

Greater Ward One Waterworks District
of Lincoln Parish

Annual Financial Statements
For the Year Then Ended December 31, 2020

Greater Ward One Waterworks District
of Lincoln Parish

Annual Financial Statements
For the Year Ended December 31, 2020
With Supplemental Information Schedules

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Greater Ward One Waterworks District
of Lincoln Parish
Management Discussion and Analysis
As of and for the Year Ended December 31, 2020

The management of the Greater Ward One Waterworks District of Lincoln Parish, Louisiana offers readers of the Greater Ward One Waterworks, Louisiana's (District) financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the District's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of District finances. It is also intended to provide readers with an analysis of the District's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the District. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

This is the tenth year the District has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34. This reporting model changes the presentation of financial data, and also the manner in which the information is recorded. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

Overview of the Financial Statements

This section is intended to serve as an introduction to the District's financial statements. The District's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seek to give the user of the financial statements a broad overview of the District's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the District's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is 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 weakening.

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The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected water bills).

These reports are broken down by business-type activities. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Water Departments.

Government-wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the District's assets exceeded its liabilities by \$1,562,691 (net position); this represents an increase of \$59,180 from the last fiscal year. Of this total net asset amount, \$559,171 is unrestricted net position. The District's net position are comprised entirely from business-type activities.

The following is a condensed statement of the Greater Ward One Waterworks's net position as of December 31, 2020:

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Assets			
Current & Other Assets	\$1,048,183	\$991,540	\$56,643
Capital Assets (net)	1,726,874	1,745,112	(18,238)
Total Assets	<u>\$2,775,057</u>	<u>\$2,736,652</u>	<u>\$38,405</u>
Liabilities			
Other Liabilities	\$163,232	\$156,375	\$6,857
Long-term Liabilities	1,049,134	1,076,766	(27,632)
Total Liabilities	<u>1,212,366</u>	<u>1,233,141</u>	<u>(20,775)</u>
Net Position			
Invested in capital assets, net	649,990	641,596	8,394
Restricted	353,530	336,781	16,749
Unrestricted	559,171	525,134	34,037
Total Net Position	<u>\$1,562,691</u>	<u>\$1,503,511</u>	<u>\$59,180</u>

The District's net position of \$1,562,691 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.) less any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

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The balance in restricted net position is \$353,530, which is restricted for debt. The remaining balance of \$559,171 is unrestricted net position, which may be used to meet the District's on-going obligations to citizens and creditors.

The District has total outstanding debt of \$1,212,366, which was used to finance some of the \$1,726,874 capital assets. Total liabilities of \$1,212,366, are equal to 78% of the total net position.

The following is a summary of the statement of activities:

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Revenue			
Program Revenue	\$733,414	\$764,832	(\$31,418)
Operating Grants & Contributions	0	0	0
General Revenue & Transfers	4,148	26,310	(22,162)
Total Revenue	<u>737,562</u>	<u>791,142</u>	<u>(53,580)</u>
Expenses			
Water Utilities	<u>678,382</u>	<u>659,951</u>	<u>18,431</u>
Total Expenses	<u>678,382</u>	<u>659,951</u>	<u>18,431</u>
Increase (Decrease) in Net Position	59,180	131,191	(72,011)
Net Position, December 31, 2019	<u>1,503,511</u>	<u>1,372,320</u>	<u>131,191</u>
Net Position, December 31, 2020	<u>\$1,562,691</u>	<u>\$1,503,511</u>	<u>\$96,042</u>

Governmental Activities

The District does not have any governmental activities.

Business-type Activities

The business-type activities of the District are those that charge a fee to customers for the services provided. The District has one business-type activity, which are accounted for in enterprise fund. The District uses enterprise fund to account for the revenues and expenses related to the provision of water services.

