

**WATERWORKS DISTRICT NO 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**BASIC FINANCIAL STATEMENTS
WTH SUPPLEMENTAL INFORMATION SCHEDULES**

YEAR ENDED JUNE 30, 2020

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

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 WITH SUPPLEMENTAL INFORMATION SCHEDULES
 YEAR ENDED JUNE 30, 2020**

Table of Contents

INDEPENDENT AUDITOR’S REPORT	4
MANAGEMENT’S DISCUSSION & ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	13
Statement of Revenues, Expenses, and Changes in Net Position	15
Statement of Cash Flows	16
NOTES TO FINANCIAL STATEMENTS	
Notes	19
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule	30
Statement of Operating Expenses	31
Statement of Revenues and Expenses as A Percentage of Total Operating Revenues	32
Statement of Insurance in Force	33
Statistical Data-Water Sales	34
Comparative Data	35
Schedule of Subsequent Budget	36
Schedule of Compensation Paid to Governing Body	37

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CLINTON, LOUISIANA
BASIC FINANCIAL STATEMENTS
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YEAR ENDED JUNE 30, 2020**

Table of Contents

Schedule of Compensation, Benefits, and Other Payments to Agency Head.....	38
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 <i>Government Auditing Standards</i>	39
Schedule of Findings and Responses.....	41

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Waterworks District No. 7 of East Feliciana Parish

P O Box 8826

Clinton, LA 70722

I have audited the accompanying financial statements of the business-type activities of the Waterworks District No. 7 of East Feliciana Parish, a component unit of the East Feliciana Parish Policy Jury, as of and for the year ended June 30, 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 controls 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the 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. 7 of East Feliciana Parish, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

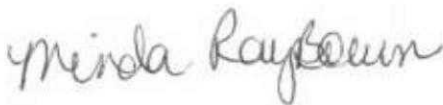
Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District No. 7 of East Feliciana Parish's basic financial statements. The schedule of operating expenses, statement of revenues and expenses as a percentage of total operating revenues, schedule of insurance in force, statistical data-water sales, comparative data, schedule of subsequent budget, schedule of compensation paid to governing body and schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information 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 my opinion, the other information listed herein are 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, I have also issued my report dated December 18, 2020, on my consideration of the Waterworks District No. 7 of East Feliciana Parish's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my 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 the Waterworks District No. 7 of East Feliciana Parish's internal control over financial reporting and compliance.



Minda Raybourn, CPA

Franklinton, LA
December 18, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The purpose of the Management's discussion and analysis (MD&A) is to introduce the basic financial statements and provide an analytical overview of the Waterworks District No. 7 of East Feliciana Parish's, hereinafter referred to as the District, financial activities. Since this information is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the financial statements beginning on page 13.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

This annual report consists of two components - (1) fund financial statements and (2) notes to the financial statements. There is also other supplementary information contained in this report provided for additional information.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one category of funds: proprietary funds.

Proprietary funds. The District maintains only one type of proprietary fund - enterprise fund. Enterprise funds are used to report the functions financed and operated in a manner similar to private business 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. The District uses an enterprise fund to account for its water services.

Financial statements of the District include the following:

Statement of Net Position. This statement presents information on all of the District's assets, deferred outflows of resources, liabilities and inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or not.

Statement of Revenues, Expenses and Changes in Net Position. This statement presents information showing how the District's net assets changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

Statement of Cash Flows. The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**WATEROWRKS DISTRICT NO. 7 OF EAST FELICAINA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT

Net position decreased by \$33,938 or 3% of the prior year's net position.

Below is a comparison of the current and prior year's net position.

SUMMARY OF NET POSITION

	<u>2020</u>	<u>2019</u>
Assets		
Current assets	\$ 202,481	\$ 264,483
Restricted assets	269,809	216,687
Capital assets, net	<u>1,160,023</u>	<u>1,202,248</u>
Total Assets	<u><u>1,632,312</u></u>	<u><u>1,683,418</u></u>
Liabilities		
Current liabilities	91,649	82,310
Long-term liabilities	<u>298,794</u>	<u>325,299</u>
Total liabilities	<u><u>390,443</u></u>	<u><u>407,609</u></u>
Net Position		
Net investment in capital assets	834,723	851,884
Restricted	316,729	262,507
Unrestricted	<u>90,418</u>	<u>161,418</u>
Net position	<u><u>\$ 1,241,870</u></u>	<u><u>\$ 1,275,809</u></u>

The largest portion of the District's net assets is in its investment in capital assets - \$834,723 and \$851,884 at June 30, 2020 and 2019, respectively, representing 67% of net position. Another 26% at June 30, 2020, is restricted for customer deposits and debt retirement. The amount at June 30, 2020 restricted for customer deposits and debt retirement was \$316,729 (26%) and at June 30, 2019 the amount was \$262,507 (21%). The remaining balance in net assets of \$90,418 (7%) and \$161,418 (13%) at June 30, 2020 and 2019, respectively, is available to pay current operating expenses.

