

WATER WORKS DISTRICT NO. 1 OF
PARISH OF EVANGELINE, LOUISIANA
PINE PRAIRIE, LOUISIANA
FINANCIAL REPORT
October 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors,
Water Works District No. 1 of Evangeline Parish,
State of Louisiana
Pine Prairie, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities Water Works District No. 1 of Evangeline Parish, State of Louisiana, a component unit of the Parish of Evangeline, State of Louisiana as of and for the years ended October 31, 2020 and 2019, 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 component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Water Works District No. 1 of Evangeline Parish, State of Louisiana, a component unit of the Parish of Evangeline, State of Louisiana, as of October 31, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Water Works District No. 1 of Evangeline Parish, State of Louisiana, a component unit of the Parish of Evangeline, State of Louisiana has not presented 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

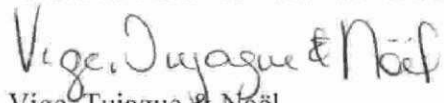
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Water Works District No. 1 of Evangeline Parish, State of Louisiana, a component unit of the Parish of Evangeline, State of Louisiana's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head, as listed in the table of contents, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In

our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2021, on our consideration of the Water Works District No. 1 of Evangeline Parish, State of Louisiana, a component unit of the Parish of Evangeline, State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Water Works District No. 1 of Evangeline Parish, State of Louisiana, a component unit of the Parish of Evangeline, State of Louisiana's internal control over financial reporting and compliance.



Vige, Tujague & Noël
Eunice, Louisiana
February 25, 2021

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
STATEMENT OF NET POSITION
OCTOBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>Current Assets</u>		
Cash	\$ 1,071,923	\$ 475,586
Savings	1,926,881	2,224,918
Accounts Receivable	14,394	13,358
Advalorem Receivable	110,138	80,440
Other Receivables	8,909	-
Prepaid Insurance	1,369	1,526
Accrued Interest Receivable	3,352	499
Total Current Assets	<u>3,136,966</u>	<u>2,796,327</u>
<u>Restricted Assets</u>		
Cash	<u>48,191</u>	<u>47,760</u>
<u>Property and Equipment</u>		
Land	25,000	25,000
Construction in Progress	340,390	-
Equipment	291,210	291,210
Building	89,147	89,147
Water Works System	<u>1,287,676</u>	<u>1,280,581</u>
	2,033,423	1,685,938
Less Accumulated Depreciation	<u>(914,470)</u>	<u>(878,034)</u>
Total Property and Equipment	<u>1,118,953</u>	<u>807,904</u>
 TOTAL ASSETS	 <u><u>\$ 4,304,110</u></u>	 <u><u>\$ 3,651,991</u></u>

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
STATEMENT OF NET POSITION
OCTOBER 31, 2020 AND 2019

LIABILITIES AND NET POSITION

	<u>2020</u>	<u>2019</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 307,195	\$ 1,744
Accrued Expenses Payable	<u>6,552</u>	<u>10,217</u>
Total Current Liabilities	<u>313,747</u>	<u>11,961</u>
 <u>Current Liabilities Payable</u>		
<u>From Restricted Assets</u>		
Meter Deposits	<u>38,281</u>	<u>38,861</u>
Total Liabilities	<u>352,028</u>	<u>50,822</u>
 <u>Net Position</u>		
Investment in Capital Assets, Net of Related Debt	1,118,953	807,904
Restricted	48,191	47,760
Unrestricted	<u>2,784,938</u>	<u>2,745,505</u>
Total Net Position	<u>3,952,082</u>	<u>3,601,169</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 4,304,110</u>	 <u>\$ 3,651,991</u>

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Operating Revenues</u>		
Customer Water Service	\$ 150,677	\$ 142,036
Connect and Disconnect Fee	2,990	3,360
Late Charges	2,235	3,289
Miscellaneous	4,305	1,159
	<hr/>	<hr/>
Total Operating Revenues	160,207	149,844
	<hr/>	<hr/>
<u>Operating Expenses</u>		
Salaries and Wages	133,460	149,382
Depreciation	36,436	40,039
Repairs and Maintenance	30,973	30,665
Telephone and Utilities	25,462	29,779
Materials and Supplies	21,796	19,039
Payroll Tax Expense	10,576	13,216
Board Fees	9,460	10,020
Professional Fees	8,400	8,400
Insurance	19,108	19,112
Office Supplies	3,871	2,776
Postage	3,382	3,217
Retirement	2,933	4,533
Truck Expense	5,612	6,693
Miscellaneous	9,664	7,804
	<hr/>	<hr/>
Total Operating Expenses	321,133	344,675
	<hr/>	<hr/>
Income (Loss) from Operations	(160,926)	(194,831)
	<hr/>	<hr/>
<u>Non Operating Revenues</u>		
State Revenue Sharing	3,694	3,777
Ad Valorem Tax	488,762	544,184
Gain on Sale of Capital Assets	-	1,576
Interest Earned	19,383	23,576
	<hr/>	<hr/>
Total Non Operating Revenues	511,839	573,113
	<hr/>	<hr/>
Change in net position	350,913	378,282
	<hr/>	<hr/>
Net Position, Beginning	3,601,169	3,222,887
	<hr/>	<hr/>
Net Position, Ending	\$ 3,952,082	\$ 3,601,169
	<hr/>	<hr/>