The following is a summary of the business-type activities of the District:

	<u>Operating Revenues Net of Purchases</u>	
	<u>Water</u>	<u>Total</u>
Fiscal year ended December 31, 2019	\$765,314	\$765,314
Fiscal year ended December 31, 2020	<u>733,709</u>	<u>733,709</u>
Increase (decrease) between years	<u>(\$31,605)</u>	<u>(\$31,605)</u>

Greater Ward One Waterworks
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	Operating Expenses	
	Water	Total
Fiscal year ended December 31, 2019	\$610,095	\$610,095
Fiscal year ended December 31, 2020	629,720	629,720
Increase (decrease) between years	\$19,625	\$19,625

	Net Income (Loss) From Operations	
	Water	Total
Fiscal year ended December 31, 2019	\$155,219	\$155,219
Fiscal year ended December 31, 2020	103,989	103,989
Increase (decrease) between years	(\$51,230)	(\$51,230)

The reasons for major fluctuations noted above are as follows:

Increase in Operating Revenues was due to increase in water usage which increased water revenues. Increase in Operating Expenses was the result of increase in repairs and maintenance and wages, per management.

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for a particular purpose.

The District currently maintains no individual governmental fund types.

Fund Financial Statements - Proprietary Funds

The District maintains one proprietary fund. A proprietary fund is used to report the same functions as business-type activities. The District uses its enterprise fund (the first type of proprietary fund) to account for its Water Operations. The enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

Financial Analysis of the District's Proprietary Fund

The District's proprietary fund shows an increase in ending net position of \$59,180. The 2020 operating income of the Water Department totaling \$733,709 represents a decrease of \$31,605 from fiscal year 2019.

In that, financial statements of enterprise funds are presented on the same basis of accounting as in both the governmental-wide financial statements and the individual fund statements. All comments and analysis made under business-type activities apply to these funds.

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Proprietary Fund Budgetary Highlights

The District amended their original budget once during the course of the year.

The actual revenues for the current fiscal year were more than budgeted revenues by \$12,646 for a positive variance. Actual expenses for the current fiscal year were less than budgeted expenses by \$73,351 for a positive variance.

Capital Asset and Debt Administration

The total net investment in capital assets as of December 31, 2020 is \$649,990.

Current Financial Factors

The expenses for this fiscal year are expected to be comparable to prior year.

Requests for Information

This financial report is designed to provide a general overview of the Greater Ward One Waterworks District's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Secretary/Treasurer, 318-255-7995, P. O. Drawer 637, Ruston, LA 71273.

WADE & PERRY
Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

Independent Auditor's Report

Board of Commissioners
Greater Ward One Waterworks District
of Lincoln Parish
Ruston, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Greater Ward One Waterworks District ("District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Greater Ward One Waterworks District, as of December 31, 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 on pages 1-5 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. We 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

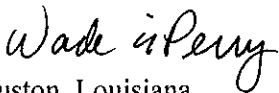
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The following schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements: budget comparison schedule, schedule of compensation paid to commissioners, schedule of changes in restricted assets, schedule of insurance, schedule of federal financial assistance and the schedule of compensation, benefits and other payments to agency head.

Such information 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 management's discussion and analysis and budgetary comparison information 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 a report dated March 1, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the 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 District's internal control over financial reporting and compliance.



Ruston, Louisiana
March 1, 2021

Greater Ward One Waterworks District
of Lincoln Parish
Statement of Net Position, Proprietary Fund
December 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$632,727	\$587,407
Receivables	50,806	57,160
Prepaid items	11,120	10,192
Restricted assets	353,530	336,781
Capital assets (net)	<u>1,726,874</u>	<u>1,745,112</u>
TOTAL ASSETS	<u>\$2,775,057</u>	<u>\$2,736,652</u>
Deferred outflows of resources	0	0
LIABILITIES		
Accounts, salaries, and other payables	\$17,489	\$18,141
Payable from restricted assets	117,993	111,484
Loans payable - current	27,750	26,750
Loans payable - noncurrent	<u>1,049,134</u>	<u>1,076,766</u>
TOTAL LIABILITIES	<u>1,212,366</u>	<u>1,233,141</u>
Deferred inflows of resources	0	0
NET POSITION		
Net invested in capital assets	649,990	641,596
Restricted for retirement of debt	353,530	336,781
Unrestricted	<u>559,171</u>	<u>525,134</u>
TOTAL NET POSITION	<u>\$1,562,691</u>	<u>\$1,503,511</u>

The accompanying notes are an integral part of this statement.