**WATEROWRKS DISTRICT NO. 7 OF EAST FELICAINA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Water revenues decreased by \$2,357 or 1% over the prior year. Non-operating revenues decreased due to the receipt of grant revenues for a waterline expansion in the prior year.

Expenses increased by \$20,283 or 5% over the prior year. The biggest increases in expenditures were depreciation (\$8,337) and repairs and maintenance (\$15,867). In addition, the District started to provider health insurance for employees resulting in an expense of \$5,013.

A summary of changes in net position follows:

SUMMARY OF CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>
Revenues		
Charges for services	\$ 374,227	\$ 376,584
Non-operating revenues	<u>2,275</u>	<u>108,159</u>
Total revenues	<u>376,502</u>	<u>484,743</u>
Expenses		
Operating	309,446	296,005
Depreciation/amortization	82,781	74,506
Non-operating	<u>18,212</u>	<u>19,645</u>
Total expenses	<u>410,439</u>	<u>390,156</u>
Change in net position	(33,938)	94,587
Net position, beginning	<u>1,275,809</u>	<u>1,181,222</u>
Net position, Ending	<u>\$ 1,241,871</u>	<u>\$ 1,275,809</u>

**WATEROWRKS DISTRICT NO. 7 OF EAST FELICAINA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

BUDGETARY HIGHLIGHTS

The District's actual operating revenues were \$10,627 or 3% more than budgeted. Operating expenses were \$9,823 (2%) less than budgeted authority. Non-operating revenues and expenses were favorable in comparison to the adopted budget by \$1,763. Net position was actually a decrease of (\$33,938) compared to budgeted net position of (\$56,150). A budget to actual comparison is on page 30.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's capital assets, net of accumulated depreciation at June 30, 2020 and 2019, was \$1,156,844 and \$1,198,986 respectively. Additions during the current year totaled \$40,556. The additions were water line improvements of \$12,350 and a new wireless SCADA system for \$28,206. Depreciation expense for the year totaled \$82,760.

Capital assets at year-end are summarized as follows:

CAPITAL ASSETS

Net of Accumulated Depreciation

	2020	2019
Capital assets, Non-Depreciable		
Land	4,500	4,500
Construction in Progress	32,101	32,101
 Capital Assets, Depreciable		
Buildings	138,562	142,608
Distribution system	933,455	966,535
Furniture and equipment	21,224	14,989
Vehicles	27,002	38,253
Total capital assets, net	1,156,844	1,198,986

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The District executed a 60 year land lease at \$5,000 for which it amortizes. Amortization to date totals \$1,822 leaving a net book value at June 30, 2020, of \$3,178. This amount is not included in the totals provided above.

Debt Administration: Long-term debt of the District includes revenue bonds. Total bonded debt outstanding at June 30, 2020 and 2019, was \$325,300 and \$350,364 respectively. The District paid \$25,064 towards its bonded debt during the current year as well as \$18,212 in related interest. Principal and interest payments are funded by general revenues.

A summary of the long-term portion of bonds outstanding is as follows:

OUTSTANDING BONDS

	2020	2019
Revenue bonds		
Series 1987 dated 7/8/87	99,662	114,520
Series 1991 dated 7/29/93	23,745	27,082
Series 2001 dated 8/3/01	201,893	208,762
Total	325,300	350,364

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting the Waterworks District No. 7 of East Feliciana Parish, P. O. Box 8826, Clinton, Louisiana 70722 or 225-683-9124.

