

Avoyelles Parish Waterworks District #1

A Component Unit of the Avoyelles Parish Police Jury
Bordelonville, Louisiana

Annual Financial Statements
with Independent Auditor's Report

As of and For the Year Ended
June 30, 2021
with Supplemental Information Schedules

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Independent Auditor's Report

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Avoyelles Parish Waterworks District #1, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Avoyelles Parish Waterworks District #1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of the Avoyelles Parish Waterworks District #1, as of June 30, 2021, 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

Management has omitted the management's discussion and analysis 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 the 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Avoyelles Parish Waterworks District #1's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2021, on our consideration of the Avoyelles Parish Waterworks District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Avoyelles Parish Waterworks District #1's internal control over financial reporting and compliance.

Kenneth D. Falden & Co., CPAs

Jonesboro, Louisiana
December 31, 2021

BASIC FINANCIAL STATEMENTS

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Statement of Net Position - Proprietary Fund
As of June 30, 2021

Assets

Current Assets:

Cash and equivalents	\$	315,508
Investments		207,077
Accounts receivable		30,915
Prepaid expenses		1,000
Inventory		16,452
Total Current Assets		<u>570,952</u>

Noncurrent Assets:

Cash and equivalents - restricted		274,207
Investments - restricted		26,076
Capital assets (net of accumulated depreciation)		1,610,798
Total Noncurrent Assets		<u>1,911,081</u>

Total Assets \$ 2,482,033

Liabilities

Current Liabilities:

Accounts payable	\$	7,932
Interest payable		15,375
Payroll liabilities		11,966
Bond Administrative Fee payable		2,606
Total Current Liabilities		<u>37,879</u>

Current liabilities payable from restricted assets

Customer meter deposits	<u>89,808</u>
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Non-Current Liabilities:

Due within one year	50,000
Due in more than one year	992,668
Total Non-Current Liabilities	<u>1,042,668</u>

Total Liabilities 1,170,355

Net Position

Net investment in capital assets	568,130
Restricted	200,164
Unrestricted	543,385
Total Net Position	<u>\$ 1,311,679</u>

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

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
For the Year Ended June 30, 2021

Operating Revenues	
Water sales	\$ 441,325
Tap fees	5,710
Reconnect fees	850
Safe Drinking Water fee	15,588
Billing adjustments	(2,572)
Total operating revenues	<u>460,901</u>
Operating Expenses	
Personnel services	200,140
Supplies	76,267
Utilities	45,757
Repairs and maintenance	25,347
Contractual services	64,074
Miscellaneous	22,807
Depreciation	100,724
Total operating expenses	<u>535,116</u>
Operating Income (Loss)	<u>(74,215)</u>
Non-operating Revenues (Expenses)	
Interest earnings	1,933
Interest expense	(30,674)
Bond administrative fee	(5,199)
Total non-operating revenues (expenses)	<u>(33,940)</u>
Capital Contributions	
Capital contribution in aid of construction - DWRLF	1,718
Total non-operating revenues (expenses)	<u>1,718</u>
Change in net position	(106,437)
Total Net Position - June 30, 2020	<u>1,418,115</u>
Total Net Position - June 30, 2021	<u><u>\$ 1,311,678</u></u>

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

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2021

Cash flows from operating activities	
Cash received from customers	\$ 450,846
Cash payments to suppliers for goods and services	(202,483)
Cash payments to employees	(200,140)
Net cash provided by (used for) operating activities	<u>48,223</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(35,359)
Bond principal payments	(48,000)
Bond interest	(31,261)
Bond administrative fee	(5,298)
Proceeds from loan	12,169
Net cash provided by (used for) capital and related financing activities	<u>(107,749)</u>
Cash flows from investing activities	
Interest income	514
Other expense	(1,835)
Net cash provided by (used for) investing activities	<u>(1,321)</u>
Net increase (decrease) in cash and cash equivalents	(60,847)
Cash and cash equivalents - June 30, 2020	<u>650,562</u>
Cash and cash equivalents - June 30, 2021	<u><u>\$ 589,715</u></u>
Reconciliation of operating income to net provided by operating activities	
Operating income	\$ (535,116)
Adjustments	
Depreciation	100,724
Net changes in assets and liabilities	
Accounts receivable	5,125
Prepaid expenses	12,111
Customers' security deposits	2,943
Accounts payable	(3,406)
Payroll liabilities	147
Net cash provided for (used for) operating activities	<u><u>\$ (417,472)</u></u>