Greater Ward One Waterworks District
of Lincoln Parish
Statement of Activities
Year Ended December 31, 2020

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	2020	2019
Business-type activities						
Water charges	<u>\$678,382</u>	<u>\$733,414</u>			<u>\$55,032</u>	<u>\$104,881</u>
Total business-type activities	<u>678,382</u>	<u>733,414</u>	<u>0</u>	<u>0</u>	<u>55,032</u>	<u>104,881</u>
Total primary government	<u>\$678,382</u>	<u>\$733,414</u>	<u>\$0</u>	<u>\$0</u>	<u>\$55,032</u>	<u>\$104,881</u>
General revenues:						
Investment earnings					3,853	3,836
Gain on sale of asset					0	21,992
Other general revenues					295	482
Total general revenues and transfers					<u>4,148</u>	<u>26,310</u>
Change in Net Position					59,180	131,191
Net position - beginning					<u>1,503,511</u>	<u>1,372,320</u>
Net position - ending					<u>\$1,562,691</u>	<u>\$1,503,511</u>

The accompanying notes are an integral part of this statement.

Greater Ward One Waterworks District
of Lincoln Parish
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Charges for services - water sales	\$697,998	\$733,284
Meter taps	31,955	25,431
Miscellaneous income	3,756	6,599
Total Operating Revenues	<u>733,709</u>	<u>765,314</u>
Operating Expenses		
Cost of sales and services	308,145	296,491
Administration	207,990	203,864
Depreciation	113,585	109,740
Total Operating Expenses	<u>629,720</u>	<u>610,095</u>
Operating income (loss)	103,989	155,219
Nonoperating revenue (expenses)		
Interest earnings	3,853	3,836
Interest expense	<u>(48,662)</u>	<u>(49,856)</u>
Total Nonoperating Revenue (Expenses)	<u>(44,809)</u>	<u>(46,020)</u>
Income before contributions and transfers	59,180	109,199
Capital contributions	0	0
Sale of assets	<u>0</u>	<u>21,992</u>
Change in Net Position	59,180	131,191
Total Net Position - Beginning	<u>1,503,511</u>	<u>1,372,320</u>
Total Net Position - Ending	<u><u>\$1,562,691</u></u>	<u><u>\$1,503,511</u></u>

The accompanying notes are an integral part of this statement.

Greater Ward One Waterworks District
of Lincoln Parish
Statement of Cash Flows, Proprietary Funds
For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Receipts from customers and users	\$740,063	\$766,184
Payments to suppliers	(374,840)	(353,638)
Payments to employees	(136,267)	(135,531)
Net Cash Provided by Operating Activities	<u>228,956</u>	<u>277,015</u>
Cash Flows from Noncapital Financing Activities		
Loan proceeds from USDA	<u>0</u>	<u>0</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(95,347)	(91,058)
Gain (loss) on sale of assets	0	23,815
Principal paid on capital debt	(26,631)	(25,442)
Interest paid on capital debt	(48,762)	(49,951)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(170,740)</u>	<u>(142,636)</u>
Cash Flows from Investing Activities		
Interest and dividends received	<u>3,853</u>	<u>3,836</u>
Net Cash Provided by Investing Activities	<u>3,853</u>	<u>3,836</u>
Net Increase in Cash and equivalents	62,069	138,215
Cash and equivalents, Beginning of Year	<u>924,188</u>	<u>785,973</u>
Cash and equivalents, End of Year	<u><u>\$986,257</u></u>	<u><u>\$924,188</u></u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities		
Operating income	\$103,989	\$155,219
Depreciation expense	113,585	109,740
(Increase) decrease in accounts receivable	6,354	870
Increase (decrease) in customer deposits	6,610	9,490
Increase (decrease) in accounts, salaries, and other payables	(652)	1,696
(Increase) decrease in prepaid expenses	(930)	0
Increase (decrease) in accrued interest payable	<u>0</u>	<u>0</u>
Net Cash Provided by Operating Activities	<u><u>228,956</u></u>	<u><u>277,015</u></u>
Reconciliation of total cash and cash investments:		
Current assets - cash and cash investments	\$632,727	\$587,407
Restricted assets - cash and cash investments	<u>353,530</u>	<u>336,781</u>
Total cash and cash investments	<u><u>\$986,257</u></u>	<u><u>\$924,188</u></u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