BASIC FINANCIAL STATEMENTS

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2020**

ASSETS

Current Assets

Cash and cash equivalents	\$ 74,540
Investments	59,386
Accounts receivable, net	33,566
Unbilled receivables	11,924
Prepaid Expenses	23,065
Total Current Assets	202,481

RESTRICTED ASSETS

Restricted Cash	166,943
Restricted Investments	102,866
Total Restricted Assets	269,809

PROPERTY, PLANT, AND EQUIPMENT

Land	4,500
Construction in Progress	32,101
Land lease, net	3,178
Plant and equipment, net	1,120,244
Total Property, Plant, and Equipment	1,160,023

TOTAL ASSETS	1,632,312
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DEFERRED OUTFLOWS OF RESOURCES	-
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The accompanying notes are an integral part of the financial statements.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2020**

LIABILITIES

Current Liabilities

Accounts payable	\$ 10,849
Payroll withholdings and related payables	878
Accrued salaries payable	6,496
Customer deposits	46,920
Bonds payable-current portion	26,506
Total Current Liabilities	91,649

Long-Term Liabilities

Bonds payable-revenue	298,794
Total Long-Term Liabilities	298,794

TOTAL LIABILITIES

390,443

DEFERRED INFLOWS OF RESOURCES

-

NET POSITION

Net investment in capital assets	834,723
Restricted for customer deposits	46,920
Restricted for debt service and contingencies	269,809
Unrestricted	90,418
TOTAL NET POSITION	1,241,870

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

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION
JUNE 30, 2020**

OPERATING REVENUES

Charges for services	
Water sales	\$ 343,489
Late fees	9,911
Safe water fees	11,207
Miscellaneous revenues	3,811
Connection fees	5,809
Total operating revenues	<u>374,227</u>

OPERATING EXPENSES

Administrative	40,115
Depreciation/amortization	82,781
Employee and related expenses	142,262
Occupancy	48,491
Personal services	78,578
Total operating expenses	<u>392,227</u>

OPERATING INCOME (18,000)

NON-OPERATING REVENUES (EXPENSES)

Grant proceeds	-
Gain on disposal of asset	-
Interest income	2,275
Interest expense	(18,212)
Net non-operating income (expense)	<u>(15,937)</u>

Change in net position (33,938)

Net position, beginning 1,275,808

Net position, ending \$ 1,241,870

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

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF CASH FLOWS
JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 355,509
Cash received for customer deposits	1,100
Other income	3,811
Cash paid to suppliers for goods/services	(157,059)
Cash paid to employees for services	(142,262)
Net cash provided by operating activities	<u>61,099</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash received from grants	-
Cash received from other sources	-
Net cash provided by non-capital financing activities	<u>-</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(40,556)
Sale of capital assets	-
Interest paid on bonds	(18,212)
Principal paid on bond maturities	(25,065)
Net cash used for capital and related financing activities	<u>(83,833)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of certificate of deposits	-
Interest received	2,275
Net cash used for Investing Activities	<u>2,275</u>
 Net Increase (Decrease) in cash and cash equivalents	 <u>(20,459)</u>
 Cash and Cash equivalents, beginning of year	 261,942
 Cash and Cash equivalents, ending of year	 <u>241,483</u>
 Unrestricted	 74,540
Restricted	166,943
Cash and cash equivalents, end of year	<u>241,483</u>

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

WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF CASH FLOWS
JUNE 30, 2020

RECONCILIATION OF OPERATING INCOME TO
 NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ (18,000)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation/amortization	82,781
(Increase)/decrease in assets:	
Accounts receivable	(3,817)
Unbilled accounts receivable	(2,417)
Prepaid insurance	(5,345)
Increase/(decrease) in liabilities	
Accounts payable	5,577
Accrued salaries	1,339
Payroll tax withholdings	(119)
Customer Deposits	1,100
Net cash provided by operating activities	61,099

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

NOTES TO FINANCIAL STATEMENTS

WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

INTRODUCTION

The Waterworks District No. 7 of East Feliciana Parish (hereinafter referred to as the District), located in Clinton, Louisiana, was created by the East Feliciana Parish Police Jury as allowed under Louisiana Revised Statute 33:7702. Its board members are appointed by the East Feliciana Parish Police Jury.

The District was created to provide water resources to the citizens of East Feliciana Parish residing within the boundaries of the District. It serves an average of 938 customers.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the District conforms to governmental accounting principles generally accepted in the United States of America. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the East Feliciana Parish Police Jury is the financial reporting entity for East Feliciana Parish. The District is considered a component unit of the East Feliciana Parish Police Jury because it appoints a voting majority of the District's governing body and its services are rendered within the Police Jury's boundaries. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Fund Accounting: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Proprietary Funds - used to account for governmental activities that are similar to activities performed by commercial enterprises in that goods/services are provided for a fee. Proprietary

Funds of the District include the following fund types:

1. Enterprise -account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a

WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

Basis of Accounting/Measurement Focus: In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund statements of the District are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated, and long-term debt is reported.

