

SOUTHWEST AVOYELLES WATERWORKS DISTRICT

Bunkie, Louisiana

Financial Statements

For the Year Ended December 31, 2020

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Paul Dauzat CPA, LLC

P.O. Box 12359
Alexandria, La. 71315

March 16, 2024

Board of Commissioners
Southwest Avoyelles Waterworks District
Bunkie, Louisiana

Management is responsible for the accompanying financial statements of the business-type activities of Southwest Avoyelles Waterworks District, a component unit of the Avoyelles Parish Police Jury, which comprise the Statement of Net Position-Proprietary Fund as of December 31, 2020, and the related Statement of Revenues and Changes in Net position-Proprietary Fund for the year ended December 31, 2020, and the related notes to the financial statements, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit several of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's net position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters. who are not informed about such matters.

A statement of cash flows for the year ended December 31, 2020, has not been presented. Accounting principles generally accepted in the United States of America require that such a statement be presented when financial statements purport to present net position and results of operations.

Other Louisiana regulatory requirements require that a schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer be presented as supplementary information. Such information is presented for purposes of additional analysis and , although not a required part of the basic financial statements, is required by the Louisiana Legislative Auditor 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. Such information is the responsibility of management. The required supplementary information was subject to my compilation engagement. I have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

I am not independent with respect to Southwest Avoyelles Waterworks District, a component unit of Avoyelles Parish Police Jury.

Paul Dauzat CPA, LLC



By: Paul Dauzat, CPA

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
 Bunkie, Louisiana
STATEMENT OF NET POSITION-PROPRIETARY FUND
 December 31, 2020

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 55,177
Investments	27,582
Property Tax Receivable	42,937
Accounts Receivable, Water Sales	34,925
Total Current Assets	160,621
Restricted Assets	
Cash and Cash Equivalents	168,550
Capital Assets	
Capital Assets, Net of Accumulated Depreciation	534,080
Total Capital Assets	534,080
TOTAL ASSETS	863,251

LIABILITIES

Current Liabilities	
Accounts Payable	49,055
Contracts Payable	1,150
Retainage Payable	5,877
Total Current Liabilities	56,082
Current Liabilities (Payable from Restricted Assets)	
Revenue Bonds	14,000
Customer Deposits	16,911
Accrued Interest Payable	2,566
Total Current Liabilities (Payable from Restricted Assets)	33,477
Long-Term Liabilities	
Revenue Bonds Payable	165,000
TOTAL LIABILITIES	254,559

NET POSITION

Invested in Property and Equipment (net of debt)	355,080
Restricted for Debt Service	83,400
Unreserved	170,212
TOTAL NET POSITION	608,692

The accompanying notes are an integral part of this statement

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

STATEMENT OF REVENUES AND CHANGES IN NET POSITION-PROPRIETARY FUND
Year Ended December 31, 2020

OPERATING REVENUES

Charges for Services - Water Sales and Fees \$ 153,269

OPERATING EXPENSES

Office	1,587
Telephone and Utilities	19,897
Bank Charges	572
Repairs and Maintenance	3,857
Professional Services	123,558
Contract Services	47,050
Board Per Diem	7,500
Insurance	2,071
Depreciation	90,785
Equipment Rentals	3,575
Supplies	837
Other Operating Costs	<u>21,901</u>
Total Operating Expenses	<u>323,190</u>

Operating Loss (169,921)

NONOPERATING REVENUES (EXPENSES)

Interest Income	25
Property Tax Revenue	36,948
Interest Expense	<u>(7,740)</u>
Total Nonoperating Revenues (Expenses)	<u>29,233</u>

CHANGE IN NET POSITION (140,688)

Net Position, Beginning 749,380

Net Position, Ending \$ 608,692

The accompanying notes are an integral part of this statement

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

Notes to the Financial Statements

NOTE 1. Summary of Significant Accounting Policies

The Southwest Avoyelles Waterworks District (the "District") was created on March 23, 1973 as a nonprofit corporation as defined in Louisiana Revised Statutes Title 12, Chapter 2. The Corporation operates under a Board of Directors consisting of five (5) members. The following is a summary of certain accounting policies.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments units. Such accounting and reporting procedures also conform to the requirements set forth in the Louisiana Governmental Audit Guide.

A. Basis of Presentation

The accompanying component unit financial statements of the Southwest Avoyelles Waterworks District have been prepared in conformity with generally accepted accounting principles (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.