Greater Ward One Waterworks District
of Lincoln Parish
Notes to the Financial Statements
As of and For the Year Ended December 31, 2020

INTRODUCTION

The Greater Ward One Waterworks District of Lincoln Parish was organized in 1967 as a political subdivision of Lincoln Parish to provide water usage and service to the residents of Greater Ward One Waterworks District in Lincoln parish. The District has five commissioners comprising the board who are appointed by the Board of Commissioners. The commissioners are compensated at a fixed amount per meeting. The District serves approximately 1,152 active customers and employs four people. The District operates three facilities with approximately 85 miles of water lines.

GASB Statement No. 14, *The 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 special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Greater Ward One Waterworks District
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Notes to the Financial Statements
As of and For the Year Ended December 31, 2020

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major proprietary fund:

The Water fund is to account for the provision of water services to the customers of the District. All activities necessary to provide such services are accounted for in this fund, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposits, government back securities,

Greater Ward One Waterworks District
of Lincoln Parish
Notes to the Financial Statements
As of and For the Year Ended December 31, 2020

commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the District are reported at fair value.

D. Restricted Assets

Certain proceeds of the District’s revenue 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.

E. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government- wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). 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 \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Water lines and wells	40 years
Improvements	15 years
Building	25 years
Equipment	5-7 years

F. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Employees of the District cannot accrue vacation or sick time. Therefore, no liability has been recorded.

G. Fund Equity

In the government wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - 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 those assets.
- b. Restricted net position - Consists of net assets with constraints placed on the use with by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”

Greater Ward One Waterworks District
of Lincoln Parish
Notes to the Financial Statements
As of and For the Year Ended December 31, 2020

Proprietary fund equity is classified in the same manner as in the government-wide statements.

H. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

I. 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 the estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION The District uses the following budget practices:

The District adopted a budget for the fiscal year ended December 31, 2020 for the proprietary fund. The District follows the following procedures in establishing the budgetary data reflected in the financial statements. During the November meeting, the clerk submits to the board of commissioners a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenses and the means of financing them. Also during the November meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The clerk is authorized to transfer budgeted amounts between departments within the fund; however, any revisions that alter the total expenses of the fund must be approved by the board of commissioners. Appropriations lapse at the end of the year. There was one amendment.

3. CASH AND CASH EQUIVALENTS

At December 31, 2020, the District has cash and cash equivalents (book balances) totaling \$986,257 as follows:

Petty cash	\$500
Interest-bearing demand deposits	614,535
Investments	<u>371,222</u>
Total	<u><u>\$986,257</u></u>

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 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.

Greater Ward One Waterworks District
of Lincoln Parish
Notes to the Financial Statements
As of and For the Year Ended December 31, 2020

At December 31, 2020, the District has \$989,425 in deposits (collected bank balances). These deposits are secured from risk by \$989,425 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

4. INVESTMENTS

Investments include 5 certificates of deposit with maturities of 1 and 5 years that have been included in cash and equivalents in the basic financial statements. Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

At fiscal year-end, the District's investments balances were as follows:

Type of investment	Category			Carrying amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificates of deposit	<u>\$185,781</u>			<u>\$185,781</u>			<u>\$185,781</u>
Total investments	<u>\$185,781</u>	<u>\$0</u>	<u>\$0</u>	<u>\$185,781</u>	<u>\$0</u>	<u>\$0</u>	<u>\$185,781</u>