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

**NOTES TO THE
FINANCIAL STATEMENTS**

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2021

INTRODUCTION

The Avoyelles Parish Waterworks District #1 (District), a component unit of the Avoyelles Parish Police Jury, was created on February 5, 1969 by the Avoyelles Parish Police Jury. The District operates under a president-board form of government whose appointments are made by the Avoyelles Parish Police Jury. The District serves 1,260 customers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District applies all relevant GASB pronouncements, as applicable to governmental entities. Also, the District's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

B. Reporting Entity

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a general purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the District for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - i. The ability of the government to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2021

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, the Avoyelles Parish Waterworks District #1 is a component unit of the Avoyelles Parish Police Jury.

C. Fund Financial Statements

The accounts of the Avoyelles Parish Waterworks District #1 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the District is classified into one category: proprietary.

Proprietary Funds

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed 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 purpose.

The Enterprise Fund of the Avoyelles Parish Waterworks District #1 is the Public Utility Fund, which accounts for the operations of the waterworks systems. The intent of the District for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2021

D. Equity Classifications

The Avoyelles Parish Waterworks District #1 has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including 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 these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Avoyelles Parish Waterworks District #1 may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The District may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The District reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2021

F. Investments

The Avoyelles Parish Waterworks District #1's investments comply with Louisiana Revised Statute 33:2955. Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement.

In accordance with paragraph 69 of GASB Statement No. 72, the District reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

G. Inventories

Inventories consist of parts and materials and are recorded as an expense when consumed. Inventories are valued at the lower of cost, utilizing the first in-first out method of valuation.

H. Prepaid Expenses

Certain payments to vendors represent payments for future periods and are therefore reported as prepaid expense.

I. Restricted Assets

Certain proceeds are classified as restricted assets on the Statement of Net Position because applicable laws and regulations limit their use. Restricted assets of the proprietary fund include:

1. Meter funds are used to account for customers' meter deposits received from and returned to customers.
2. Capital Projects Construction Fund is used to account for bond proceeds to be expended for construction, improvements, and expansions to the waterworks system and as otherwise provided in the bond resolution.
3. Water Revenue Bond Sinking Funds (Debt Service Fund) is used to establish funds sufficient in amount to pay promptly and fully the principal and interest on the Bonds in a manner provided by the Bond Resolution. Transfers are made monthly from the water district operating account (Revenue Fund) under a formula provided by the bond covenants.
4. Water Revenue Bond Reserve Fund is to be funded monthly with a sum equal to twenty five percent (25%) of the amount to be paid into the Sinking Fund with respect to the Bonds, the payments to continue until such time as there have accumulated in the account a sum equal to the Reserve Fund Requirement. Moneys in the account shall be used only to make payments solely on the Bonds as to which there would otherwise be default.

Avoyelles Parish Waterworks District #1
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Notes to the Financial Statements
As of and For the Year Ended June 30, 2021

5. Water Revenue Bond Depreciation and Contingencies Fund is established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system, by transferring funds in the Revenue Fund after making payments required by (2), (3) and (4) above to the Contingencies Fund monthly, the amount equal to a sum of five percent (5%) of the Net Revenues for the preceding month, provided that such sum is available, until there has been accumulated a sum of one hundred thousand dollars (\$100,000), whereupon payments may cease and need be resumed thereafter only if the total amount of money on deposit in said fund is reduced below the sum of one hundred thousand dollars (\$100,000), in which event such payments shall be resumed and continue until said maximum amount is again accumulated. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingencies Fund may also be used to pay the principal of and the interest on bonds for the payment of which there is not sufficient money the Debt Service Fund and Reserve Fund, unless use of said money will leave in Contingencies Fund for the making of emergency repairs or replacements less than the sum of fifteen thousand dollars (\$15,000). The Contingency Fund is currently at its maximum of \$100,000.

J. Capital Assets

The cost of property, plant and equipment, including significant betterments to existing facilities and infrastructure, is recorded in the enterprise fund on its balance sheet. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible capital assets are charged as an expense against operations and has been computed under the straight - line method based on the estimated useful lives of the individual assets. Estimated useful lives are as follows:

Description	Estimated Lives
Distribution system	50 years
Storage tanks	40 years
Pumping stations and buildings	20 years
Other equipment	3-10 years
Software	5 years

All capital assets are stated at historical cost, donated assets are valued at their estimated fair value on the date donated. For the fiscal year ended June 30, 2021, there was no interest charges capitalized on capital assets acquired or constructed.

K. Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The District reported no deferred outflows of resources.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2021

L. Compensated Absences

The District has adopted a policy for paid vacation and sick leave for all full time employees. Employees with 1 - 5 years of service are granted 14 days annual leave; employees with over 5 years of service are granted 14 days annual leave plus 1 day for each additional year of service to a maximum of 25 days. Unused vacation leave is lost at the end of the calendar year. Employees hired before June 30, 1996 are allowed to carry forward any unused vacation leave as of that date, however, vacation leave earned after that date is non-cumulative. Sick leave may be accumulated indefinitely. At June 30, 2021, the amount of unused paid leave is reported in these financial statements.

M. Deferred Inflows of Resources

The District reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The District will not recognize the related revenues until a future event occurs. The District reported no deferred inflows of resources.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash, Cash Equivalents, and Investments

At June 30, 2021, the District had cash and equivalents (book balances) totaling \$589,715, detailed below.

The District may invest in United States bonds, treasury notes, or certificates of deposit at state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, an investment stipulated in Louisiana Revised Statute 39:1271, or any other federally insured investment.

At June 30, 2021, the District had investments totaling \$233,153.

	Unrestricted	Restricted	Total
Petty cash and change funds	\$ 500	\$ -	500
Demand deposits	9,591	274,207	283,798
Money market account	305,417	-	305,417
Total cash and cash equivalents	<u>315,508</u>	<u>274,207</u>	<u>589,715</u>
Certificates of deposit	207,077	26,076	233,153
Total	<u>\$ 522,585</u>	<u>\$ 300,283</u>	<u>\$ 822,868</u>

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2021

3. Receivables

The receivables of \$30,915 at June 30, 2021, are as follows:

Customer accounts receivable			
Current	\$	24,748	
31-60		1,021	
61-90		120	
Over 90		4,398	
Nonsufficient Funds		502	
Total customer accounts receivable		<u>30,788</u>	
Due from Louisiana Department of Health and Hospitals		<u>127</u>	
Total	\$	<u><u>30,915</u></u>	

5. Restricted Assets

Restricted asset activity for the year ended June 30, 2021, are as follows:

Account Name	Balances June 30, 2020	Increases	Decreases	Balances June 30, 2021
Construction account checking	\$ 100	\$ 12,169	\$ (12,169)	100
Meter deposit checking	70,846	9,423	(6,325)	73,944
Meter deposit certificate of deposits	26,076	-	-	26,076
Water revenue bond sinking fund	48,461	-	(22)	48,439
Water revenue bond reserve fund	51,725	-	-	51,725
Water revenue bond depreciation & contingency fund	100,000	-	-	100,000
Total	<u>\$ 297,208</u>	<u>\$ 21,592</u>	<u>\$ (18,517)</u>	<u>\$ 300,284</u>

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2021

6. Capital Assets

The following is a summary of the capital asset activity for the year ended June 30, 2021:

	Balance, July 01, 2020	Additions	Deletions	Balance, June 30, 2021
Capital assets not depreciated				
Land	\$ 31,720	\$	\$	\$ 31,720
Construction in progress				
Total capital assets not being depreciated	<u>31,720</u>	<u>-</u>	<u>-</u>	<u>31,720</u>
Capital assets being depreciated				
Water system	2,771,043	-	-	2,771,043
Buildings	116,750	-	-	116,750
Equipment	170,050	35,359	-	205,410
Office equipment	14,477	-	-	14,477
Total capital assets being depreciated	<u>3,072,320</u>	<u>35,359</u>	<u>-</u>	<u>3,107,680</u>
Less accumulated depreciation				
Water system	1,216,027	84,725	-	1,300,752
Buildings	51,968	2,964	-	54,932
Equipment	145,406	13,036	-	158,442
Office equipment	14,477	-	-	14,477
Total accumulated depreciation	<u>1,427,877</u>	<u>100,724</u>	<u>-</u>	<u>1,528,603</u>
Capital assets, net	<u>1,644,443</u>	<u>(65,365)</u>	<u>-</u>	<u>1,579,077</u>
Governmental capital assets - net	<u>\$ 1,676,163</u>	<u>\$ (65,365)</u>	<u>\$ -</u>	<u>\$ 1,610,797</u>