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 115,836	\$ (219,489)
Payments to suppliers for goods and services	167,723	142,412
Payments to employees for services	(150,634)	(167,316)
Other	<u>1,452</u>	<u>1,159</u>
Net cash provided (used) in operating activities	<u>134,377</u>	<u>(243,234)</u>
Cash Flows From Noncapital Financial Activities:		
Ad-valorem taxes	488,762	544,184
State revenue sharing	<u>3,694</u>	<u>3,777</u>
Net cash provided (used) in noncapital financing activities	<u>492,456</u>	<u>547,961</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(347,485)	(56,425)
Proceeds on sale of capital assets	<u>-</u>	<u>1,576</u>
Net cash flows used by capital and related financing activities	<u>(347,485)</u>	<u>(54,849)</u>
Cash Flows From Investing Activities:		
Interest earned on operating funds	<u>19,383</u>	<u>23,576</u>
Net cash provided by investing activities	<u>19,383</u>	<u>23,576</u>
Net Increase (Decrease) in Cash and Cash Equivalents	298,731	273,454
Cash and cash equivalents at beginning of year	<u>2,748,264</u>	<u>2,473,938</u>
Cash and cash equivalents at end of year	<u>\$3,046,995</u>	<u>\$2,747,392</u>

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (160,926)	\$ (194,831)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	36,436	40,039
(Increase) decrease in accounts receivable	(39,643)	(80,357)
(Increase) decrease in restricted assets	(431)	(436)
(Increase) decrease in prepaid expenses	157	(16)
Increase (decrease) in accounts payable	305,451	(7,372)
Increase (decrease) in accrued expenses	(3,665)	(185)
Increase (decrease) in restricted water meter deposits	<u>(149)</u>	<u>(76)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 134,377</u>	<u>\$ (243,234)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheets:		
Cash – beginning of period		
Cash- unrestricted	\$ 475,586	\$ 489,085
Savings- unrestricted	2,224,918	1,937,529
Cash- restricted	<u>47,760</u>	<u>47,324</u>
Total cash - beginning of period	<u>\$ 2,748,264</u>	<u>\$ 2,473,938</u>
Cash – end of period		
Cash- unrestricted	1,071,923	475,586
Savings- unrestricted	1,926,881	2,224,918
Cash- restricted	<u>48,191</u>	<u>47,760</u>
Total cash - end of period	<u>\$ 3,046,995</u>	<u>\$ 2,748,264</u>
Net increase (decrease)	<u>\$ 298,731</u>	<u>\$ 274,326</u>

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
October 31, 2020 AND 2019

Introduction

The Water District is governed by eight commissioners who are resident property taxpayers of the district. These eight commissioners are collectively referred to as the board of commissioners and are appointed by the Evangeline Parish Police Jury and the City of Pine Prairie. Vacancies are filled by the bodies making the original appointments. The water district was created to provide water within the district. The water district is a component unit of the Evangeline Parish Police Jury. The system has approximately 820 customers and employs 5 people. It is economically dependent upon the district it serves.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Evangeline Parish Water District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Evangeline Parish Police Jury is the financial reporting entity for Evangeline Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and 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.

Governmental Accounting Standards Board Codification Section 2100 defines criteria for determining which component units should be considered part of the Evangeline Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
October 31, 2020 AND 2019 (Continued)

B. REPORTING ENTITY (Continued)

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a majority of the district's governing body, the district was determined to be a component unit of the Evangeline Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general governmental services provided by that governmental unit, or the other governmental units that compromise the financial reporting entity.

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statements of Net Position display information on all of the non-fiduciary activities of Evangeline Parish Water District, as a whole. They include the proprietary fund of the District. 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. Fiduciary funds are not included in GWFS.

D. FUND ACCOUNTING

The Evangeline Parish Water District is organized and operated on a fund basis whereby a self-balancing set of accounts (proprietary fund type) is maintained that comprises its assets, liabilities, net position, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
October 31, 2020 AND 2019 (Continued)

E. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The Proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income, property taxes and interest income that are not a result of the direct operations of the activity. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

F. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Water Works District No. 1 of Parish of Evangeline, Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. 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 or exceed 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At October 31, 2020, the District had cash in bank in the amount of \$2,479,326 and insurance and security pledges of \$2,619,761. At October 31, 2019, the District had cash in bank in the amount of \$2,750,236 and insurance and security pledges of \$2,784,248.