5. RECEIVABLES

The receivables of \$50,806 at December 31, 2020, consist solely of amounts due for monthly water usage.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2020, for the primary government is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$52,640			\$52,640
Construction in progress	0	\$61,122		61,122
Total capital assets not being depreciated	<u>52,640</u>	<u>61,122</u>	<u>0</u>	<u>113,762</u>
Capital assets being depreciated				
Buildings	80,045			80,045
Improvements other than buildings	1,515,269	34,225		1,549,494
Machinery and equipment	2,216,657		(\$482)	2,216,175
Vehicles	37,968			37,968
Total capital assets being depreciated	<u>3,849,939</u>	<u>34,225</u>	<u>(482)</u>	<u>3,883,682</u>

Greater Ward One Waterworks District
of Lincoln Parish
Notes to the Financial Statements
As of and For the Year Ended December 31, 2020

	Beginning Balance	Increases	Decreases	Ending Balance
Accumulated depreciation	2,157,467	113,585	(482)	2,270,570
Total capital assets being depreciated, net	\$1,745,112	(\$18,238)	\$0	\$1,726,874

7. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$17,489 at December 31, 2020, are as follows:

Withholdings	\$6,036
Accounts	11,453
Other	0
Total	\$17,489

8. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation loans payable transactions for the year ended December 31, 2020:

Long-term obligations at beginning of year	\$1,103,515
Additions	0
Deductions	(26,631)
Long-term obligations at end of year	\$1,076,884

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2020:

Current portion	\$27,750
Long-term portion	1,049,134
Total	\$1,076,884

The loans payable at December 31, 2020, are comprised of the following individual issues:

	Outstanding 12/31/20
\$280,000 1997 Water Revenue Bonds dated 4-1-97, due in annual installments of \$6,554 to \$1,456 through March 20, 2037, interest at 5.5%	\$186,502
\$1,102,000 2008 Water Revenue Bonds dated 12-28-05, due in monthly installments of \$4,827 through December 1, 2045, interest at 4.25%	890,382
Total	\$1,076,884

Greater Ward One Waterworks District
of Lincoln Parish
Notes to the Financial Statements
As of and For the Year Ended December 31, 2020

The annual requirements to amortize all loans outstanding as of December 31, 2020, including interest of \$656,520 are as follows:

Year Ending December 31,	
2021	\$75,393
2022	75,393
2023	75,393
2024	75,393
2025	75,393
2026 thereafter	<u>1,356,439</u>
Total	<u><u>\$1,733,404</u></u>

9. RETIREMENT SYSTEMS

Substantially all employees of Greater Ward One Waterworks, are members of a retirement plan. This retirement plan is managed by Royal Alliance Associates, Inc. It is a variable annuity.

10. FLOW OF FUNDS: RESTRICTIONS ON USE - UTILITIES REVENUES

Water Revenue bonds under the terms of the bond indenture on outstanding Water Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Water Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

All of the revenue earned by the District from the operation of the waterworks system (the "System"), must be deposited Monies in the Waterworks Revenue Fund. Monies in the Waterworks Revenue Fund shall be first used for the payment of all reasonable and necessary expenses of operating and maintaining the System, and all payments required in connection with the outstanding Revenue Note payable from the revenues of the System.

Each month, there will be set aside into a "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall also be set aside into a "Reserve Fund" at a rate of \$315 per month until monies therein equals the highest combined annual debt service in any future year (\$75,393 through 2035; \$63,745 through 2036; \$57,921 through 2044.)

Funds will also be set aside into a "Depreciation Fund" at the rate of \$315 per month until \$75,393 is on deposit in the Reserve Fund, and thereafter a monthly sum equal to 10% of the monthly payments into the Sinking Fund.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Greater Ward One Waterworks District
of Lincoln Parish
Notes to the Financial Statements
As of and For the Year Ended December 31, 2020

11. CONTINGENT LIABILITIES

The District is not involved in any litigation at December 31, 2020, nor is it aware of any unasserted claims.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 1, 2021. This date represents the date the financial statements were available to be issued.