Operating/Non-Operating Revenues: Proprietary funds separately report operating and non operating revenues. Revenues from transactions of the District's water services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Budgets and Budgetary Accounting: The District adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The governing body must approve any revisions that alter the total expenditures. Budget amounts lapse at year-end.

Cash and Cash Equivalents: Cash includes amounts in demand deposits. Cash equivalents include amounts in investments 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 or any other state of the United States or under the laws of the United States.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

Inventory: Inventory is recorded at cost. It includes only office supplies, the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Receivables: Trade receivables are recorded at management's estimate of the amount that is expected to be collected. This is based in part on historical information. Revenues become susceptible to accrual when they become both measurable and available.

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

Capital Assets: The District's assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing assets. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows: vehicles - 5 years, furniture and equipment - 5 to 7 years and distribution system - 15 to 40 years. The District has a land lease that it is amortizing over a period of 60 years.

In June 1999, the GASB issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the basic financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the District elected not to report its governmental infrastructure retroactively. From that point forward, the District has used the basic approach to infrastructure reporting for its governmental activities when applicable.

Net Position: In the statement of net position, the difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Position

Net position that is reserved by external sources, such as banks or by law, is reported separately as restricted net position. When assets are required to be retained in perpetuity, this non-expendable net position are recorded separately from expendable net position. These are components of restricted net position.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

Unrestricted Net Position

This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

NOTE 2-CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) of the District are as follows:

Petty Cash	100
Interest-bearing demand deposits	121,359
Restricted:	
Interest-bearing demand deposits	<u>120,024</u>
Total	<u>241,483</u>

Deposits are stated at cost, which approximates market. Under state law, they 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. 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.

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

With the adoption of GASB Statement No. 40, only deposits are considered exposed to custodial credit risk are required to be disclosed. The District has no deposits exposed to custodial credit risk.

NOTE 3-INVESTMENTS

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counter party or the counter-party's trust department or agent not in the entity's name. Investments of the District are certificates of deposit held by the counter-party in the District's name. They are secured from risk by \$250,000 of federal deposit insurance.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

A summary of investments for which cost and fair value are the same are as follow:

Certificate of Deposit	Cost	Interest Rate	Maturity
Feliciana Bank and Trust	49,386	0.55%	9/11/2020
Landmark Bank	51,972	2.13%	10/26/2020
Landmark Bank	50,894	0.45%	10/6/2020
Feliciana Bank and Trust	10,000	0.55%	5/2/2021
	<u>162,252</u>		

NOTE 4-RECEIVABLES

The net receivables at June 30, 2020 are as follows:

	Year Ended June 30, 2019
Current	\$ 30,442
31-60 Days	5,666
61-90 Days	-
Over 90 Days	34,258
Subtotal	<u>70,366</u>
Less Allowance for Bad Debt	<u>(36,800)</u>
Accounts Receivables, net	<u>33,566</u>
Accrued Billings	<u>11,924</u>
Total Accounts Receivable	<u>\$ 45,490</u>

The District utilizes the allowance method for receivables estimated to not be collected. The current year receivables include \$34,258 in delinquent accounts that are more than 60 days old.

WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - RESTRICTED ASSETS

Restricted assets consist of the following:

Restricted Assets	
Cash and Cash Equivalents	
Revenue Bonds	
Reserve Fund	43,427
Depreciation and Contingency Fund	76,596
Meter Deposits	46,920
Total	166,943
Investments	
Restricted for Repairs	51,972
Restricted for Debt Payments	50,894
Total	102,866

The Revenue Bond Resolution, Section 8, originally adopted on September 5, 1985, provides for all income and revenue derived from the operation of the District to be pledged for the security and payment of Series A and Series 2001 Water Revenue Bonds. The first priority is the payment of reasonable and necessary costs of operating and maintaining the water distribution system.

Secondly, the District is required to maintain a Waterworks System Revenue Bond Reserve Fund (hereinafter referred to as the Reserve Fund) and a Depreciation and Contingency Fund (hereinafter referred to as the Depreciation Fund). The Reserve Fund, established when the system became revenue producing, includes monthly deposits of \$181 continuing until such time that the fund has accumulated a sum equal to \$43,275.90. These funds are restricted to the payment of principal and interest of all bonds payable to avoid default. The balance at June 30, 2020, is \$43,427 and was fully funded.