B. Reporting Entity

For financial reporting purposes, these component unit financial statements include all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana. Although legally separate from the Avoyelles Parish Policy Jury, the Avoyelles Parish Police Jury appoints the Board of Directors and has the ability to impose its will on the District, and therefore, is considered to be a component unit of the Avoyelles Parish Police Jury (primary government), the financial reporting entity.

C. Fund Accounting

The District uses fund accounting 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 accounting entity with a self-balancing set of accounts.

The District uses an enterprise fund to account for its proprietary fund operations. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - 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 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.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District utilizes the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded in accounts receivable.

E. Fixed Assets and Liabilities

Fixed assets are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5-8 Years
Buildings	40 Years
Storage Tanks	50 Years
Distribution System	50 Years

The District follows the policy of capitalizing interest as a component of the cost of property, plant and equipment for its own use. For the year ended December 31, 2020 there were no interest charges capitalized on fixed assets acquired or constructed.

F. Investments

Investments, which consist of insured money market accounts and interest-bearing demand deposit accounts, are stated at cost, which approximates market.

G. Restricted Assets

Certain proceeds of the Revenue Bonds and Public Improvement Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Also, security deposits paid by customers are classified as restricted assets since they are refundable to the customer.

H. Bad Debts

The allowance method is used to recognize bad debts of accounts receivable. The allowance is determined based upon past history and the aging of accounts receivable as of year-end.

I. Compensated Absences

The District has no set policy for accumulated vacation, sick pay or other employee benefits. Therefore, no accruals for compensated absences have been made in these financial statements.

J. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments, with maturity of three months or less when purchased to be cash equivalents.

k. Basis of Presentation

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary fund maintained by the District is the enterprise fund. The enterprise fund is used to report activities for which a fee is charged to external users. This fund accounts for operations that are financed and operated in manner similar to private enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NOTE 2. Cash and Investments

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the law of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2020 the District had cash and interest-bearing deposits (book balances) totaling \$233,139.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of funds on deposit with the fiscal agent bank. 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. The following is a summary of deposit balances (bank balances) at December 31, 2020, and the related federal insurance:

Bank Balances	\$ 223,727
Insured by Federal Deposit Insurance Corporation.	<u>\$ 223,727</u>

NOTE 3. Investments

The investments held by the District are comprised of time deposits with a maturity of six months and one year. The carrying amount approximates market. The following is a summary of investment balances at December 31, 2020 and the related federal insurance:

Bank Balances	\$ 27,582
Insured by Federal Deposit Insurance Corporation.	<u>\$ 27,554</u>

NOTE 4. Accounts Receivable

The accounts receivable balance at December 31, 2020 consisted of the following:

Billed		
Current	\$ 13,058	37%
Arrears	21,866	63%
Total Billed	<u>34,924</u>	<u>100%</u>

NOTE 5. Property Tax Receivable

The property tax receivable balance at December 31, 2020: \$ 42,937

The taxes are levied in October of each year and are payable by January 1 of the following year. The Avoyelles Parish Sheriff bills and collects the taxes. The tax rolls are prepared and certified by the Avoyelles Parish Assessor. These revenues are securing the Public Improvement Bonds payable at FHA.

NOTE 6. Property and Equipment

A summary of changes in capital assets is as follows:

	Beginning Balances	Additions	Disposals	Ending Balances
Land	\$ 1,200	\$ -	\$ -	\$ 1,200
Equipment	271,782	-	-	271,782
Distribution System	1,403,434	-	-	1,403,434
Less Accumulated Depreciation	(1,051,551)	(90,785)	-	(1,142,336)
Net Depreciable Assets	<u>\$ 624,865</u>	<u>\$ (90,785)</u>	<u>\$ -</u>	<u>\$ 534,080</u>

Depreciation expense for 2020 was \$90,785.

NOTE 7. Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2020:

Long-Term Obligations Payable, Beginning of the Year	\$ 193,000
Additions	-
Reductions	(14,000)
Long-Term Obligations Payable, End of the Year	<u>\$ 179,000</u>

Notes and bonds payable (current and long-term portions) are financed with the Farmers Home Administration (FHA).

Notes and bonds payable at December 31, 2020 consist of the following individual liability:

Revenue Bonds:

\$173,000 2016 bonds, bearing interest at 4.5% per annum, final maturity on
December 31, 2031 \$ 137,000

\$57,000 2016 bonds, bearing interest at 2.25% per annum, final maturity on September 1, 2026.	42,000
Total Bonds Outstanding at December 31, 2020	<u>179,000</u>
Less Amount Due in the Next Year	(14,000)
Long-Term Portion of Bonds Payable at December 31, 2020	<u>\$ 165,000</u>

Principal and interest payments on the Revenue Bonds, Public Improvement Bonds are due on January 6th of each year.