G. PREPAID ITEMS

Payments made to insurance companies for insurance that will benefit future periods beyond October 31, 2020 and 2019, are recorded as prepaid insurance.

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
October 31, 2020 AND 2019 (Continued)

H. RESTRICTED ASSETS

Customer Security Deposits are recorded as restricted assets and the accompanying liability as a payable from restricted assets.

I. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$36,436 and \$40,039 for the years ended October 31, 2020 and 2019, respectively. The cost of maintenance and repairs is charged to operations as incurred. Major renewals, betterments, and additions are capitalized. Interest costs during construction periods are capitalized. When capital assets are retired or disposed of, the cost of the asset and accumulated depreciation is eliminated from the accounts and the resulting gain or loss from such disposition is credited or charged to income, except that the gain or loss on assets traded in for new equipment is applied as an adjustment to the cost of the asset acquired. The capitalization limit is \$500. The estimated useful lives of these assets are as follows:

Equipment	5-10 years
Building	15-31.5 years
Water Works System	40-50 years

J. COMPENSATED ABSENCES

Employees of the Water District are entitled to two weeks of vacation. Each full time employee is allocated 5 days of sick leave per year, accumulating up to 10 days, however all accrued sick leave is not a vested benefit and accordingly no liability has been recorded. Accrued vacation at October 31, 2020 and 2019 totaled \$4,375 and \$6,294 and is included in accrued expenses payable.

K. ALLOWANCE FOR DOUBTFUL ACCOUNTS

No allowance for doubtful accounts has been established because management believes all accounts receivable will be collected.

L. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

M. NET POSITION

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net positions are classified in the following three components:

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
October 31, 2020 AND 2019 (Continued)

M. NET POSITION (continued)

Invested in capital assets, net of related debt- This component of net position consists of 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The district’s policy is first to apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Note 2: RESTRICTED ASSETS

Restricted Assets consists of the following:

	<u>2020</u>	<u>2019</u>
Customer Deposits	\$ 48,191	\$ 47,760
Total Restricted Assets	\$ 48,191	\$ 47,760

Note 3: AD VALOREM TAXES

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the district in September or October and are actually billed to the taxpayers in November or December. Billed taxes become delinquent on January 1, of the following year. The district bills and collects its property taxes using the assessed values determined by the tax assessor of Evangeline Parish. For the year ended October 31, 2020 and 2019, taxes of 12.81 mills were levied.

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
October 31, 2020 AND 2019 (Continued)

Note 4: COMPENSATION OF BOARD OF COMMISSIONERS

The board members received the following per diem:

<u>Members</u>	<u>Meetings Attended</u>	<u>Total</u>
Johnny Johnson	11	\$ 1,100
Roderick Thibodeaux	11	1,100
Lloyd Fontenot	11	1,100
Alfred Oliver	11	1,100
R.L. Quam	11	1,100
Samuel T. Welch, President	11	1,760
Al B Ardoin	11	1,100
Rita Drummond	11	1,100
		<u>\$ 9,460</u>

Note 5: CAPITAL ASSETS

The changes in capital assets for the year-end October 31, 2020 are as follows:

	<u>Balance 10/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 10/31/2020</u>
Non-Depreciable Assets:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Construction in Progress	-	340,390	-	340,390
Total Non-Depreciable Assets	<u>25,000</u>	<u>340,390</u>	<u>-</u>	<u>365,390</u>
Depreciable Assets:				
Equipment	291,210	-	-	291,210
Building	89,147	-	-	89,147
Water Works System	1,280,581	7,095	-	1,287,676
Total Depreciable Assets	<u>1,660,938</u>	<u>7,095</u>	<u>-</u>	<u>1,668,033</u>
Total Capital Assets	<u>1,685,938</u>	<u>347,485</u>	<u>-</u>	<u>2,033,423</u>
Less Accumulated				
Depreciation				
Equipment	241,618	7,449	-	249,067
Building	57,171	1,291	-	58,462
Water Works System	579,245	27,696	-	606,941
Total Accumulated				
Depreciation	<u>878,034</u>	<u>36,436</u>	<u>-</u>	<u>914,470</u>
Total Capital Assets, Net	<u>\$ 807,904</u>	<u>\$ 311,049</u>	<u>\$ -</u>	<u>\$ 1,118,953</u>

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
October 31, 2020 AND 2019 (Continued)

The changes in capital assets for the year-end October 31, 2020 are as follows:

