statement Findings

#2020-001 - Segregation of Duties

Condition: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Criteria: Segregation of duties is required in all areas of the financial cycle.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the District is unable to implement a segregated system of internal control.

Effect: Due to the cost-benefit analysis, there was improper segregation of functions within the accounting system.

Views of Responsible Officials and Planned Corrective Action: Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the District that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

Section III. Federal Award Findings and Questioned Costs

This section is not applicable for the year ended December 31, 2020.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED December 31, 2020

Section I. Internal Control and Compliance Material to the Financial Statements

#2019-001 - Segregation of Duties

Condition: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Criteria: Segregation of duties is required in all areas of the financial cycle.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the District is unable to implement a segregated system of internal control.

Effect: Due to the cost-benefit analysis, there was improper segregation of functions within the accounting system.

Recommendation and response: Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the District that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

Status: This finding is repeated as item #2020-001.

Section II. Internal Control and Compliance Material to Federal Awards

None

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF INSURANCE
YEAR ENDED December 31, 2020

Property and General Liability Dupre Carriere Godchaux	09/13/20 – 09/13/21	\$4,000,000 limit
Employee Theft/Surety Bond Dupre Carriere Godchaux	12/14/19 – 12/14/20	\$200,000 limit
Surety Bond Liberty Mutual	07/24/20 – 07/24/21	\$250,000 limit
Louisiana Workers' Compensation Workers' Compensation	07/30/20 – 07/30/21	Statutory

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF METERS AND RATES AND ACCOUNTS RECEIVABLE
YEAR ENDED December 31, 2020

Accounts Receivables are Aged as follows:

0 - 30 days	\$ 27,785
31 - 60 days	7,540
Over 60 days	-
	<u>\$ 35,325</u>

The District's monthly water rates at December 31, 2020 were as follows:

Residential/Commercial - \$26.25 for the first 2,500 gallons
\$4.00 for each 1,000 gallons thereafter

As of December 31, 2020, District had 879 customers. 872 are residential customers and 7 are commercial customers.

Meters: $\frac{3}{4}$ inch

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF BOARD OF COMMISSIONERS
YEAR ENDED December 31, 2020

<u>Members</u>	<u>Address/Telephone</u>
Ricky Broussard, President	119 Magnolia Street Port Barre, LA 70577 337-308-4545
Harry Marks, Secretary/Treasurer	1396 Hwy 742 Opelousas, LA 70570 337-658-9128
James Solar	160 Maple Street Port Barre, LA 70577 337-945-7971
Garrett Hurd	131 Magnolia Street Port Barre, LA 70577 606-233-1056
Julie Fourrier	P.O. Box 1210 Port Barre, LA 70577 225-572-2959

Board members serve without pay for unlimited terms.

WATERWORKS DISTRICT NO. 3 OF ST. LANDRY PARISH
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED December 31, 2020

Agency Head Name: Ricky Broussard
Service Period: 12 months

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0


Vige, Tujague & Noel, CPA's
P.O. Box 1006
Eunice, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the District's Audited Financial Statements as of December 31, 2020.

2020-001 Segregation of Duties

Management is aware of and has evaluated this inadequacy and concluded that the related cost versus benefits achieved does not justify the additional personnel it would require to establish an adequate segregation.



Ricky Broussard