The Covid-19 outbreak in the United States and our state has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and whether those closings will precipitate a wider economic recession. As a result, the related financial impact on the District and the duration cannot be estimated at this time.

OTHER SUPPLEMENTAL SCHEDULES

Greater Ward One Waterworks District
 Budget Comparison Schedule -
 Budget and Actual - General Fund
 For the year ended December 31, 2020

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final Amended		
REVENUES				
Water revenue	\$730,000	\$690,000	\$697,998	\$7,998
Meter Taps	25,000	28,000	31,955	3,955
Miscellaneous	8,400	3,400	3,756	356
Total Operating Revenues	763,400	721,400	733,709	12,309
EXPENSES				
Accounting	1,400	1,000	832	168
Advertising	400	2,000	1,927	73
Audit	13,000	12,000	11,750	250
Auto Allowance	4,000	3,500	3,652	(152)
Bank service charges	1,600	1,600	1,898	(298)
Commissioner's Fees	2,880	1,680	1,680	0
Chemicals	5,000	6,500	5,427	1,073
Depreciation	100,000	98,400	113,585	(15,185)
Dues and subscriptions	500	1,000	1,156	(156)
Engineering fees	1,000	16,000	0	16,000
Insurance	15,000	15,000	14,223	777
Insurance - Group	25,000	25,000	26,864	(1,864)
Insurance - Workman's Comp	5,000	4,400	4,372	28
Legal & Professional	600	200	150	50
Licenses and permits	200	4,200	3,795	405
Rental	500	2,000	2,040	(40)
Meter taps	1,000	0	0	0
Miscellaneous	500	0	0	0
Office Expense	5,000	9,000	9,162	(162)
Outside Services	30,000	28,000	27,727	273
Postage	7,500	7,000	6,678	322
R & M - Other	4,200	900	1,000	(100)
R & M - Lines	3,000	76,000	55,693	20,307
R & M - Bldg & Grounds	2,000	1,600	1,693	(93)
R & M - Wells & Tanks	53,000	73,000	68,617	4,383
Retirement	4,142	3,142	3,193	(51)
Salaries	138,080	136,080	136,267	(187)
Supplies	35,000	25,000	22,707	2,293
Taxes - Payroll	11,001	11,401	7,755	3,646
Taxes - Other	24,000	25,000	18,619	6,381
Taxes - Sales	5,000	4,000	3,076	924
Telephone	10,000	9,200	9,182	18

(Continued)

Greater Ward One Waterworks District
 Budget Comparison Schedule -
 Budget and Actual - General Fund
 For the year ended December 31, 2020

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final Amended		
Testing fees	600	0	0	
Travel	200	0	0	0
Utilities	55,000	65,000	65,000	0
Total Expenses	<u>565,303</u>	<u>668,803</u>	<u>629,720</u>	<u>39,083</u>
OPERATING INCOME	198,097	52,597	103,989	51,392
NONOPERATING REVENUE (EXPENSES)				
Sale of assets	0	0	0	0
Interest income	2,600	2,200	3,853	1,653
Interest expense	<u>(82,930)</u>	<u>(82,930)</u>	<u>(48,662)</u>	<u>34,268</u>
Total Nonoperating Revenue (Expenses)	<u>(80,330)</u>	<u>(80,730)</u>	<u>(44,809)</u>	<u>35,921</u>
NET INCOME (LOSS)	117,767	(28,133)	59,180	87,313
RETAINED EARNINGS, BEGINNING	<u>0</u>	<u>0</u>	<u>1,503,511</u>	<u>1,503,511</u>
RETAINED EARNINGS, ENDING	<u>\$117,767</u>	<u>(\$28,133)</u>	<u>\$1,562,691</u>	<u>\$1,590,824</u>

The accompanying notes are an integral part of the schedule.