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2021

7. Long-Term Liabilities

Water Revenue Bonds - Series 2015

Long-term liability activity for the year ended June 30, 2021, is as follows:

Type of Debt	Balances June 30, 2020	Additions	Deductions	Balances June 30, 2021	Amounts Due In One Year
Water revenue bonds-Series 2015	\$ 1,082,150	\$ 8,518	\$ (48,000)	\$ 1,042,668	\$ 50,000
Total	<u>\$ 1,082,150</u>	<u>\$ 8,518</u>	<u>\$ (48,000)</u>	<u>\$ 1,042,668</u>	<u>\$ 50,000</u>

The District issued Taxable Water Revenue Bond, Series 2015 through the Louisiana Department of Health and Hospitals Water Revolving Loan Fund Program in the amount not to exceed \$2,100,000 with a fixed interest rate of 2.95% and an administrative fee of 0.5%. The guidelines of this program forgives 30% of the principal amount of each draw up to the maximum amount of principal forgiveness of \$630,000. The proceeds from this bond issue are be used for the construction and acquisition of improvements to the System, specifically the construction and site preparation for a booster plant, water well and purchase and installation of radio read meters. During the year ended June 30, 2021, loan proceeds received totaled \$12,169, with \$3,651 of the principal forgiven, for a net loan proceed amount of \$8,518.

This Bond shall mature in twenty (20) installments of principal, payable annually on each December 1, and each annual installment shall be the applicable percentage shown in the following table, rounded to the nearest One Thousand Dollars (\$ 1,000) of the outstanding principal amount of this Bond of the day before the applicable Principal Payment Date.

Date (December 1)	Percentage of Principal	Date (December 1)	Percentage of Principal
2017	3.554%	2027	8.544%
2018	3.812%	2028	9.664%
2019	4.100%	2029	11.067%
2020	4.423%	2030	12.874%
2021	4.787%	2031	15.286%
2022	5.202%	2032	18.667%
2023	5.676%	2033	23.743%
2024	6.226%	2034	32.209%
2025	6.868%	2035	49.152%
2026	7.629%	2036	100.000%

The principal payment is due December 1. The principal payment for December 1, 2020 was \$48,000. Interest is payable semi-annually on June 1 and December 1. Interest paid during the fiscal year ending June 30, 2021 was \$30,674, and reported as interest expense.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2021

8. Payables

The payables of \$19,898 at June 30, 2021, are as follows:

Accounts	\$ 7,932
Payroll liabilities	11,966
Total	<u>\$ 19,898</u>

9. Intergovernmental Receivable and Revenue

The District reported a receivable "Due from Louisiana Department of Health Hospitals" of \$2,060, which represents 30% of loan proceeds forgiven related to accrued construction costs at year end. The District recognized a capital contribution in aid of construction of \$2,060 related to the Louisiana Department of Health and Hospitals Drinking Water Revolving Loan Fund forgiveness of 30% of total loan proceeds received in the current fiscal year.

10. Restricted Net Position

In accordance with the terms of the security provisions and protective covenants for the Water Revenue Bonds - Series 2015, the District has restricted the following net position for debt service at June 30, 2021:

Debt service	\$ 48,439
Bond service	51,725
Contingencies	100,000
	<u>\$ 200,164</u>

11. Retirement Systems

Employees of the District are not covered under a State of Louisiana multi-employer plan. They are members of the social security retirement system.

12. Grants

The Louisiana Department of Health and Hospitals purchase of the Water Revenue Bonds - Series 2015 was financed by the Drinking Water Revolving Loan Fund, a federal program operated through the United States Environmental Protection Agency (EPA), amounts received are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the District. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

13. Risk Management

The District is exposed to various risks of loss for which the District purchases commercial insurance. The District maintains insurance policies to cover risks related to workers compensation, general liability, public officials errors and omissions, commercial property damage, and automobile coverage, including collision. There have been no reductions in insurance coverage during the last year. Settled claims have not exceeded coverage in the last three years.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2021

14. Litigation and Claims

The District is the Defendant in a lawsuit related to the Radio Read Meter contract due to a contract dispute in which the contractor is seeking payment of \$54,198 for retainage payable and cost of meters ordered but not used. The District is also Plaintiff in a suit against the same contractor related to the Booster Plant & Site Work contract for non-performance of punch list items. The District's attorney expects the District to prevail in both suits.

