

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

Annual Financial Statements

December 31, 2019 and 2018



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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, 2019 and 2018, 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, 2019 and 2018, 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 relate 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 22, 2020, 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 and 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 22, 2020

BASIC FINANCIAL STATEMENTS

WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA
Statements of Net Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 309,488	\$ 451,302
Investments	342,865	141,494
Accounts Receivable, Net	66,719	61,522
Prepaid Insurance	4,442	2,817
Inventories	28,029	34,083
Total Current Assets	751,543	691,218
Restricted Assets		
Reserve Accounts - Cash and Cash Equivalents	80,210	80,210
Depreciation and Contingency Fund Accounts - Cash and Cash Equivalents	20,090	10,442
Meter Deposit - Cash	88,460	85,859
Construction Account - Cash and Cash Equivalents	62,052	32,244
Total Restricted Assets	250,812	208,755
Capital Assets		
Depreciable Capital Assets, Net of Accumulated Depreciation	3,043,701	3,171,689
Non-Depreciable Capital Assets	11,645	11,645
Total Capital Assets	3,055,346	3,183,334
Total Assets	4,057,701	4,083,307

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, 2019 and 2018

	2019	2018
Liabilities		
Current Liabilities (Payable from Current Assets)		
Accounts Payable	39,711	31,457
Accrued Expenses	6,879	8,472
	<u>46,590</u>	<u>39,929</u>
Current Liabilities (Payable from Restricted Assets)		
Customer Deposits	88,460	85,859
Accrued Interest Payable	55	31
Current Portion of Revenue Bonds Payable	34,433	34,345
	<u>122,948</u>	<u>120,235</u>
Long-Term Liabilities		
Revenue Bonds Payable	2,229,230	2,232,490
	<u>2,229,230</u>	<u>2,232,490</u>
	<u>2,398,768</u>	<u>2,392,654</u>
Net Position		
Net Investment in Capital Assets	791,683	916,499
Restricted	162,297	122,865
Unrestricted	704,953	651,289
	<u>\$ 1,658,933</u>	<u>\$ 1,690,653</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, 2019 and 2018

	2019	2018
Operating Revenues		
Water Sales and Fees	\$ 782,872	\$ 771,232
Other Revenues	1,725	2,095
Total Operating Revenues	784,597	773,327
Operating Expenses		
Cost of Water Sold	368,757	376,528
Depreciation	127,988	132,600
Salaries and Wages	103,725	103,722
Other	22,635	17,058
Supplies	17,598	11,576
Utilities	15,775	16,619
Repairs and Maintenance	13,229	3,591
Auditing Fees	12,500	15,200
Insurance	11,297	19,564
Payroll Taxes	8,345	7,816
Telephone	6,723	6,706
Postage	3,891	3,661
Dues	3,852	2,232
Bad Debt	3,328	16
Commissioner Fees	2,880	3,540
Fuels	2,207	2,580
Contract Services	240	-
Total Operating Expenses	724,970	723,009
Net Operating Income	59,627	50,318
Nonoperating Revenue (Expense)		
Capital Grants	-	170,550
Interest Income	1,726	1,392
Interest Expense	(93,073)	(32,723)
Loss on Disposition of Capital Assets	-	-
Total Nonoperating (Expense) Revenue	(91,347)	139,219
Change in Net Position	(31,720)	189,537
Net Position, Beginning of Year	1,690,653	1,501,116
Net Position, End of Year	\$ 1,658,933	\$ 1,690,653

