

**WEST VERNON PARISH
WATERWORKS DISTRICT**
Anacoco, Louisiana

Financial Report

Year Ended December 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
BASIC FINANCIAL STATEMENTS	
Proprietary Fund Type - Enterprise Fund:	
Statement of net position	5
Statement of revenues, expenses and changes in net position	6
Statement of cash flows	7-8
Notes to basic financial statements	9-19
SUPPLEMENTARY INFORMATION	
Schedule of number of utility customers	21
Schedule of insurance in force	22
Comparative statements of net position	23
Comparative statements of revenues, expenses and changes in net position	24
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditor's Report on Internal Control over	
Financial Reporting and on Compliance and Other Matters	
Based on an Audit of Financial Statements Performed in	
Accordance with <i>Government Auditing Standards</i>	26-27
Schedule of current and prior year audit findings	
and management's corrective action plan	28-29

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
West Vernon Parish Waterworks District
Anacoco, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the West Vernon Parish Waterworks District (District), a component unit of the Vernon Parish Police Jury, 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 business-type activities of the West Vernon Parish Waterworks District, as of December 31, 2020, and the respective changes in financial position, and 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

The District has omitted 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 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 West Vernon Parish Waterworks District's basic financial statements. The comparative statements and various schedules included in the supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The prior year comparative amounts included in this information have been derived from the District's 2019 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly presented in all material respects in relation to the basic financial statements from which they were derived.

The various schedules included in the supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2021, on our consideration of the West Vernon Parish Waterworks District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Oberlin, Louisiana
June 14, 2021

BASIC FINANCIAL STATEMENTS

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Net Position
December 31, 2020

ASSETS

Current assets:	
Cash and cash equivalents	\$ 371,105
Investments	178,353
Accounts receivable	54,845
Due from other governmental units	3,381
Ad valorem tax receivable	<u>80,945</u>
Total current assets	<u>688,629</u>
Restricted assets -	
Revenue bond reserve account	261,037
Revenue bond contingency account	238,482
Customer deposits	<u>55,475</u>
Total restricted assets	<u>554,994</u>
Capital assets, net	<u>4,082,777</u>
Total assets	<u>5,326,400</u>

LIABILITIES

Current liabilities (payable from current assets):	
Accounts payable	10,258
Accrued liabilities	18,842
Other liabilities	<u>16,342</u>
Total current liabilities (payable from current assets)	<u>45,442</u>
Current liabilities (payable from restricted assets):	
Customer deposits	55,475
Accrued interest on bonds	13,060
Current portion of long term debt	<u>98,929</u>
Total current liabilities (payable from restricted assets)	<u>167,464</u>
Total current liabilities	212,906
Noncurrent liabilities:	
Revenue bonds payable	<u>3,188,567</u>
Total liabilities	<u>3,401,473</u>

NET POSITION

Net investment in capital assets	795,281
Restricted for debt service	486,459
Unrestricted	<u>643,187</u>
Total net position	<u>\$ 1,924,927</u>

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

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2020

Operating revenues:	
Charges for services -	
Water sales	\$ 696,759
Installation and service fees	30,225
Other fees	<u>20,028</u>
Total operating revenues	<u>747,012</u>
Operating expenses:	
Advertising and promotion	5,155
Salaries and related benefits	213,489
Operation of plant	213,037
Depreciation	<u>185,343</u>
Total operating expenses	<u>617,024</u>
Operating income	<u>129,988</u>
Nonoperating revenues (expenses):	
Ad valorem taxes	69,840
State revenue sharing	10,481
Interest income	302
Sale of assets	308
Interest expense	<u>(166,962)</u>
Total nonoperating revenues (expenses)	<u>(86,031)</u>
Change in net position	43,957
Net position, beginning	<u>1,880,970</u>
Net position, ending	<u>\$ 1,924,927</u>

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

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Cash Flows
Year Ended December 31, 2020