The District is named in a personal injury lawsuit in which the District is one of over 500 named Defendants. The District's attorney expects the District to prevail in this suit as well.

15. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2021, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



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**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

We have audited the financial statements of the business-type activities and each major fund of the Avoyelles Parish Waterworks District #1, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Avoyelles Parish Waterworks District #1's basic financial statements and have issued our report thereon dated December 31, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Avoyelles Parish Waterworks District #1'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 Avoyelles Parish Waterworks District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Avoyelles Parish Waterworks District #1'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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Avoyelles Parish Waterworks District #1's financial statements are free of 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.

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 result 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 Avoyelles Parish Waterworks District #1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kenneth D. Felden & Co., CPAs

Jonesboro, Louisiana
December 31, 2021

SUPPLEMENTAL INFORMATION

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2021

David Bordelon President		
Per diem	\$	<u>480</u>
	\$	<u>480</u>

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Compensation of the Board of Directors
For the Year Ended June 30, 2021

David Bordelon	President	\$	480
James Armand	Director		450
Aloysia C. Ducote	Director		410
Peter Lemoine	Director		200
Hayward Voiselle	Director		350
			<u>350</u>
		\$	<u>1,890</u>

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Insurance in Force
For the Year Ended June 30, 2021

Per bond reporting requirements, the following insurance policies are in force at June 30, 2021.

The District has insurance through Allied World Assurance Company through May 12, 2022 for the following Coverages:

Coverages:	Coverage Amount
Property	
Real Property & Business Property Blanket Limit	\$1,293,985
Coverage Extension Blanket Limit	500,000
Mobile Equipment Limit	193,953
Policy Deductible	1000
Equipment Breakdown Deductible (above ground and less than 50 ft below ground)	1000
Equipment Breakdown Deductible (greater than 50 ft below ground)	2500
Commercial General Liability	
Per Occurrence	1,000,000
General Aggregate	3,000,000
Products / Completed Operations Aggregate	3,000,000
Personal & Advertising Injury Limit	1,000,000
Damage to Premises Rented to You	1,000,000
Medical Payments	10,000
Public Officials and Management Liability	
Wrongful Acts (per act)	1,000,000
Employment Practices including third party discrimination (per offense)	1,000,000
Employee Benefit Plans (per offense)	1,000,000
Injunctive Relief (per act)	5,000
Injunctive Relief (aggregate limit)	3,000,000
Privacy & Network Security Wrongful Act (per act)	1,000,000
Breach Consultation Services (per act)	50,000
Breach Response Services (per act)	50,000
Public Relations & Data Forensics (per act)	50,000
Business Auto Coverage	
Combined Single Limit for Bodily Injury & Property Damage (each accident)	1,000,000
Hire Auto Liability	1,000,000
Non-Owned Auto Liability	1,000,000
"No-Fault" or Statutory Personal Injury Protection (each person)	N/A
Medical Payments	5,000
Uninsured/Underinsured Motorists	1,000,000
Hired Physical Damage	50,000
Owned Physical Damage - Comprehensive	ACV
Owned Physical Damage - Collision	ACV

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Insurance in Force
For the Year Ended June 30, 2021

The District has a workers compensation and employees liability Insurance through Bridgefield Casualty Insurance Company through October 5, 2021.

Coverages:	Coverage Amount
Bodily Injury by Accident (Each Accident)	\$1,000,000
Bodily Injury by Disease (Each Employee)	1,000,000
Bodily Injury by Disease (Policy Limit)	1,000,000

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Rates and Users
For the Year Ended June 30, 2021

Water Rates:

Residential: \$18.00 minimum for usage to 2,000 gallons of water
\$3.00 per each additional 1,000 gallons of water above 2,000 gallons

System Users: As of June 30, 2021, the System had 1,260 active customers.

System Billings: During the year ended June 30, 2021, the System billed \$441,325 for water service. The System had an average customer base of 1,252 with an average monthly billing of \$28.54 per customer.

Avoyelles Parish Waterworks District #1
Bordelonville, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

We have audited the basic financial statements of the Avoyelles Parish Waterworks District #1 as of and for the year ended June 30, 2021 and have issued our report thereon dated December 31, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2021 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

B. Findings - Financial Statements Audit

Current Year

No current year findings.

Prior Year

No prior year findings.