Greater Ward One Waterworks District
of Lincoln Parish
Schedule of Compensation Paid to Commissioners
For the Year Ended December 31, 2020

FJ Armond, President	Expires	December 31, 2022	\$29,737
Don Hogan	Expires	August 11, 2025	420
Paula Griswold	Expires	December 31, 2020	420
Keith Barnes	Expires	December 31, 2023	420
Kyle Warner	Expires	December 31, 2021	<u>420</u>
Total			<u>\$31,417</u>

The accompanying notes are an integral part of the schedule.

Greater Ward One Waterworks District
Of Lincoln Parish
Schedule of Changes in Restricted Assets
For the Year Ended December 31, 2020

	<u>RESERVE FUNDS</u>	<u>SINKING FUND</u>	<u>CUSTOMER DEPOSIT</u>	<u>DEPRECIATION RESERVE</u>	<u>TOTAL</u>
Balance, beginning	\$81,844	\$0	\$118,092	\$136,846	\$336,782
RECEIPTS					
Deposits			24,800		24,800
Transfer from operating				7,539	7,539
Interest earned	54		1,337	162	1,553
Total cash receipts	<u>54</u>	<u>0</u>	<u>26,137</u>	<u>7,701</u>	<u>33,892</u>
Total available	81,898	0	144,229	144,547	370,674
DISBURSEMENTS					
Refunds			17,144		17,144
Transfer to operating					0
Payment of principal and interest					0
Total disbursements	<u>0</u>	<u>0</u>	<u>17,144</u>	<u>0</u>	<u>17,144</u>
Balance, ending	<u><u>\$81,898</u></u>	<u><u>\$0</u></u>	<u><u>\$161,373</u></u>	<u><u>\$144,547</u></u>	<u><u>\$387,818</u></u>

The accompanying notes are an integral part of the schedule.

Greater Ward One Waterworks District
of Lincoln Parish
Schedule of Insurance in Force
As of December 31, 2020

Bonds - Highway and street permits

Agent: Louisiana Insurance Services, Inc.	Effective Date: 2-14-20
Insurer: CNA Surety	Date Expires: 2-14-21
Policy No.: 72000658	Annual Premium: \$337

Coverage	Property Insured
\$50,000	

Business Auto Liability Policy

Agent: Woodard Walker Mullin Insurance Agency	Effective Date: 9-28-20
Insurer: Allied World Specialty Ins. Co.	Date Expires: 9-28-21
Policy No.: 5106-1667-03	Annual Premium: \$3,023

Coverage	Property Insured
\$1,000,000 Liability	2018 Ram 2500
\$1,000,000 Liability	2012 Tiger Utility Trailer

General and Commercial Liability Coverage

Agent: Woodard Walker Mullin Insurance Agency	Effective Date: 9-28-20
Insurer: Allied World Specialty Ins. Co.	Date Expires: 9-28-21
Policy No.: 5106-1667-04	Annual Premium: \$10,936

Coverage	Insured
\$ 3,000,000	Bodily Injury, property damage, & medical expenses
\$ 3,000,000	Products/Completed Operations
\$ 3,000,000	Aggregate for all wrongful acts and offenses
\$ 1,614,400	Real Property & Business Personal Property
\$ 750,000	Coverage Extension Blanket
\$ 100,000	Employee theft, forgery, fraud
\$ 61,569	Mobile Equipment Limit (Scheduled equipment)
\$ 25,000	Mobile Equipment Limit (Borrowed, rented, or leased)
\$ 10,000	Medical expenses for any one person
\$ 5,000	Robbery

The accompanying notes are an integral part of the schedule.