Cash flows from operating activities:	
Receipts from customers	\$ 736,746
Payments to suppliers	(202,132)
Payments to employees and related costs	(219,684)
Other receipts	<u>20,028</u>
Net cash provided by operating activities	<u>334,958</u>
Cash flows from noncapital financing activities:	
Ad valorem taxes	59,221
State revenue sharing	7,100
Increase in meter deposits, net	<u>2,175</u>
Net cash provided by noncapital financing activities	<u>68,496</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(103,102)
Interest paid on long-term debt	(167,372)
Capital contributions	-
Proceeds from sale of assets	308
Acquisition and construction of capital assets	<u>(69,100)</u>
Net cash used by capital and related financing activities	<u>(339,266)</u>
Cash flows from investing activities:	
Purchase of investments	(178,353)
Interest income	<u>302</u>
Net cash used by investing activities	<u>(178,051)</u>
Net decrease in cash and cash equivalents	(113,863)
Cash and cash equivalents, beginning of period	<u>1,039,962</u>
Cash and cash equivalents, end of period	<u>\$ 926,099</u>

(continued)

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Statement of Cash Flows (Continued)
Year Ended December 31, 2020

Reconciliation of operating income to net cash
provided by operating activities:

Operating income	\$ 129,988
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	185,343
(Increase) decrease in operating assets -	
Accounts receivable	9,762
Increase (decrease) in operating liabilities -	
Accounts payable	4,577
Accrued liabilities	8,175
Salaries payable	(6,195)
Other liabilities	<u>3,308</u>
Net cash provided by operating activities	<u>\$ 334,958</u>

Cash and cash equivalents reported on statement of net position as:

Cash and cash equivalents, beginning of period -	
Current	\$ 497,799
Restricted	<u>542,163</u>
	<u>\$ 1,039,962</u>
Cash and cash equivalents, end of period -	
Current	\$ 371,105
Restricted	<u>554,994</u>
	<u>\$ 926,099</u>
Net decrease	<u>\$ (113,863)</u>

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

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of West Vernon Parish Waterworks District (District) have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The District was created in 2002 under the provisions of Louisiana Revised Statutes 33:3811-3837, for the purpose of providing water service to the rural western portion of Vernon Parish. The District is governed by a board of commissioners composed of five members appointed by the Vernon Parish Police Jury.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the Vernon Parish Police Jury appoints the District's governing body, the District was determined to be a component unit of the Vernon Parish Police Jury, the governing body of the parish and the governmental entity with oversight responsibility. The accompanying financial statements present information only on the proprietary fund maintained by the District and do not present information on the Vernon Parish Police Jury, the general government services provided by that governmental entity, or the other governmental entities that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental entities and as a governmental entity provides certain disclosures required by the Governmental Accounting Standards Board.

C. Fund Accounting

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. 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 is maintained consistent with legal and managerial requirements.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

The District maintains only one fund as described below:

Proprietary Fund –

Enterprise Fund

The 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. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The enterprise fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The proprietary fund statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits. They are stated at cost, which approximates market.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities report customer utility service receivables as their major receivables. This receivable is reported net of an allowance for doubtful accounts, if any. There was no allowance recorded at December 31, 2020 due to immateriality.

Unbilled receivables resulting from services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

The District also has major receivable balances for ad valorem taxes. This receivable is reported net of an allowance for uncollectible accounts, if any. There was no allowance recorded at December 31, 2020 due to immateriality.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at acquisition value at the time 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Plant and Distribution System	40 years
Buildings	25 years
Equipment and Vehicles	5-7 years

Long-term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities. The long-term debt consists of bonds and certificates of indebtedness payable.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no deferred outflows of resources at December 31, 2020 .

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District has no deferred inflows of resources at December 31, 2020.

Equity Classifications

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 improvements of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. At December 31, 2020, the District reported \$486,459 of restricted net position, none of which was restricted by enabling legislation. It is the District's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

F. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds generally are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of new installation and tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Nonoperating Revenues and Expenses

Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets, and insurance recoveries on property loss. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

G. 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 and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in November and are actually billed to the taxpayers in December. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Tax revenues are recognized in the year they are billed.

The taxes are based on assessed values determined by the Tax Assessor of Vernon Parish and are collected by the Sheriff. The taxes are remitted to the West Vernon Parish Waterworks District net of deductions for Pension Fund Contributions.