The Depreciation Fund, established at the same time, includes monthly deposits of \$185 continuing until all bonds have been paid in full. These funds are restricted to unusual or extraordinary maintenance, repairs, replacements or extensions as well as the costs of improvements which will either enhance the system's revenue-producing capacity or provide a higher degree of service. In the event that the funds available in the Reserve Fund are insufficient to cover principal and interest payments, the necessary balance may be transferred from this Fund. The balance at June 30, 2020, is \$76,596 and was fully funded.

The board has restricted a certificate of deposit restricted for future repairs in the amount of \$51,971. The investment will mature October 26, 2020. The board has also restricted a certificate

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

of deposit for debt payments in the amount of \$50,894. The investment will mature October 6, 2020.

Resources to be used for customer deposits are set aside in restricted cash in the amount of \$46,920.

NOTE 6-CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, Non-Depreciable				
Land	4,500	-	-	4,500
Construction in Progress	32,101	-	-	32,101
Capital Assets Depreciable				
Buildings	157,838		-	157,838
Distribution system	2,279,962	28,206	-	2,308,168
Furniture and equipment	90,450	12,350	-	102,800
Vehicles	74,729	-	-	74,729
Total capital assets, depreciable	2,602,979	40,556	-	2,643,535
Less accumulated depreciation				
Buildings	15,230	4,046	-	19,276
Distribution system	1,313,427	61,286	-	1,374,713
Furniture and equipment	75,461	6,115	-	81,576
Vehicles	36,476	11,251	-	47,727
Total accumulated depreciation	1,440,594	82,698	-	1,523,292
Total capital assets, depreciable, net	1,162,385	(42,142)	-	1,120,243
Total capital assets, net	1,198,986	(42,142)	-	1,156,844

The District's capital assets, net of accumulated depreciation at June 30, 2020 and 2019, was \$1,156,844 and \$1,198,986 respectively. Additions during the current year totaled \$40,556. The additions were water line improvements of \$12,350 and a new wireless SCADA system for \$28,206. Depreciation expense for the year totaled \$82,760.

WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7-ACCOUNTS AND OTHER PAYABLES

The payables at June 30, 2020 are as follows:

Accounts payable	10,849
Payroll withholdings and related payables	878
Accrued salaries payable	6,496
Customer deposits	46,920
Bonds payable-current portion	26,506
Total	91,649

NOTE 8-LONG TERM LIABILITIES

Revenue Bonds. The District is currently making payment on three different issues as follows:

Series 1987 issued in the amount of \$305,600, dated July 8, 1987, due in annual installments of \$21,863 including interest at 6.5% beginning 7/8/1990 for a period of 40 years

Series 1991 issued in the amount of \$74,800, dated July 29, 1993, due in monthly installments of \$397.94 including interest at 5.625% beginning 8/8/1995 for a period of 38 years

Series 2001 issued in the amount of \$295,000, dated August 3, 2001, due in monthly installments of \$1,386.50 including interest at 4.75% beginning 9/3/2002 for a period of 40 years.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	Beginnng Balance	Addition	Reductions	Ending Balance	Due Within One Year
Revenue bonds	350,364	-	(25,064)	325,300	26,506

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

The annual debt service requirements to maturity for bonded debt are as follows:

Year Ending	Principal	Interest	Total
2021	26,506	16,691	43,197
2022	28,511	15,153	43,665
2023	29,584	13,284	42,868
2024	31,726	11,881	43,607
2025	33,659	9,588	43,247
2026-2030	63,223	123,054	186,277
2031-2035	63,673	19,364	83,038
2036-2040	48,418	3,720	52,138
Total	325,300	212,735	538,035

NOTE 9-LEASES

Operating Leases. The District entered into a 60 year lease for land commencing on August 3, 1999 and terminating August 2, 2058. It prepaid the entire lease of \$5,000 at the time the lease was executed and is being amortized at an amount of \$83 per year. Accumulated amortization at June 30, 2020, was \$ 182 providing for a land lease value of \$3,178.

Capital Leases. The District has no capital leases.

NOTE 10- RETIREMENT PLAN

The District does not provide a retirement plan for its employees other than social security in which it matches the 6.2% of gross salaries paid in by the employee.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

The District does not provide post-employment benefits.

NOTE 12-COMMITMENTS AND CONTIGENCIES

On October 25, 2018 the District adopted a resolution state the District's intention to issue water revenue bonds in the amount not to exceed \$1,384,000 for the purpose of acquiring, construction of improvements, and extension of the water distribution system. As of June 30, 2020, the District

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

has not issued the water revenue bonds nor has the project been brought before the Louisiana State Bond Commission. However, the District is still actively pursuing the project.