The Revenue Bonds and the installment note are secured by the revenue derived from operation of the system. The Public Improvement Bonds are secured by the annual levy of ad valorem taxes on all taxable property within the corporate limits of the Waterworks District.

The annual requirements to amortize all notes and bonds outstanding as of December 31, 2020 are as follows:

<u>Period Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	14,000	7,245	21,245
2022	14,000	6,750	20,750
2023	14,000	6,255	20,255
2024	14,000	5,760	19,760
2025	15,000	5,220	19,220
2025-2029	69,000	19,890	103,085
2029-2031	39,000	2,655	41,655
Total	<u>\$ 179,000</u>	<u>\$ 53,775</u>	<u>\$ 245,970</u>

The ordinance authorizing issuance of the revenue bonds created the Water Revenue and Interest Fund and a Water Depreciation and Contingency Fund. The gross revenues of the Waterworks System, after deduction of reasonable expenses of operations and maintenance are pledged to these funds as follows:

Water Revenue and Interest Fund

A transfer from the Water Revenue Fund on or before the 20th day of each month of each year is a sum equal to one-twelfth (1/12) of the total amount of principal and interest falling due in the ensuing year. The transfers shall continue until the fund has 110% of the largest amount of principal and interest maturing in any future fiscal year. At December 31, 2020 the Water Revenue and Interest Sinking Fund had a balance of \$23,293 which meets the 110% requirement.

Water Depreciation and Contingency Fund

A transfer from the Water Revenue Fund on or before the 20th day of each month a sum equal to 5% of the net revenues of the System until a balance of \$25,000 is accumulated in the fund. This fund is to care for extensions, additions, improvements, renewals and replacements necessary to operate the System properly.

NOTE 8. Retirement Commitments

All work is done by subcontractors, therefore, the District has no responsibility to provide retirement benefits.

NOTE 9. Board Member's Compensation

The Board of Directors compensation for the year ending December 31, 2020 is as follows:

<u>Board Members and Compensation</u>	<u>Per Diem</u>
Byrns Eves	\$ 1,500
Fletcher Bubenezer	125
Phyllis Tubre	1,500
Mark Mixon	1,500
Donnie Newton	1,375
Theresa Edison	1,500
Total Compensation	<u>\$ 7,500</u>

NOTE 10. Customers and Rates

The District's residential rates are as follows:

Minimum charge of \$20.75 for the first 2,000 gallons of water used, with an additional charge of \$4.55 per each additional 1,000 gallons used.

The District's commercial rates are as follows:

Minimum charge of \$28.75 for the first 2,000 gallons of water used, with an additional charge of \$4.55 per each additional 1,000 gallons used.

NOTE 11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures during the period. These estimates include assessing the collectability of accounts receivable and the useful lives of tangible assets.

NOTE 12 Risk Management

The District is exposed to risks of loss in the areas of damage to and destruction of assets, and natural disasters. These risks of loss are managed by purchasing commercial insurance coverages.

SOUTHWEST AVOYELLES WATERWORKS DISTRICT
Bunkie, Louisiana

**Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2020**

Name of Agency Head: Byrnes Eves, President

Purpose		
Per Diem	\$	1,500
Benefits - Insurance		-
Benefits - Retirement		-
Car Allowance		-
Vehicle Provided by Agency		-
Reimbursements		-
Travel		-
Registration Fees		-
Conference Travel		-
Unvouchered Expenses		-
Special Meals		-
Total of Compensation, Benefits and Other Payments	\$	<u>1,500</u>

SOUTHWEST AVOYELLES WATERWORKS DISTRICT

Bunkie, Louisiana

Schedule of Current Year Findings for Year Ended December 31, 2020

Finding 2020 -1 Failure to Complete Financial Report within six months after close of the year.

Criteria: Louisiana RS 24:513 requires the financial report be completed and filed with the Legislative Auditor's office within six months after the close of the District's year end.

Condition: Not in compliance with La. RS 24:513.

Cause: Accounting records were not available within six months of District's year end.

Effect: The District was placed in non-compliance status.

Recommendation: The District should ensure that they comply with La. RS 24:513 in a timely manner.

Management's

Response: We are in the process of completing our non-compliant years and will ensure to comply in the future with La. RS 24:513.

REPEAT FINDING

This is a repeat finding from year ended December 31, 2019.