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, 2019 and 2018**

	2019	2018
Cash Flows from Operating Activities		
Cash from Operating Revenues	\$ 782,001	\$ 780,469
Cash Paid to Employees	(113,663)	(106,400)
Cash Paid for Operating Expenses	(472,229)	(475,468)
Net Cash Provided by Operating Activities	196,109	198,601
Cash Flows from Capital and Related Financing Activities		
Capital Grants Received	-	498,754
Construction and Acquisition of Capital Assets	-	(443,706)
Principal Paid on Revenue Bonds	(3,172)	(31,165)
Interest Payments on Revenue Bonds	(93,049)	(37,194)
Net Cash Used in Capital and Related Financing Activities	(96,221)	(13,311)
Cash Flows from Investing Activities		
Interest on Investments	1,726	1,392
(Increase) Decrease in Investments	(201,371)	78,282
Net Cash (Used in) Provided by Investing Activities	(199,645)	79,674
Net (Decrease) Increase in Cash and Cash Equivalents	(99,757)	264,964
Cash and Cash Equivalents, Beginning of Year	660,057	395,093
Cash and Cash Equivalents, End of Year	\$ 560,300	\$ 660,057
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Cash and Cash Equivalents, Unrestricted	\$ 309,488	\$ 451,302
Cash and Cash Equivalents, Restricted	250,812	208,755
Total Cash and Cash Equivalents	\$ 560,300	\$ 660,057

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, 2019 and 2018

	2019	2018
Reconciliation of Net Operating Income to Net Cash		
Provided by Operating Activities		
Net Operating Income	\$ 59,627	\$ 50,318
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities		
Depreciation	127,988	132,600
Bad Debt Expense	3,328	(16)
(Increase) Decrease in:		
Accounts Receivable	(8,525)	4,265
Prepaid Insurance	(1,625)	(205)
Inventory	6,054	240
Increase (Decrease) in:		
Accounts Payable	8,254	3,368
Accrued Expenses	(1,593)	5,138
Customer Deposits	2,601	2,893
	<u>196,109</u>	<u>198,601</u>
Net Cash Provided by Operating Activities	\$ 196,109	\$ 198,601

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 (LRS) 33:3811 to construct, maintain, and improve the system of water supply within the District not served by municipal systems. A five-member 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 and 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 requires 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 and 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, 2019 or 2018.

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 statements of revenues, expenses, and changes in net position include 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 and Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating 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 LRS 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, 2019 and 2018.

**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. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB Statement No. 65.

**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, 2019 or 2018.

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.

New Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*, in June 2017. The objective of GASB Statement No. 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. Management is still evaluating the potential impact of adoption on the District's financial statements. This Statement will be effective for the District for the fiscal year ending December 31, 2022.

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

Note 2. Cash and Cash Equivalents and Investments

At December 31, 2019 and 2018, the District had cash and cash equivalents (book balances), as follows:

	2019	2018
Unrestricted Cash and Cash Equivalents	\$ 309,488	\$ 451,302
Restricted Cash and Cash Equivalents	250,812	208,755
Total	\$ 560,300	\$ 660,057
Certificates of Deposit	\$ 342,865	\$ 141,494

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, 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. At December 31, 2018, the District had \$802,693 in deposits (collected bank balances). These deposits were secured from risk by \$496,163 of federal deposit insurance and \$306,530 of pledged securities held in the name of the fiscal agent bank by a custodial bank that is mutually acceptable to both parties.

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

Notes to Financial Statements

Note 2. Cash and Cash Equivalents and Investments (Continued)

The following is a summary of restricted assets at December 31, 2019 and 2018:

	2019	2018
Reserve Account	\$ 80,210	\$ 80,210
Depreciation and Contingency Fund	20,090	10,442
Meter Deposits	88,460	85,859
Construction	62,052	32,244
Total Restricted Assets	\$ 250,812	\$ 208,755

Note 3. Receivables

The following is a summary of receivables at December 31, 2019 and 2018:

	Year Ended December 31, 2019		Year Ended December 31, 2018		Increase (Decrease) in Percent
	\$	%	\$	%	
Accounts Receivable					
Billed					
Current	\$ 65,032	80%	\$ 59,875	82%	-2%
31-60 Days Past Due	1,656	2%	5,896	8%	-6%
61-90 Days Past Due	3,359	4%	3,710	5%	-1%
Over 90 Days Past Due	11,727	14%	3,613	5%	9%
Subtotal	<u>81,774</u>		<u>73,094</u>		
Allowance for Uncollectible Accounts	<u>(15,055)</u>		<u>(11,572)</u>		
Net Accounts Receivable	\$ 66,719		\$ 61,522		

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 \$3,328 and \$16 was recorded for the years ended December 31, 2019 and 2018, respectively, and the allowance for uncollectible accounts was adjusted to \$15,055 and \$11,572, respectively, as of December 31, 2019 and 2018.