NOTE 13-RELATED PARTY TRANSACTIONS

The District obtains water under the terms of a local service agreement with the East Feliciana Parish Policy Jury, of which it is a component unit. The water utilized by the District is obtained from a well constructed by the EFP Policy Jury on property owned by the District. The service agreement provides for a 50 year lease of the well that began when the well was first placed into service.

In exchange, the District agreed to issue revenue bonds to place into operation a waterworks utility system for which it was granted a franchise by the EFP Police Jury. Both parties agreed that no action would be taken by either party that would impair the security for or the payment of the revenue bonds.

The District has the option of purchasing the water well from the EFP Policy Jury at any time by paying a sum equal to the original cost of the well less depreciation as may be certified by the District's consulting engineer. The cost was \$155,000, funded by proceeds from a grant through U.S. Housing and Urban Development.

NOTE 14 - LITIGATION AND CLAIMS

There is no litigation that would require disclosure in the accompanying financial statements.

NOTE 15- SUBSEQUENT EVENTS

There are no transactions or events between the close of the year through December 18, 2020, the date on which the financial statements were available to be issued, that would materially impact these basic financial statements.

SUPPLEMENTARY INFORMATION

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2020**

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
OPERATING REVENUES				
Charges for services				
Water sales	405,000	332,000	343,489	11,489
Late fees	11,500	10,100	9,911	(189)
Safe water fees	11,500	11,500	11,207	(293)
Miscellaneous revenues	1,000	3,800	3,811	11
Connection fees	5,000	6,200	5,809	(391)
Total operating revenues	<u>434,000</u>	<u>363,600</u>	<u>374,227</u>	<u>10,627</u>
OPERATING EXPENSES				
Administrative	39,500	43,600	40,115	(3,485)
Depreciation/amortization	75,000	82,000	82,781	781
Employee and related expenses	142,250	140,750	142,262	1,512
Occupancy	51,500	48,500	48,491	(9)
Personal services	82,700	87,200	78,578	(8,622)
Total operating expenses	<u>390,950</u>	<u>402,050</u>	<u>392,227</u>	<u>(9,823)</u>
OPERATING INCOME	43,050	(38,450)	(18,000)	20,450
NON-OPERATING REVENUES (EXPENSES)				
Grant proceeds	90,000	-	-	-
Gain on sale of asset	-	2,500	-	(2,500)
Interest income	1,800	1,800	2,275	475
Interest expense	(22,000)	(22,000)	(18,212)	3,788
Net non-operating income (expense)	<u>69,800</u>	<u>(17,700)</u>	<u>(15,937)</u>	<u>1,763</u>
Change in net position	<u>112,850</u>	<u>(56,150)</u>	<u>(33,938)</u>	<u>22,212</u>
Net position, beginning	1,275,808	1,275,808	1,275,808	-
Net position, ending	<u>1,388,658</u>	<u>1,219,658</u>	<u>1,241,870</u>	<u>22,212</u>

See independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**SCHEDULE OF OPERATING EXPENSES
JUNE 30, 2020**

ADMINISTRATIVE	
Advertsing	705
Board expense	6,000
Dues and subscriptions	1,661
Office supplies	8,414
Postage	3,364
Bank charges	643
Miscellaneous	1,859
Website	696
Professional fees	16,773
Total administrative	<u>40,115</u>
DEPRECIATION/AMORTIZATION	<u>82,781</u>
EMPLOYEE AND RELATED EXPENSES	
Salaries/clerical assistance	126,392
Payroll taxes	9,199
Employee health insurance	5,013
Seminars/workshops	1,658
Total employee and related expenses	<u>142,262</u>
OCCUPANCY	
Insurance	22,515
Office rent	-
Telephone	4,137
Utilities	21,839
Total occupancy	<u>48,491</u>
PERSONAL SERVICES	
Bad Debts	3,000
Repairs/maintenance	31,783
Safe drinking water fees	10,747
Vehicle operations	12,217
Supplies	20,831
Total personal services	<u>78,578</u>
TOTAL OPERATING EXPENSES	<u><u>392,227</u></u>

See independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**STATEMENT OF REVENUES AND EXPENSES AS A PERCENTAGE OF
TOTAL OPERATING REVENUES
JUNE 30, 2020**