	<u>Balance</u> <u>10/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>10/31/2019</u>
Capital Assets:				
Land (not depreciated)	\$ 25,000	\$ -	\$ -	\$ 25,000
Equipment	307,398	-	16,188	291,210
Building	89,147	-	-	89,147
Water Works System	1,224,156	56,425	-	1,280,581
Total Capital Assets	<u>1,645,701</u>	<u>56,425</u>	<u>16,188</u>	<u>1,685,938</u>
Less Accumulated				
Depreciation				
Equipment	245,720	12,086	16,188	241,618
Building	55,880	1,291	-	57,171
Water Works System	552,583	26,662	-	579,245
Total Accumulated				
Depreciation	<u>854,183</u>	<u>40,039</u>	<u>16,188</u>	<u>878,034</u>
Total Capital Assets, Net	<u>\$ 791,518</u>	<u>\$ 16,386</u>	<u>\$ -</u>	<u>\$ 807,904</u>

Note 6: LITIGATION AND CLAIMS

At October 31, 2020 and 2019, the district had no pending litigation expected to result in a financial liability to the District.

Note 7: CONCENTRATION OF RISK

The Water System serves customers in and around the Village of Pine Prairie, Louisiana.

Note 8: ESTIMATES

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

Note 9: EVALUATION OF SUBSEQUENT EVENTS

The Water System has evaluated subsequent events through February 25, 2021, the date which the financial statements were available to be issued for events requiring recording or disclosure in the organization's financial statements.

VIGE, TUJAGUE  NOEL
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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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

Water Works District No. 1
of Evangeline Parish
Pine Prairie, Louisiana 70576

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Water Works District No. 1 of Evangeline Parish, State of Louisiana, a component unit of the Parish of Evangeline, State of Louisiana, as of and for the years ended October 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Water Works District No. 1 of Evangeline Parish, State of Louisiana's basic financial statements and have issued our report thereon dated February 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Water Works District No. 1 of Evangeline Parish, State of Louisiana'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 Water Works District No. 1 of Evangeline Parish, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Water Works District No. 1 of Evangeline Parish, State of Louisiana'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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2020-001, that we consider to be significant deficiencies.

Compliance and Other Matters

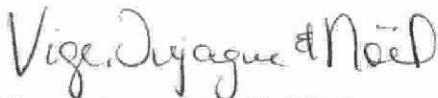
As part of obtaining reasonable assurance about whether Water Works District No. 1 of Evangeline Parish, State of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Water Works District No. 1 of Evangeline Parish, State of Louisiana's Response to Findings

Water Works District No. 1 of Evangeline Parish, State of Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Water Works District No. 1 of Evangeline Parish, State of Louisiana'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 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.



Vige, Tujague & Noël, CPA's
February 25, 2021

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED October 31, 2020

We have audited the financial statements of Water Works District No. 1 of Evangeline Parish as of and for the years ended October 31, 2020 and 2019, and have issued our report thereon dated February 25, 2021. We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of October 31, 2020 and 2019, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

None

Section II. Financial Statement Findings

#2020-001 - Segregation of Duties

Condition: The Water Works District No. 1 of Evangeline Parish did not have adequate segregation of functions within the accounting system.

Criteria: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU314.43 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.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT501.03 states:

“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED October 31, 2020

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: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: It is not cost effective to achieve complete segregation of duties within the accounting function. No corrective action is considered necessary.

Section III. Federal Award Findings and Questioned Costs

This section is not applicable for the year ended October 31, 2020.

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED October 31, 2020

Section I. Internal Control and Compliance Material to the Financial Statements

#2019-001- Segregation of Duties

Condition: There is lack of segregation of duties in all areas of the financial cycle.

Recommendation: Water Works District No. 1 of Evangeline Parish is aware of this problem and we are in agreement with them that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

Status: This finding is repeated for the year ended October 31, 2020, and is described in #2020-001 in the schedule of findings and questioned costs; however, Water Works District No. 1 of Evangeline Parish has segregated as much as it can, based on available resources.

Section II. Internal Control and Compliance Material to Federal Awards

There were no audit findings related to any federal award program for the year ended October 31, 2019.

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED October 31, 2020

Agency Head Name: Todd Welch
Service Period: 12 months

<u>Purpose</u>	<u>Amount</u>
Board Per Diem	\$1,100
Expense Allowance	660

WATER WORKS DISTRICT NO. 1 OF PARISH OF
EVANGELINE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
October 31, 2020

#2020-001 - Segregation of Duties

Condition: The Water Works District No. 1 of Evangeline Parish did not have adequate segregation of functions within the accounting system.

Recommendation: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: It is not cost effective to achieve complete segregation of duties within the accounting function. No corrective action is considered necessary.



Todd Welch, President