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

Notes to Financial Statements

Note 4. Capital Assets

A summary of changes in capital assets during the fiscal years ended December 31, 2019 and 2018, is as follows:

December 31, 2019	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
December 31, 2018	Beginning Balance 12/31/17	Increases	Decreases	Ending Balance 12/31/18
Non-Depreciable Assets				
Land	\$ 9,200	\$ 2,445	\$ -	\$ 11,645
Total Non-Depreciable Assets	9,200	2,445	-	11,645
Depreciable Assets				
Buildings	76,975	-	-	76,975
Equipment	146,812	20,171	(9,886)	157,097
Distribution System	3,375,368	90,261	-	3,465,629
Total Capital Assets	3,599,155	110,432	(9,886)	3,699,701
Less Accumulated Depreciation	(405,298)	(132,600)	9,886	(528,012)
Total Depreciable Assets, Net	3,193,857	(22,168)	-	3,171,689
Total Capital Assets	\$ 3,203,057	\$ (19,723)	\$ -	\$ 3,183,334

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

Notes to Financial Statements

Note 4. Capital Assets (Continued)

Depreciation expense totaling \$127,988 and \$132,600 was computed on a straight-line basis for financial statement purposes for the years ended December 31, 2019 and 2018, respectively.

Note 5. Long-Term Debt

The following is a summary of long-term obligation transactions for the years ended December 31, 2019 and 2018:

December 31, 2019	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
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
<hr/>					
December 31, 2018	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Long-Term Debt					
Water Revenue Bonds Payable	\$ 2,298,000	\$ -	\$ (31,165)	\$ 2,266,835	\$ 34,345
Total Long-Term Debt	\$ 2,298,000	\$ -	\$ (31,165)	\$ 2,266,835	\$ 34,345

Bonds payable at December 31, 2019 and 2018 were composed of the following:

	2019	2018
\$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.	\$ 2,263,663	\$ 2,266,835
Total	\$ 2,263,663	\$ 2,266,835

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.

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

Notes to Financial Statements

Note 5. Long-Term Debt (Continued)

The annual requirements to amortize all the Water Revenue Bonds, including interest payments, at December 31, 2019 were as follows:

Year Ending December 31,	Principal	Interest	Total
2020	\$ 34,433	\$ 61,819	\$ 96,252
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
2025-2029	208,824	272,436	481,260
2030-2034	239,567	241,693	481,260
2035-2039	274,836	206,424	481,260
2040-2044	315,298	165,962	481,260
2045-2049	360,788	120,472	481,260
2050-2054	417,343	63,917	481,260
2055-2057	264,981	216,279	481,260
Total	\$ 2,263,663	\$ 1,586,417	\$ 3,850,080

Note 6. Restricted Net Position

At December 31, 2019 and 2018, the District had \$162,297 and \$122,865, 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.

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

Notes to Financial Statements

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, 2019 and 2018:

Residential	2019	2018
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, 2019, the number of customers served by the District was 844.

Note 8. Board Members' Per Diem Payments

The following is a schedule of fees paid to Board Members during the years ended December 31, 2019 and 2018:

	2019	2018
Albin Lemoine	\$ 720	\$ 660
Arlene Schexnyder	660	720
Chris Burke	720	720
Donald Sampson	720	720
Joan Decuir, Director	60	720
Total	\$ 2,880	\$ 3,540

**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, 2019:

Coverage	Amount	Period
Commercial General Liability		11/6/2019 to 11/6/2020
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	3,000,000	
Auto Insurance		11/6/2019 to 11/6/2020
Combined Single Limit (CSL)	\$ 1,000,000	
Workers' Compensation		7/6/2019 to 7/6/2020
At Statutory Limitations		
Each Accident	\$ 1,000,000	
Disease Expense - Employee	1,000,000	
Disease - Policy Limit	1,000,000	

Note 10. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates. It is unknown how long these conditions will last and what the complete financial effect will be to the District.