For the year ended December 31, 2020, taxes of 9.06 mills were levied on property with net assessed valuations totaling \$7,708,575 and were dedicated to paying the operations and maintenance costs of the District. Total taxes levied during 2020 were \$69,840. Taxes receivable at December 31, 2020 totaled \$80,945.

(3) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws 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 banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2020, the District had cash and cash equivalents (book balances) totaling \$926,099.

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 the District 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at December 31, 2020, were as follows:

Bank balances	<u>\$ 943,127</u>
At December 31, 2020, bank balances are secured as follows:	
Insured	500,000
Pledged securities	<u>443,127</u>
Total	<u>\$ 943,127</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

Deposits in the amount of \$443,127 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name. The District does not have a policy for custodial credit risk. The District follows state law regarding its deposits and investments; however, it has not adopted a formal deposit and investment policy.

(4) Investments

The District participates in Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local governmental entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

Accounting standards require disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with accounting standards. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM issued by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: LAMP's pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating /variable rate investments.
- Foreign currency risk: Not applicable

The investment in LAMP totaling \$178,353 is stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(5) Receivables

Receivables at December 31, 2020 of \$54,845 consisted of the following:

Accounts	\$ 41,996
Unbilled water	<u>12,849</u>
Total	<u>\$ 54,845</u>

(6) Restricted Assets

Restricted assets consisted of the following at December 31, 2020:

Revenue bond reserve account	\$ 261,037
Revenue bond contingency account	238,482
Customer deposits	<u>55,475</u>
Total restricted assets	<u>\$ 554,994</u>

(7) Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance 1/1/2020	Increases	Decreases	Ending Balance 12/31/20
Capital assets not being depreciated:				
Land	\$ 72,512	\$ -	\$ -	\$ 72,512
Capital assets being depreciated:				
Buildings	67,958	-	-	67,958
Equipment and vehicles	125,505	-	-	125,505
Water distribution system	<u>6,877,602</u>	<u>69,100</u>	-	<u>6,946,702</u>
Total capital assets	<u>7,143,577</u>	<u>69,100</u>	-	<u>7,212,677</u>
Less accumulated depreciation for:				
Buildings	23,987	2,763	-	26,750
Equipment and vehicles	72,603	8,888	-	81,491
Water distribution system	<u>2,847,967</u>	<u>173,692</u>	-	<u>3,021,659</u>
Total accumulated depreciation	<u>2,944,557</u>	<u>185,343</u>	-	<u>3,129,900</u>
Capital assets, net	<u>\$ 4,199,020</u>	<u>\$ (116,243)</u>	<u>\$ -</u>	<u>\$ 4,082,777</u>

Depreciation expense included in the financial statements for 2020 totaled \$185,343.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(8) 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 debt payable at December 31, 2019	\$ 3,390,598
Long-term debt issued	-
Long-term debt retired	<u>(103,102)</u>
Long-term debt payable at December 31, 2020	\$ 3,287,496
Less portion of long-term debt due within one year	<u>(98,929)</u>
Portion of long-term debt due in more than one year	<u>\$ 3,188,567</u>

Long-term debt payable at December 31, 2020, was comprised of the following issues:

\$3,579,000 Water Revenue Bonds, Note #91-01, issued February 2, 2001, due in monthly installments of \$17,511 over forty years starting August 2001 through July 2041; interest at 5.00 percent	\$ 2,655,062
\$795,900 Water Revenue Bonds, Note #91-03, issued February 2, 2001, due in monthly installments of \$3,876 over forty years starting March 2001 through February 2041; interest at 5.0 percent	576,898
\$73,906 Water Revenue Bonds, Note #91-05, issued February 2, 2011 to reschedule delinquencies on Note #91-05, due in monthly installments of \$366 over 443 months through February 2041; interest at 5.0 percent	<u>55,536</u>
	<u>\$ 3,287,496</u>

The annual requirement to amortize all debt outstanding at December 31, 2020, is as follows:

	Principal	Interest	Total
2021	98,929	162,109	261,038
2022	103,990	157,047	261,037
2023	109,310	151,727	261,037
2024	114,902	146,134	261,036
2025	120,781	140,255	261,036
2026 - 2030	703,167	602,018	1,305,185
2031 - 2035	902,415	402,767	1,305,182
2036 - 2040	<u>1,134,002</u>	<u>144,118</u>	<u>1,278,120</u>
Total	<u>\$ 3,287,496</u>	<u>\$ 1,906,175</u>	<u>\$ 5,193,671</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(9) Flow of Funds; Restrictions on Use – Utility Revenues

Under the terms of the bond indentures for Notes 91-01, 91-03, and 91-05, 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:

Each month there will be set aside into a “Debt Service Reserve Fund” an amount equal to five (5) percent of the annual payment of all notes. This monthly deposit should continue until the balance in the reserve fund reaches the total of one annual installment of all notes.

Funds will also be set aside into a “Depreciation and Contingency Fund” to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system, by transferring from the operation account an initial deposit of \$26,250 prior to loan closing and a monthly deposit of \$888 in perpetuity for the life of all loans.

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

The West Vernon Parish Waterworks District was in compliance with all significant limitations and restrictions in the bond indenture at December 31, 2020.

(10) Compensation, Benefits and Other Payments to President

A detail of compensation, benefits, and other payments made to the Board President for the year ended December 31, 2020 follows:

Purpose	Amount
Joseph Smith, President	
Salary	<u>\$ 1,105</u>

(11) Compensation of Board Members

The following is a list of the commissioners and compensation paid for the year ended December 31, 2020.

Commissioner	Compensation
Joseph Smith	\$ 1,105
Richard Blakeway	1,105
Sherry Marze	603
Thurman Davis	1,105
Rex Fletcher	824
	<u>\$ 4,742</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Notes to Basic Financial Statements (Continued)

(12) Risk Management

The District is exposed to risks of loss in the areas of general liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance during the year, nor have settlements exceeded coverage for the past three years.

(13) Pending Litigation

There was no litigation pending against the West Vernon Parish Waterworks District at December 31, 2020.

(14) Uncertainties Arising During and After Financial Statement Date

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the District's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

SUPPLEMENTARY INFORMATION

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2020

Records maintained by the West Vernon Parish Waterworks District indicated the following number of customers were being serviced during the month of December 2020:

Residential	1,387
Commercial	<u>12</u>
	<u>1,399</u>

The water rates of the District are as follows:

Residential rates:

\$26.00 per month for the first 2,000 gallons, then
\$ 5.00 per 1,000 gallons or part thereof over 2,000 gallons

Commercial rates:

\$72.00 per month for the first 10,000 gallons, then
\$ 5.00 per 1,000 gallons or part thereof over 10,000 gallons

Penalty for paying water bill after due date:

Additional ten percent (10%) of total water charge

The aging of accounts receivable is as follows:

Current	\$ 35,683
0 - 30 days	5,463
31 - 60 days	334
Over 60 days	<u>516</u>
Total	<u>\$ 41,996</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Insurance in Force
(Unaudited)
December 31, 2020

Coverage Provided For	Limits of Coverage (in dollars)	Description of limits	Expiration Date
General Liability	\$ 1,000,000	Each occurrence	11/14/2021
	\$ 10,000	Damage to rented premises/occurrence	
	\$ 1,000,000	Personal injury	
	\$ 3,000,000	General aggregate	
	\$ 3,000,000	Products and completed operations	
	\$ 1,000,000	Medical payments	
	\$ 1,222,400	Blanket property	
Public Officials/Management Liability	\$ 1,000,000	Wrongful acts	11/14/2021
	\$ 1,000,000	Employment practices	
	\$ 3,000,000	Injunctive relief	
Commercial Auto Coverage	\$ 1,000,000	Liability	11/14/2021
	\$ 5,000	Uninsured motorist	
	\$ 1,000,000	Medical payments	
Workers Compensation	\$ 100,000	Bodily injury by each accident	11/14/2021
	\$ 500,000	Bodily injury by disease policy limit	
	\$ 100,000	Bodily injury by disease each employee	
Commercial Excess Liability	\$ 100,000	Each occurrence	11/14/2021
Crime Coverage	\$ 100,000	Various Theft, coverage per type	11/14/2021
Fidelity bond	\$ 1,000,000	Blanket fidelity bond	07/01/2021