OPERATING REVENUES	<u>\$</u>	<u>%</u>
Charges for services		
Water sales	343,489	91.79%
Late fees	9,911	2.65%
Safe water fees	11,207	2.99%
Miscellaneous revenues	3,811	1.02%
Connection fees	5,809	1.55%
Total operating revenues	<u>374,227</u>	<u>100.00%</u>
 OPERATING EXPENSES		
Administrative	40,115	10.72%
Depreciation/amortization	82,781	22.12%
Employee and related expenses	142,262	38.01%
Occupancy	48,491	12.96%
Personal services	78,578	21.00%
Total operating expenses	<u>392,227</u>	<u>104.81%</u>
 OPERATING INCOME	<u>(18,000)</u>	<u>-4.81%</u>
 NON-OPERATING REVENUES (EXPENSES)		
Grant proceeds	-	0.00%
Gain on disposal of asset	-	0.00%
Interest income	2,275	0.61%
Interest expense	(18,212)	-4.87%
Net non-operating income (expense)	<u>(15,937)</u>	<u>-4.26%</u>
 CHANGE IN NET POSITION	<u>(33,938)</u>	<u>-9.07%</u>

See independent auditor's report.

**WATERWORKS DISTRICT #7 OF EAST FELICIANA PARISH
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2020**

<u>POLICY NUMBER</u>	<u>EXPIRATION DATE</u>	<u>COMPANY AND COVERAGE</u>	<u>AMOUNT</u>
PPK1980456	5/17/20	Tokio Marine Speciality Insurance Company	
	5/18/21	Bodily injury/property damage-aggregate	\$3,000,000
		Bodily injury/property damage per occurrence	\$1,000,000
		Personal injury & Adv. Injury-aggregate	\$3,000,000
		Personal injury & Adv. Injury-per occurrence	\$1,000,000
		Employee Benefits Liability-aggregate	\$3,000,000
		Employee Benefits Liability-per occurrence	\$1,000,000
		Damage to Rented Premises	\$500,000
PPK1980456	5/17/20	Tokio Marine Speciality Insurance Company	
	5/18/21	Auto Coverage Liability	\$1,000,000
		Uninsured Motorists	\$500,000
		Comprehensive Deductible	\$500
		Collison Deductible	\$500
PPK1980456	5/17/20	Tokio Marine Speciality Insurance Company	
	5/18/21	Real and Personal Property	
		Limit of insurance per occurrence	\$100,000
		Deductible property per occurrence	\$1,000
22983-S	5/5/20	Louisiana Worker's Compensation Corp.	
	5/6/21	Worker's Compensation	Statutory
68686855	2/18/20	CNA Surety Company	
	2/17/21	Fidelity Bond	\$88,600
105651588	7/14/19	Travelers	
	7/14/20	Director's and Officer's Liability	\$1,000,000
		Employment Practices Liability	\$1,000,000

See independent auditor's report.

WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
 CLINTON, LOUISIANA
 STATISTICAL DATA - WATER SALES
 JUNE 30, 2020

<u>Month</u>	<u>No. of Customers</u>	<u>1000 Gallons</u>	<u>Amount</u>
July	938	5,442.7	31,683
August	943	4,528.2	28,654
September	944	5,407.1	31,436
October	939	4,938.8	29,344
November	941	4,514.5	27,168
December	939	3,853.1	25,696
January	940	4,457.7	27,270
February	933	3,680.9	25,149
March	932	3,326.7	23,399
April	937	5,334.4	30,954
May	936	4,712.3	28,517
June	936	4,846.1	34,215
Total		<u>55,042.5</u>	<u>343,485</u>

Average number of customers 938

Accounts Receivable

Current:	30,442
Delinquent over 30 days	<u>39,924</u>
Total	<u>70,366</u>

Supplemental Data:

- A. Funds are deposited in institutions insured by the federal government.
- B. The water system is exempt from federal income tax.
- C. Local, state, and federal taxes are paid current.

See independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
COMPARATIVE DATA
June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>SUMMARY OF STATEMENT OF REVENUES</u>						
Operating revenues	374,227	376,584	408,356	372,954	\$362,303	\$364,546
Operating expenses	392,227	370,511	353,679	340,973	319,100	320,199
Operating Income (Loss)	(18,000)	6,073	54,677	31,981	43,203	44,347
Non-operating revenues	2,275	108,159	1,747	54,852	71,016	3,504
Non-operating expenses	(18,212)	(19,645)	(20,995)	(22,266)	(23,464)	(24,592)
Net Income (Loss)	(33,938)	94,587	35,429	64,567	90,756	23,259
<u>OTHER DATA</u>						
Capital assets, net	1,160,023	1,202,248	1,154,816	1,176,088	1,107,249	995,512
Net working capital	380,641	398,860	376,770	343,563	286,299	333,683
Total assets	1,632,312	1,683,418	1,628,772	1,604,267	1,560,430	1,488,718
Long-term liabilities	298,794	325,299	350,364	373,858	442,778	463,740
Total equity	1,241,870	1,275,809	1,181,222	1,145,793	1,081,227	990,470
Average no. of customers	938	938	945	936	926	923
Total cubic feet of water sold (MCF)	55,042.5	56,476.9	65,168.8	54,886.0	57,024.9	54,088.7
No. of residential customers	905	908	912	907	904	906
No. of commercial customers	31	30	32	36	29	19
No. of commercial customers with 3/4" meter	-	-	-	-	-	-

See Independent Auditor's Report

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**SCHEDULE OF SUBSEQUENT BUDGET
JUNE 30, 2021**

OPERATING REVENUES

Charges for services	
Water sales	430,000
Late fees	8,000
Safe water fees	11,000
Miscellaneous revenues	1,500
Connection fees	6,000
Total operating revenues	<u>456,500</u>

OPERATING EXPENSES

Administrative	35,300
Depreciation/amortization	85,000
Employee and related expenses	138,000
Occupancy	56,000
Personal services	107,000
Total operating expenses	<u>421,300</u>

OPERATING INCOME	<u>35,200</u>
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NON-OPERATING REVENUES (EXPENSES)

Grant proceeds	-
Interest income	3,000
Bad debt expense	(5,000)
Interest expense	(22,000)
Net non-operating income (expense)	<u>(24,000)</u>

Change in net position	11,200
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Net position, beginning	1,241,870
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Net position, ending	<u>1,253,070</u>
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See independent auditor's report.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

**SCHEDULE OF COMPENSATION PAID TO GOVERNING BODY
JUNE 30, 2020**

Brown, Samuel (President) 11332 Dan Delee Rd. Norwood, LA 70761 (225) 683-5032	\$ 1,320
Bryant, Louise Spurlock PO Box 1671 Clinton, LA 70722 (225) 683-8664	1,320
Granier, Jr., Larry (Vice-President) 12912 Graner Ln. Clinton, LA 70722 (225) 683-5030	1,320
Tony Rouchon Clinton, LA 70722	1,080
Randall, Eunice Clinton, LA 70722	960
Total	\$ 6,000

See independent auditor's report.

WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
JUNE 30, 2020

Agency Head: James Jenkins, Maintenance Supervisor

Salary	50,106
FICA	3,833
Health Insurance	<u>2,825</u>
Total	<u><u>56,765</u></u>

See independent auditor's report.

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

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Franklinton, Louisiana 70438
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wrcpa@huntbrothers.com

Member
AICPA

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LCPA

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*

To the Board of Directors
Waterworks District No. 7 of East Feliciana Parish
P O Box 8826
Clinton, LA 70722

I 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 the Waterworks District No. 7 of East Feliciana Parish, a component unit of the East Feliciana Parish Policy Jury, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Waterworks District No. 7 of East Feliciana Parish's basic financial statements and have issued our report thereon dated December 18, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, I considered the Waterworks District No. 7 of East Feliciana Parish'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 Waterworks District No. 7 of East Feliciana Parish's internal control. Accordingly, I do not express an opinion on the effectiveness of the Waterworks District No. 7 of East Feliciana Parish'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.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

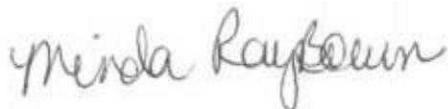
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Waterworks District No. 7 of East Feliciana Parish's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Minda Raybourn CPA

Franklinton, LA
December 18, 2020

**WATERWORKS DISTRICT NO 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

I have audited the basic financial statements of the Waterworks District No. 7 of East Feliciana Parish as of and for the year ended June 30, 2020, and have issued my report thereon dated December 18, 2020. I conducted my audit in accordance with 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. My audit of the financial statements as of June 30, 2020, resulted in an unmodified opinion.

Section I Summary of Auditor’s Reports

Report on Compliance and Internal Control Material to the Financial Statements

A. Internal Control

- Material Weaknesses ___ Yes X No
- Significant Deficiencies ___ Yes X No
- Compliance Material to Statements ___ Yes X No

B. Federal Awards

N/A

Section II Financial Statement Findings

N/A

Section III Federal Award Findings and Questioned Costs

N/A

Section IV Management Letter

N/A