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, 2019**

Agency Head
Joan Decuir, Director

Purpose	Amount
Salary	\$3,300
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$60
Reimbursements - Telephone	\$0
Reimbursements - Supplies	\$124
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 Avoyelles Parish Police Jury, as of and for the year ended December 31, 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, and have issued our report thereon dated May 22, 2020.

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) 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 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. We did identify a certain deficiency in internal control that we consider to be a material weakness which is described in the accompanying schedule of findings and responses as item 2019-001.

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 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 that are required to be reported under *Government Auditing Standards*.

Response to Finding

Ward 3, Avoyelles Parish Waterworks District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response 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 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 Professional Accounting Corporation

Baton Rouge, LA
May 22, 2020

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2019**

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? | Yes |
| | 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

2019-001 Internal Control

Criteria: Good internal control requires that the same employee does not perform all the functions of accounting, collections, billing, receiving, and check writing.

Condition: Due to the limited number of employees of the District, there was not a segregation of duties within the accounting system.

Cause: Lack of sufficient number of employees.

Effect: Material weakness in internal control.

Recommendation: We recommend that the Board should continue to review areas of cash receipts, billings, deposit of funds collected, and checks written for items purchased. It is also recommended that the District add additional staff as soon as it is economically feasible.

Management's Response: Due to the present economic conditions, the District feels that it would not be cost effective to add additional employees at this time and thus provide for a proper segregation of duties within the accounting function. The Board has implemented procedures to provide for more oversight of operations.

**WARD 3, AVOYELLES PARISH WATERWORKS DISTRICT
MANSURA, LOUISIANA
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2019**

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, 2019**

2018-001 Internal Control

This finding has not been resolved. See 2019-001.

AGREED-UPON PROCEDURES REPORT
Ward 3, Avoyelles Waterworks District

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of January 1, 2019 - December 31, 2019

To the Board of Directors
Ward 3, Avoyelles Waterworks District and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below which were agreed to by Ward 3, Avoyelles Waterworks District (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 to December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts**, including receiving, recording, and preparing deposits.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: The District's policy and procedure manual does not include the above elements for each category.

Collections

- 2. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: We obtained listing of deposit sites and management's representation that list is complete.

- 3. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: Due to the small size of the District, it only has one employee so there is inadequate segregation of duties.

- 4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: We noted that the District does have an insurance policy for theft.

- 5. Randomly select five bank accounts (or all accounts if less than 5). Randomly select two deposit dates for each bank account selected (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: Procedures a), b), c), d), and e) were performed without exception for one of the two collections. We noted that one collection tested was made within 5 days of receipt.

Payroll and Personnel

- 6. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: We obtained management's representation that the listing provided is complete. We noted that the District does not use contracts or pay structure. We noted that changes in compensation were approved by the Board.

7. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #6 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: We performed procedure c) without exception. We noted that employees do not document their daily attendance. We noted that requests for leave are verbally approved by the General Manager.

8. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: This procedure is not applicable as there were no terminations during 2019.

9. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: We obtained management's representation that payroll taxes, retirement contributions, and workers' compensation premiums were paid timely and that associated forms were filed by required deadlines.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to perform, and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

A Professional Accounting Corporation

Baton Rouge, LA
June 10, 2020

Avoyelles Ward 3 Waterworks District
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Mansura, LA 71350
(318) 253-8715 / (318) 714-3070 fax
w3wav@yahoo.com

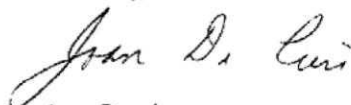
Mr. Daryl Purpera
Louisiana Legislative Auditor
1600 N 3rd St.
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-upon Procedures

The management of the Ward 3, Avoyelles Waterworks District wishes to provide the following responses relative to the results of the 2018 Act 774 agreed-upon procedures engagement:

- 1) The District will adopt policies and procedures which include each of the above elements.
- 4) Due to the present economic conditions, the District feels that it would not be cost effective to add additional employees at this time and thus provide for a proper segregation of duties within the accounting function. The Board will implement procedures to provide more oversight.
- 6) The District will improve the timeliness of its deposits.

Sincerely,



Joan Decuir
Board President



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