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Comparative Statements of Net Position
December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 371,105	\$ 497,799
Investments	178,353	-
Accounts receivable	54,845	64,607
Due from other governmental units	3,381	-
Ad valorem tax receivable	<u>80,945</u>	<u>70,326</u>
Total current assets	<u>688,629</u>	<u>632,732</u>
Restricted assets -		
Revenue bonds reserve account	261,037	261,037
Revenue bonds depreciation and contingency account	238,482	227,826
Customer deposits	<u>55,475</u>	<u>53,300</u>
Total restricted assets	<u>554,994</u>	<u>542,163</u>
Capital assets, net	<u>4,082,777</u>	<u>4,199,020</u>
Total assets	<u>5,326,400</u>	<u>5,373,915</u>
LIABILITIES		
Current liabilities (payable from current assets):		
Accounts payable	10,258	5,681
Accrued liabilities	18,842	10,667
Salaries payable	-	6,195
Other liabilities	<u>16,342</u>	<u>13,034</u>
Total current liabilities (payable from current assets)	<u>45,442</u>	<u>35,577</u>
Current liabilities (payable from restricted assets):		
Customer deposits	55,475	53,300
Accrued interest on bonds	13,060	13,470
Current portion of long term debt	<u>98,929</u>	<u>103,114</u>
Total current liabilities (payable from restricted assets)	<u>167,464</u>	<u>169,884</u>
Total current liabilities	<u>212,906</u>	<u>205,461</u>
Noncurrent liabilities:		
Revenue bonds payable	<u>3,188,567</u>	<u>3,287,484</u>
Total noncurrent liabilities	<u>3,188,567</u>	<u>3,287,484</u>
Total liabilities	<u>3,401,473</u>	<u>3,492,945</u>
NET POSITION		
Net investment in capital assets	795,281	808,422
Restricted for debt service	486,459	475,393
Unrestricted	<u>643,187</u>	<u>597,155</u>
Total net position	<u>\$1,924,927</u>	<u>\$1,880,970</u>

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Comparative Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019

	2020	2019
Operating revenues:		
Charges for services -		
Water sales	\$ 696,759	\$ 679,935
Installation and service fees	30,225	21,575
Other fees	20,028	27,397
Total operating revenues	747,012	728,907
Operating expenses:		
Advertising and promotion	5,155	3,766
Salaries and related benefits	213,489	201,164
Operation of plant	213,037	214,789
Depreciation	185,343	183,731
Total operating expenses	617,024	603,450
Operating income	129,988	125,457
Nonoperating revenues (expenses):		
Ad valorem taxes	69,840	69,323
State revenue sharing	10,481	10,817
Interest income	302	395
Sale of assets	308	-
Interest expense	(166,962)	(171,946)
Total nonoperating revenues (expenses)	(86,031)	(91,411)
Change in net position	43,957	34,046
Net position, beginning	1,880,970	1,846,924
Net position, ending	\$ 1,924,927	\$ 1,880,970

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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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*

The Board of Commissioners
West Vernon Parish Waterworks District
Anacoco, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the West Vernon Parish Waterworks District (District), a component unit of the Vernon Parish Police Jury, 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 June 14, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as #2020-001, that we consider to be a material weakness.

Compliance and Other Matters

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

West Vernon Parish Waterworks District's Response to Finding

The District's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The 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

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Oberlin, Louisiana
June 14, 2021

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2020

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The District did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the District does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

B. Compliance

There were no compliance findings.

WEST VERNON PARISH WATERWORKS DISTRICT
Anacoco, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2020

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2019-001 Inadequate Segregation of duties

CONDITION: The District did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation..

CURRENT STATUS: Unresolved. See item 2020-001.

B. Compliance

2019-002 Failure to Publish Minutes

Fiscal year finding initially occurred: 2019

CONDITION: The District did not publish minutes for all of its public meetings within a reasonable period of time.

RECOMMENDATION: The District should comply with LA R.S. 42:20B and 43:144 and publish all minutes in accordance with state law.

CURRENT STATUS: Resolved.