WADE & PERRY

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

Auditor's Report on
Schedule of Federal Financial Assistance

Board of Commissioners
Greater Ward One Waterworks District
of Lincoln Parish

We have audited the basic financial statements of Greater Ward One Waterworks District of Lincoln Parish, for the year ended December 31, 2020, and have issued our report thereon dated March 1, 2021. Our audit of such basic financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Ruston, Louisiana
March 1, 2021

Greater Ward One Waterworks District
of Lincoln Parish
Schedule of Federal Financial Assistance
For The Year Ended December 31, 2020

<u>GRANTOR/PROGRAM TITLE</u>	<u>Loan Number</u>	<u>Loan Balance</u>
United States Department of Agriculture		
Farmers Home Administration	91.07	\$186,502
Farmers Home Administration	91.08	<u>890,382</u>
Total Federal Assistance		<u><u>\$1,076,884</u></u>

The accompanying notes are an integral part of the schedule.

Greater Ward One Waterworks District
of Lincoln Parish
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2020

Schedule 6

Agency Head Name: FJ Armond

Purpose	
Salary	\$29,738

OTHER REPORTS

WADE & PERRY

Certified Public Accountants

A Professional Accounting Corporation

Members: AICPA/ Society of LCPA's

REPORT ON COMPLIANCE AND OTHER MATTERS AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

Board of Commissioners
Greater Ward One Waterworks District
of Lincoln Parish

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Greater Ward One Waterworks District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings, Recommendations and Corrective Action Plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. 2020-1.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. 2020-2

Compliance and Other Matters

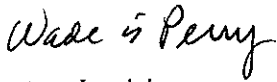
As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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*.

District's Response to Findings

District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ruston, Louisiana
March 1, 2021

Greater Ward One Waterworks District
of Lincoln Parish
Schedule of Current Year Findings and Questioned Costs
For the Year Ended December 31, 2020

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of the Greater Ward One Waterworks District.
2. No instances of noncompliance material to the financial statements of the Greater Ward One Waterworks District were disclosed during the audit.
3. Two significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. Financial Statements Findings

2020-001. Significant deficiency in internal control over financial reporting

Condition: Management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare their annual financial statements. This condition is intentional by management based upon the District's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. In relation to this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established.

Criteria: Considered material weakness if District cannot apply generally accepting accounting principles.

Cause: The District does not have staff capable of preparing report and notes and applying generally accepting accounting principles.

Effect: Potential misstatements in financial statements may not be detected

Recommendation: No recommendation is made for this deficiency. Management must determine whether the benefit from an internal control deficiency exceeds its cost, and therefore it may be impractical to correct all deficiencies required to be reported under SAS 112. The cost benefit analysis is not a factor in the reporting requirement of SAS 112. We do not believe that correcting the significant deficiency as described above would be cost effective or practical for the District.

Corrective Action Plan: Management is aware of the finding and has decided that is it not cost beneficial.

2020-002. Lack of segregation of duties

Condition: The District does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control. This is a repeat finding.

Criteria: Considered good business practice to have segregation of duties wherever possible.

Cause: Small government entity with limited personnel available

Effect: Potential misstatements in financial statements may not be detected and is at risk for fraud.

Recommendation: We recommend that it would not be cost effective for the District to hire additional personnel to resolve this problem. Also we recommend the district consider the costs and benefits of separation of duties between personnel to ensure that internal controls are maintained as effectively as is possible with limited staff.

Corrective Action Plan: Management is aware of the problem of segregation of duties and will continue to develop and implement internal control procedures to offset this inherent problem associated with being a small entity.

Greater Ward One Waterworks District
of Lincoln Parish
Summary of Prior Year Findings
For the Year Ended December 31, 2020

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2019-1. Significant deficiency in internal control over financial reporting

Status: Unresolved - see 2020-1

2019-2. Lack of segregation of duties

Status: Unresolved - see 2020-2

2019-3. Budget violation

Status: Resolved

2019-4. Article VII, Section 14 violation

Status: Resolved

2019-5. Violation of surplus property law

Status: Resolved

GREATER WARD ONE WATERWORKS DISTRICT
PO Drawer 637
Ruston, LA 71273

Management's Responses to Findings

- 2020-001. Management will continue to assess the cost effectiveness of this deficiency in internal control and monitor checks and balances.
- 2020-002. Management will continue to assess the cost effectiveness of this deficiency in internal control and monitor checks and balances.